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KWAZULU-NATAL**

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**INYUVESI  
YAKWAZULU-NATALI**

**GRADUATE SCHOOL OF BUSINESS AND LEADERSHIP  
COLLEGE OF LAW AND MANAGEMENT**

**A business sustainability framework for community pharmaceutical SMES in South Africa, Gauteng Province.**

**By**

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**A thesis submitted in fulfilment of the requirements for the degree of Doctor of  
Business Administration**

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## **DECLARATION**

I, Tshifhiwa Gift Mulaudzi (Student number: 216071084) declare that “**Developing a Business Sustainability Framework for Pharmaceutical SMEs in South Africa, Gauteng province**” is my own work and that all the sources that I have used or quoted have been cited and acknowledged by means of complete references.



Mr. Tshifhiwa Gift Mulaudzi

15 August 2021

**DATE**

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**Tshifhiwa Gift Mulaudzi**

**South Africa, Durban 15 January 2021**

## **DEDICATION**

This thesis is dedicated to my grandmother Vho: Kutama Mulaudzi, parents, son Andani Mulaudzi, Twin brother Mashudu Mulaudzi and in memory of my late grandmother Elisa Mavula (May her soul rest in internal peace).

## **ABSTRACT**

Community pharmaceutical Small to medium enterprises (SMEs) play a key role the world over and for South Africa, their role is more felt as the sector contributes to employment creation as well as boosting the gross domestic product. While they play such a key role, these community pharmaceutical SMEs often face insurmountable sustainability challenges ultimately undermining their growth and profitability. This study focuses on the community pharmaceutical SMEs of South Africa, following a published report by pharmaceutical boards that most community pharmacies were closing down or scaling down their operations due to sustainability challenges. The community pharmaceutical SMEs sector of South Africa is a significant business sector within the economy in terms of employment creations and poverty alleviation. Thus, the purpose of the study was to develop a sustainability framework for community pharmaceutical SMEs of South Africa in Gauteng province using a mixed research design with an online questionnaire of the quantitative study administered to 322 pharmacies selected through random sampling from a population of 1114. The qualitative design included in depth interviews conducted on 8 community pharmaceutical SME owners selected through purposive sampling. The Statistical Package for the Social Sciences (SPSS 24) was used to analyze the quantitative data while qualitative data were analyzed through thematic analysis and NVIVO 12 Pro. The findings revealed that managerial factors, policymaking (rules and regulations), harsh economic conditions, access to finance, medication price hikes and competition due to location were the most severe challenges hindering sustainability of SMEs in the Gauteng province of South Africa. In addition, strategy problem, lack of financial literacy and marketing as well as lack of financial background by owner and managers further hindered sustainability of community pharmacy. Drawing from these findings, the study recommended that an introduction to managerial courses would assist managers greatly on how to manage community pharmacies, additionally policy makers needs to look into location challenges of these community pharmacies to avoid price fixing and unwarranted competition. Moreover, an establishment of remissions and rebates together with relaxed borrowing regulations will open opportunity to access finance to boost growth and sustainability. It is further recommended that there is a need to introduce a financial management course that looks into enterprising at a master's degree level for

those that wish to get into business in order to circumvent lack of financial background which seems to be one of the major reasons why these community pharmacies were not sustainable. In closing, the study developed and recommended the use of a conceptual community pharmaceutical framework towards ensuring business sustainability.

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## **CHAPTER 1: RESEARCH ORIENTATION**

### **1.1 INTRODUCTION**

The twenty-first century has brought about substantial changes in the way in which businesses trade and collaborate. The world, especially Africa needs to build research towards the strong capabilities of generating quality information regarding the important role and contribution of the community pharmaceutical SMEs. Niño-Amézquita, Legotin and Barbakov, (2017) said that the proliferation of challenges around community pharmacies when it comes to policy and regulation, access to finance both capital and for expansion, method of doing business, competition, location of business, online buying of both legal and illegal medication as opposed to the counter medication, are among the forces that are at the forefront of changing the rules on how to shape sustainable community pharmaceutical SMEs.

There are numerous definitions of the term business sustainability, which include the following; the ability to be maintained at a certain level or rate (economic growth) and avoidance of the depletion of natural resources to maintain an ecological balance (Elmualim, 2017). Nehotium, (2018) elaborated on the definition and described business sustainability as managing the triple bottom line, a process by which companies manage their financial, social and environmental risks, obligations and opportunities. These three impacts are sometimes referred to as profits, people and planet. According to Dugan, (2006) Community pharmacy, also known as retail pharmacy is the most common kind of pharmacy that allows the community the access to their medications and advice about their health.

This study researched the role of managerial leadership and how it affects sustainability by examining factors that could be affecting sustainability from both internal and external business ecosystem. It aimed to improve organisational leadership performance in selected areas which include articulating vision and strategy, building and sustaining profitable organisational culture, enhancing employee engagement, improving stakeholder relationship management through participation of all role players, and enhancing collaborations amongst community pharmaceutical SMEs which may result in bulk buying and discounts of medication.

The research was motivated by the desire to advocate for the development of a well-grounded sustainability framework in the community pharmacy sector based on the

three pillars of business sustainability, mainly economical, social and environmental, which could be achieved by leadership training and development for managerial staff in the community pharmaceutical SMEs as most managers do not have financial background, and leadership soft skills and competencies that will empower organisational leadership to effectively manage relationships with internal stakeholders (role players inclusive of regulators).

The chapter introduces the study on the development of a sustainability framework for community pharmacies in South Africa, Gauteng Province. It provides a compelling argument for undertaking this research and presents the contextual background, the reasons for the study, the highlights of the research process and how the study is structured in the eight chapters. The chapter highlights the research agenda, i.e., the background, rationale or justification for undertaking this study. It concludes by looking at the issues of research limitations and bias as well as the structure of the thesis from chapter one to chapter eight.

## **1.2 BACKGROUND OF THE STUDY**

Olawale and Gware (2010) defined small and medium-sized enterprises (SMEs) as non-subsidiary, independent businesses which employ a given number of employees. According to South African Department of Treasury, Ministry of Small business and Numerous research has pointed out that South Africa Small and medium sized enterprises account to almost 29.9% of employment in south Africa. Further more they emphasised on the fact that should this sector of SMEs not be beefed up and looked after we are highly likely to find a huge number of unemployment in South Africa and alternatively affecting the SADC region as a whole since SA was a caterlist of employment as far SADC was concerned.

Pharmaceutical small-medium enterprises (SMEs) have an essential role to play in both employment and wealth creation. However, South Africa is continuously confronted with sustainability challenges (Kyobe, 2011). Bansal (2015) added that the largest percentage of community pharmaceutical SMEs fail throughout the first two to three years of existence due to cash flow and survival strategy problems that arise due to the inability to manage and maintain growth. Bansal et al. (2015) added that the state of both developed and developing countries' economies is determined and boosted by a combination of all businesses.

Kyobe (2011) added that small and medium enterprises in total worldwide could account for between 80% and 90% of the whole business entities throughout the world. Small and medium enterprises in the pharmaceutical sector play a tremendous role in the economic activities of the world (Niño, Legotin and Barbakov, 2017). (Comanor, 1986) observed that the pharmaceutical industry in today's world is an important and fundamental sector and is considered a basic necessity in any locality of the globe.

Furthermore, one-third of the whole population of the world at present do not access the basic drugs of life. At the same time, the majority of the pharmaceutical industry in the global community comprises small and medium enterprises and unfortunately faces serious threats and simultaneously the empirical research in this sector is at initial stages (Horrobin David, 2000). However numerous global research projects indicated that the reason why pharmaceutical SMEs were not sustainable was the rapid change in how pharmacies are operated compared to few years ago when they were just dispensary enterprises (Dugan, 2006).

Ghatak (2016), observed that the full potential performance of pharmacies is realised in small entrepreneurial entities, which are more on risk-taking, have the capacity for creativity, iteration and flexibility that large pharmaceutical firms cannot match. Adat, Noel and Penceliah, (2014) argued that although pharmaceutical entities are faced with ever-increasing challenges, there is a likelihood that on the other hand it could be a profitable industry given the ever-increasing population and the need for an affordable health care system. Chang et al. (2014) argued that the benefaction of pharmaceutical SMEs in Africa as a whole, can be achieved through a standard framework that guides SMEs on sustainable business practices based on innovation of new products, processes and services.

According to SAPC (2014), the total number of pharmacies that has been inspected and graded continuously increased between 2012 and 2014, while small pharmacies that did not meet the grade requirements have been closing down. However, Naik Panvelkar, Saini and Armour, (2009) observed that the health care industry has been changing all over the world. They further highlighted that raising consumers expectation is one of the reasons why most small pharmacies are driven out of business because pharmacies have evolved into mini-clinics, which makes it difficult

for pharmaceutical SMEs to create a competitive advantage as this might need to change the whole model of how they do business, they further stressed that pharmaceutical sector is capital intensive (Naik Panvelkar, Saini and Armour, 2009).

### **1.3 RATIONAL OF THE STUDY**

According to Schmenner *et al.* (2009), both the formal and informal sectors have been seen as areas of survivalists mainly for professionals and employees who would have failed to be absorbed in the formal sector and rural / foreign migrants who are seeking a source of living or creation of wealth. However, it is necessary for both developing and developed African countries to become a reliable source of livelihood for a large segment of the economically active population, including middle-class people who are either skilled or semi-skilled (Lee, Sameen and Cowling, 2015).

Joshua (2010) found evidence to the effect that well established informal and formal sectors generally contribute to the Gross Domestic Product of any economy. This includes all sectors including community pharmacies that provide goods and services throughout the entire year without being heavily affected by business cycles. He further attested that the informal sector within a larger economic environment is not wholly undesirable. Several scholars have argued that a combination of both the formal and informal sectors has the potential to achieve high productivity levels. Netswera and Watson (2015) observed that in developing countries both sectors contribute between 20% to 90% to the country's GDP, clearly signifying the expansion and flourishing of both the formal and informal sectors in the both developed and developing countries.

According to Olawale and Gware (2010), Africa is no exception as it is characterised by a countless number of formal, informal and non-constitutional interactions and economic activities. They further argued that most African countries depend on their informal sector in driving their economies towards the achievement of many economic, environmental and social goals. According to Banking Association South Africa (2019), in South Africa, SMEs constitute 91% of the formalised businesses, provide 60% employment to the labor force and contribute roughly 34% of the GDP.

Feletto *et al.* (2010) argues that because of the existence and perpetual growth of the informal sector, the government should reconsider the value, importance and the important contributions this sector can make to the country's industrial development in particular. Governments across the globe have realised the need for proactive strategies to ensure that the community pharmaceutical SMEs are sustained as they contribute significantly to the country's economy and health need (Fidrmuc, Hainz and Hölzl, 2017).

Detarsio *et al.* (2016) observed that numerous research studies confirmed that the majority of SMEs are perceived as unsustainable within the first ten years in business (Ganesh and Mehta, 2014). Holgersson *et al.* (2016), perceived factors affecting SMEs' sustainability such as financial difficulties; inadequate start-up capital and operational capital; lack of business management knowledge, lifelong learning and, research and development; lack of accounting knowledge; lack of managerial training and experience; and lack of awareness in national policies and implementation of regulatory environment laws.

Additionally, more affirmative researchers Gunasekaran *et al.* (2011); Lamprecht (2011), observed that the Pharmacy Amendment Bill passed on the 22<sup>nd</sup> of October 1997 opened flood gates for everybody who wishes to start a pharmaceutical enterprise to do so. This has led to companies such as Clicks, OK, Shoprite and Checkers to compete within the pharmaceutical sector. This has led to a change in how community pharmacies are operated from dispensary to sub-clinics pharmacies.

To understand the Sustainability issue for pharmaceutical SMEs, an extensive literature review was carried out by the researcher. Sustainability of pharmaceutical community SMEs is a fairly recent research area, even though there is numerous research on pharmacies which mainly focused on medical sustainability and deliverable than commercial activities and profitability. Further to that most literature that is available on Sustainability of community pharmacies favors developed and industrialized countries, and give little empirical evidence and little attention to the developing economies.

There is fewer of the empirical findings that deal with Sustainability of community pharmaceutical SMEs from developing economies as suggested by (Doucette *et al.*, 2012). Even these fewer empirical findings and views expressed on pharmaceutical

community SMEs are from a different perspective yet they didn't come up with a comprehensive framework that demonstrates SME sustainability behavior in developing countries. The researcher assumed that some of this knowledge is not at all times appropriate enough and students of developing countries like South Africa, and others should have access to a more local perspective of these topics. To maintain the required depth in to the issue, the scope of this study was limited to one industry, pharmaceutical community SMEs in South Africa Gauteng Province. The researcher presumed that the result of this study could contribute a lot by adding empirical evidence that will serve wide-ranging, academic and policy purposes.

Furthermore, the researcher wants to provide justification as to why researching the sustainability of pharmaceutical SMEs especially community pharmacy sector in general, in South Africa Gauteng, is worth attention. It is known that these sector has become one of South African economic fiscal booster which significantly contribute to economy of the country, However the role players of the of this economic contribution is dominated by wholesalers whom their price fixing and model or operations have driven community pharmaceutical SMEs out of Business. Dugan, (2006) suggested that it would appear, there is little to stop community pharmaceutical SMEs from playing a major role on the fiscals of the country's economy. Accordingly, this thesis claims that understanding the behavior of sustainability of pharmaceutical community SMEs and associated barriers in the context of South Africa, Gauteng Province will contribute a lot for policy makers, practitioners and researchers.

As far as theoretical justification is concerned, Niño-Amézquita, Legotin and Barbakov, (2017) anticipate that the sustainability process crosses diverse theories. The literature identifies various views on the sustainability of pharmecuaical community SMEs, such as the three pillars: the economy, society and the environment. These theories/ pillars have all contributed to the contemporary understanding of SME sustainability. Despite the variety of understandings, sustainability of pharmaceutical community SMEs theory is still inconclusive (Oparah and Kikanme, 2006). Many argue that this is a result of absence of a holistic approach based on a common conceptual framework and because sustainability is a complex area of research (Lamberton, 2005). It is unlikely that one particular view can fully explain the process therefore, Casillas, *et al.* (2009) recommend that researchers have to take a more assimilated and inclusive approach in researching the subject.

To sum up the aforementioned rationalization, with the overall purpose to enhance the understanding of the sustainability of pharmaceutical community SMEs processes in South Africa Gauteng Province through the lenses of factors considered critical for sustainability, support tools that can be used to enhance sustainability and growth both critical skills and critical success factors. The study will further look into challenges that community pharmacies are faced with and finally look into government initiatives that could be available to enhance sustainability with the pharmaceutical SMEs.

#### **1.4 RESEARCH QUESTION**

The benefits of SMEs to any economy are easily noticeable and they include creation of jobs at relatively low capital cost, a vehicle for reducing income disparities, and development of a pool of skilled and semi-skilled workers. Researchers argue that, promoting SMEs is considered to be one of the best strategies for achieving national development goals such as economic and industrial growth (OECD, 1996). Although there are fewer researches on community pharmaceutical SMEs and sustainability development have been conducted, these studies were conducted in the outside of Africa. Existing research studies in south Africa deals with pharmacists' profession and medical related issues. and thus, there is a knowledge gap in our understanding of community pharmaceutical SMEs sustainability in the context of South Africa.

As shown in extant literatures reviewed (see chapters 2 and 3), that the rareness of literature on sustainability of community pharmacies SMEs made it difficult to review previous literatures which is niched or directly linked to pharmacies, the researcher reviewed literature which is related to SMEs both locally and internationally with the assumption that they are all SMEs within the same scope of business profile. The assumption does not insinuate that their challenges are the same hence the research questions and the questionnaires were directed to community pharmaceutical SMEs with the aim that the research will develop a model aimed at sustainability of community pharmaceutical SMEs.

This in itself is sufficient to merit the study and the development of the sustainability of community pharmaceutical SMEs in South Africa. Moreover, one can confidently say that South Africa has a large competitive advantage in the pharmaceutical industry and its one of the largest contributing factors in the fiscals of the country s economy. In addition, the SMEs working in the community pharmacy sector even though working

mainly with backward technology has established some advantages over time, such as skills, networks, infrastructure and establishments. Above all the sector provides ample employment, and has the potential of enhancing its sustainability increasing it substantially in global arena.

Nevertheless, South African community pharmaceutical SMEs owners encounter different challenges when it comes to sustainability. Even though the country is geographically at ideal location and often referred to as the economic basket of Africa, the emergence of Wholesaler pharmacies or different markets, the competitiveness of wholesaler and community pharmacies have created sustainability challenges for community pharmacies. Problems of on counter medication pricing, product diversification and in house consultation (in-house screening) are still one of the critical factors to be considered, shortage of capital, financial knowledge also added some of the sustainability burdens.

This research surveyed community pharmaceutical SMEs within The City of Tshwane Metropolitan Municipality and Johannesburg Metropolitan Municipality, which are found in the Gauteng province (Municipality, 2016), given that there are only two municipalities which cater for the whole of Gauteng province (Trade and Industry, 2015). The research focused on Gauteng province, and the reason was that it would yield a variety of results and increase the depth of sustainability research by providing more inside information on these community pharmaceutical SMEs because it has rural, semi-rural, town/semi-urban and city/urban centres. This nudged this research towards the development of a sustainability framework.

The research questions for this study are:

- What are the factors considered critical for sustainability of Community Pharmaceutical SMEs?
- What support tools are community pharmaceutical SMEs using to enhance sustainability and growth?
- What are the critical performance skills needed for the sustainability of community pharmaceutical SMEs?
- What are the critical success factors being developed and implemented within pharmaceutical SMEs to enhance the sustainability agenda?

- What are the challenges faced by community pharmaceutical SMEs in the selected area of study?
- To what extent are community pharmaceutical SMEs aware of the government initiatives available to support them?

## **1.5 AIM AND OBJECTIVES**

The study aimed to develop a community pharmaceutical SMEs' business sustainability framework in South Africa, Gauteng province.

### **a. Objectives of the study:**

- To determine the factors, business skills and resources required to sustain pharmaceutical SMEs.
- To identify the critical managerial success factors that help to sustain pharmaceutical SMEs in the Pretoria.
- To identify specific areas of conceivable intervention that could stimulate entrepreneurship, and to endorse strategies that may stimulate entrepreneurial creativities.
- To establish if there are support tools and government initiatives available for pharmaceutical SMEs to enhance sustainability and growth.
- To develop a sustainability framework based on success factors and challenges faced by pharmaceutical SMEs, to help new and emerging pharmaceutical SMEs to be sustainable.

## **1.6 THE SIGNIFICANCE OF THE STUDY**

According to (Ranghchian *et al.*, 2018), numerous studies conducted on community pharmaceutical small-medium enterprises progression in both developed and developing countries have mainly focused on SMEs' problems and challenges such as financial, social, and institutional. They further added that many studies have neglected the potential economic contribution that community pharmaceutical SMEs

have such as boosting the country's GDP, especially the important role they play in an African economy.

The South African Pharmacy Council (2016) indicated that the country was not able to quantify with accuracy the economic contribution that pharmacies make to the country triple bottom line and also highlighted that most community pharmacies were not sustainable due to challenges around a constant increase in medication. Guiu Segura et al. (2018) added that numerous studies in the world have focused on pharmacies as a service provider of health-related goods and services and fewer studies have looked into challenges that these pharmacies face daily from a sustainability point of view. Africa needs to increase the research output capable of producing information relating to the essential contribution of the community pharmaceutical SMEs and the development of a business sustainability framework (Dixit and Nanda, 2011).

According to Wang (2016), suitable policy frameworks and models aimed at community pharmacy sector development must be developed without disturbing their role towards employment generation, social and economic growth. Cheng and Lewis (2015) argue that the existence of business sustainability framework would be crucial to sustainable economic growth and poverty reduction. This study extends on literature and also develops a business sustainability framework that will harness community pharmaceutical SMEs, enhance their profitability and curb the perpetuation of underdevelopment in entrepreneurship in the South African economy.

The study is timely and significant given the slow growth rate of community pharmaceutical SMEs in South Africa converting into wholesalers or being sustainable as many are faced with challenges that force their businesses to close doors. No similar studies have been conducted in South Africa, the Southern African Development Community (SADC) region and in Africa at large to explore the challenges faced by community pharmaceutical SMEs with a view of coming up with a business sustainability framework model that can be used to sustain their economic participation and profitability enhancements. In addition, Netswera and Watson (2015) conclude that the community pharmacies sector in the world in both developed and developing countries is capital-intensive. They further argue that the promotion of the community pharmacy sector would result in the generation of higher levels of

employment, significant economic and social boost and would overall give rise to the level of knowledge and skills required in the South African economy.

The study focused on issues of economic development of pharmaceutical SMEs in Gauteng Province, South Africa. The development of pharmaceutical SMEs' framework was of interest, and would contribute to different stakeholders namely government, parastatals, non-government organisations, corporate sector, and entrepreneurs in the pharmaceutical sector. The examination produced information that would help in improving and supporting pharmaceutical SMEs while the various partners would know about whom to help and how to help them. Whatmore important the entrepreneurs would have the option to assess their present sustainability status to look into the current state and forecast on the future when it comes to development and sustainability. Schmidt and Pioch, (2005) argued that pharmaceutical SMEs framework would empower and transform the whole pharmaceutical industry with value-adding and awareness on critical success factors, which will have the prospective to see these enterprises thrive during the period of economic hardships (Akhtar, Raees and Salaria, 2014).

Bashir et al. (2014) observed that SMEs played a pivotal role and were recognised as one of the most contributing forces of economic enhancements in market economies. This study has stimulated the development of a framework that would promote sustainability, invention and overall entrepreneurial spirit within the sector under study. According to Bleoju (2015), the specificities of pharmaceutical SMEs make it possible for them to have more flexibility than large enterprises because they uniquely adapt to changes in most surroundings.

## **1.7 OVERVIEW OF RESEARCH DESIGN AND METHODOLOGY**

Rowley (2013), defined research as a conceptual structure within which research is carried out. According to Akhtar, Raees and Salaria (2014), the research design provides a technical drawing for researching objectives and answering questions from the problem statement of the research. Bentley, Christopher DeZorzi and Richardson (2015), defined research design as a plan which researchers use to get research participants, collect information from relevant sources and analyses such information to arrive at the desired research goal (Gunasekaran, Williams and McGaughey, 2013).

This is a cross-sectional exploratory investigation that utilized subjective and quantitative information. Kruger and Welman (2014), explained that researchers use qualitative research to increase validity of the findings, while a quantitative method is used to ascertain that the collected data is reliable. Secondary data were used in reviewing literature and primary data were collected through interviews and questionnaires (Natalia, Sean and Hashem, 2015).

This was an exploratory research work which will help the study to addition insight into situations, phenomenon, community or persons within the defined research area (Chen, 2015). Welch et al. (2015) stated that the research design allows the participants of the study to have a contribution, if not to determine the condition of their work environment or their own lives.

### **1.7.1 STUDY AREA**

The study was piloted in South Africa, Gauteng Province, which has two metropolitan municipalities namely; City of Tshwane Metropolitan Municipality and Johannesburg Metropolitan Municipality. The uniqueness of this study area provided dynamic results that would contribute more insights on the development of a framework for community pharmaceutical SMEs operating in the industry to be sustainable.

### **1.7.2 DATA COLLECTION**

Primary data for this study were collected using online questionnaires. Zeng, Xie and Tam (2010) highlights that the use of questionnaires is normally associated with the collecting large quantities of evidence, which can be converted into numbers. They further stated that questionnaires are ordinarily used to collect complicated large quantities of data, which are converted into numbers for a less complicated interpretation. According to Cant et al. (2016), questionnaires are a list of careful structured questions, which are penned out after considerable testing to draw out a reliable response from a selected sample (Kruger and Welman 2014).

Questionnaires were distributed to all community pharmacies which are affiliated with either SAPC or ICPA. Owners and/or managers were asked to complete these questionnaires at their own time; the questionnaires were online and could easily be completed at any time participants choose to complete them. As soon as the online questionnaire was closed, data capturing and analysis begun (Greckhamer and Mossholder 2015; Leslie and Mary 2015).

### **1.7.3 TARGET POPULATION**

Van de Vrande et al. (2014) defines a population as “any collection of specified group of human beings or of non-human entities such as objects, additional institutions, time units, geographical area, and price of wheat or salaries drawn by individuals”.

The target population in this study was community pharmaceutical SMEs owners and/or managers in the City of Tshwane and Johannesburg Metropolitan Municipality in the Gauteng Province, South Africa. The population target was drawn from South African Pharmacy Council (SAPC) database, Small Enterprise Development Agency (SEDA) or Department of Trade and Industry (TDI). According to the South African Pharmacy Council database of registered organisation (refer to Table 3), there are 1637 in Gauteng Province; out of 4615 pharmacies in South Africa, the Gauteng Province has over 35% of the total pharmacies. This research focused on community pharmacies, which are 1114 in the Gauteng province.

### **1.7.4 THE SAMPLE**

Josh (2016) Richard and Trevor (2016) posit that probability and non-probability sampling are the only two methods that researchers can use. Gillespie et al. (2014) argued that the best method between the two is probability sampling because each member of the population stood an equal chance to be selected to participate, whereas with the non-probability sampling participants' chances of being selected from the population were unknown. Bentley et al. (2015) defined sampling as a process of selecting a fractional part of the whole relevant group or population. According to Visscher and Goddard's (2015) sample size calculator, the sample size of 286 was recommended. This was calculated at the total population of community pharmacies in Gauteng (1114) with confidence level at 95% and a margin of error of 5%. According to the Slovin formula, the following was the sampling size:

$$n = N / (1 + Ne^2)$$

$$n = 1114 / (1 + 1114 \times 0.05^2)$$

$$n = 294$$

Both the sampling methods suggest a relative number in this study. The number that was used is 294 pharmacies, which represents a 1/3 of every pharmacy in the total selected population.

### **1.7.5 DATA ANALYSIS**

Lucas (2016) defined data analysis as a process of converting collected data into information statements descriptively covering means, percentages classification or distribution or making assertions about relationship claims before data collection or providing estimates for the purpose of prediction.

Data were analysed using three methods, which provided an in-depth analysis, namely descriptive statistics and Nvivo software which were used to analyse qualitative data, while Statistical Package for the Social Sciences (SPSS) was used to analyse quantitative data.

### **1.7.6 RELIABILITY AND VALIDITY**

Richard and Trevor (2016) observed that the reason behind reliability is that results must be more than a once-off finding and must be inherently repeatable. Wright (2014) and Zhou (2015) highlighted that numerous global researchers have corroborated that for information to be reliable and valid, the research community must also be able to perform the same experiment under the same conditions and generate the same results. Zhou (2015) further stated that such replication strengthens the findings and ensures that the general scientific public accepts the used hypothesis Zhou (2015) further argued that if there is no replication of statistically significant results, the research and experiment would not have satisfied all the requirements of reliability.

Egana et al. (2015) highlighted that validity covers the entire experimental concept and seeks to establish whether the results obtained meet all the requirements of the research method. They further stated that even if interpreted results are great, an inconsistent sloppy research design will compromise the researcher's integrity in the eyes of the research community. Gillespie et al. (2014) explained that external validity is a process of examining research results and checking if whether there are any other possible causal relationships, while internal reliability and validity are the core of any experimental design. After collecting data, the researcher ensured that the means of measuring data were both reliable and valid.

## **1.8 LIMITATIONS AND BIAS**

The study was conducted only in the Gauteng Province. The results might be generalised in the context of South African community pharmaceutical SMEs, though the limitation out of South Africa might be a question of legislation and government inventions. There are fewer literatures on sustainability of pharmacies specifically looking into the commercial operations of SMEs in south Africa, most reviewed literature relates to SMEs necessarily because they are in the commercial scale. the pilot study assisted to pave a way for both the in-depth questionnaire and niching the reviewed literature to community pharmacies.

The information assortment strategy utilized was a self-regulated online poll. This could have impacted the outcome as every individual may have their method for deciphering the inquiries, and there might be some inclination included. Though all these may have some consequence on the results, the sample size that participated in the online questionnaires was a fair size to increase reliability and validity of results.

Gillespie et al. (2014) emphasised that researchers must use the auxiliary hypothesis bias, which serves as a rescue bias. Neuman (2014) argued that alternatively as an emergent strategy, results from data analysis can be subjected to a panel of neutral expects to draw conclusions and label factors. Providing a clear guideline on how questions must be answered and sufficient information regarding the objectives of the study eliminated bias from this study.

## **1.9 STRUCTURE OF THE THESIS**

The thesis is sorted out into eight parts and an outline of every section is displayed as pursues:

### **Chapter 1: Research Orientation**

Chapter one gives the presentation, depicts the foundation to the exploration and sets a scene for the proposition by giving an outline of the examination with regards to network pharmaceutical SMEs in Gauteng Province, South Africa. It distinguishes the examination issue to be tended to and states the exploration questions. The section additionally covers the degree, hugeness and confinements of the examination. At long last, the structure of the proposition is presented.

## **Chapter 2: Historical Perspective of Small Medium Enterprises**

This chapter provides the context of both local and global literature with regards to SMEs. It views the historical perspective of SMEs, their challenges within the business industry and how difficult it is to survive within the first few years of operations. The chapter further highlights the economic importance of SMEs within the country and abroad, and the obstacles they face.

## **Chapter 3: Literature Review**

Chapter three surveys related literatures taken from different books, diaries, reports and distinctive observational literary works. This assessment of the important writing is utilized to manufacture the hypothetical establishment of the proposition. Moreover, the section addressed the destinations of the exploration and the thing various researchers said about network drug stores/ community pharmacies.

## **Chapter 4: Research Design and Methodology**

Chapter four displays the approach and research process followed in this investigation. It clarifies the techniques utilized, decision of research reasoning and epistemological build just as the information assortment methods utilized by the researcher. Chapter 4 likewise subtleties parts of validity and reliability, organization of the instruments, explanatory systems and moral contemplation.

## **Chapter 5: Data Presentation Analysis and Interpretations: Qualitative Data**

Chapter 5 presents the analysis and further interpretations of the analysed data. It highlights the instrument that was used to analyse the data that was collected from participants.

## **Chapter 6: Data Presentation Analysis and Interpretations: Quantitative Data**

Chapter 6 presents an analysis and further interpretations of the analysed data. This chapter highlights the instrument that was used to analyse the interview responses.

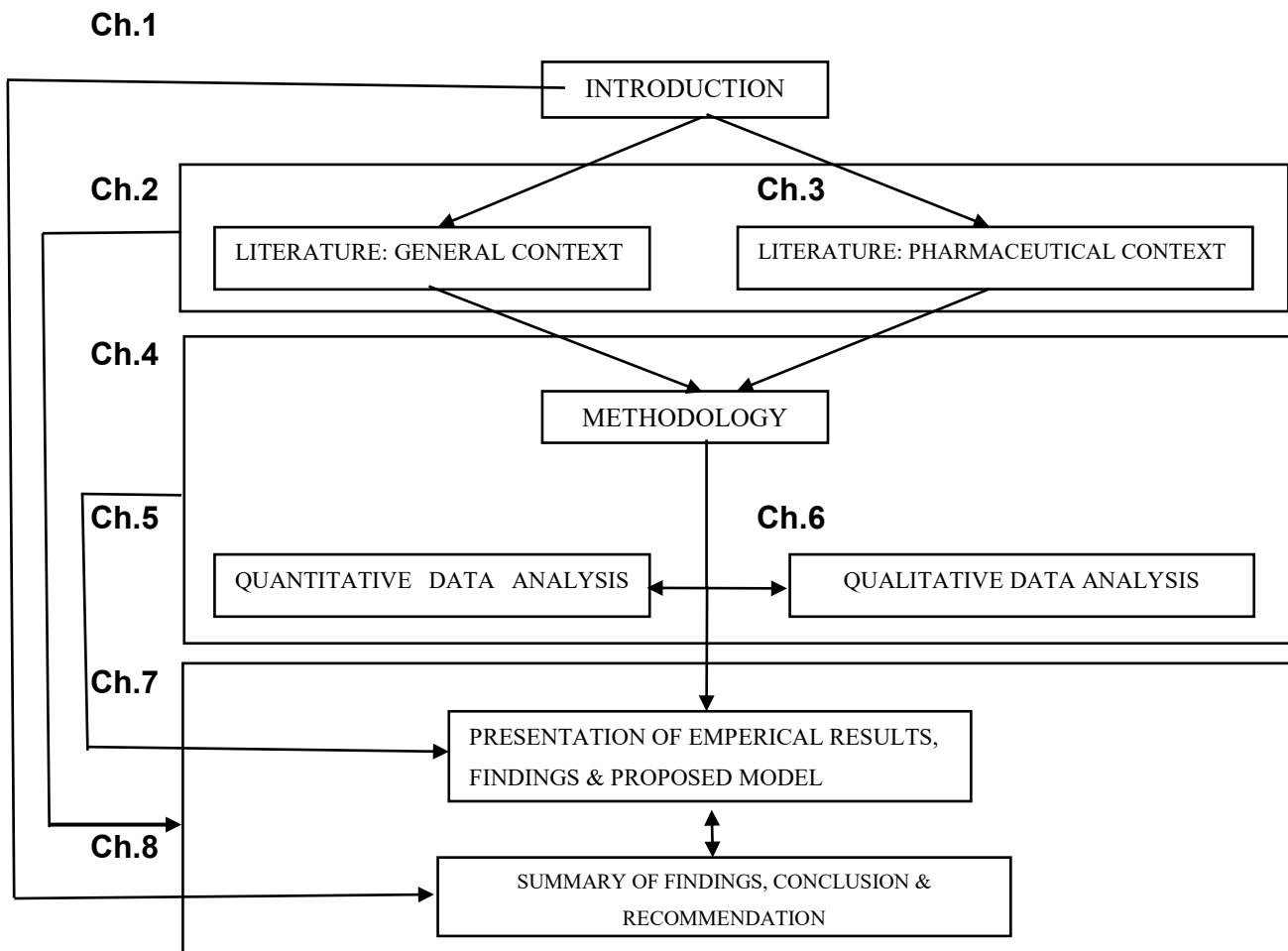
## **Chapter 7: Presentation of Empirical Results, Findings and proposed model**

Chapter 7 presents and discusses the results and findings of the study. It presents the approach that was followed to present the result of both qualitative and quantitative data. Finally, the chapter presents the research’s proposed model.

### Chapter 8: Findings, Conclusions and Recommendations

Chapter 8 provides the summary of findings, conclusions and recommendations. The findings represented in Chapter seven were discussed with the study objectives, and the result was triangulated with expressive results. The chapter ends with commendations and suggestions.

**Figure 1.1: Structure of the thesis**



## **1.10 SUMMARY OF CHAPTER**

This basic section introduced the examination issue, foundation of the investigation, the unique situation, and the expected research methodology. It additionally talked about the goals and objectives of the investigation and outlined the extent of the exploration in a specific way of exact and geological inclusion. An outline of the structure of the proposition was given lastly the assumptions and hypothetical situating of this investigation were analyzed. The part finished with a review of the arrangement of the postulation clarifying the basis for the picked structure. The accompanying section gives nitty-gritty foundation to the exact investigation by developing the South African socio-economic and explicit industry setting both locally and universally.

## **CHAPTER 2: HISTORICAL PERSPECTIVE OF SMALL AND MEDIUM ENTERPRISES**

### **2.1 INTRODUCTION**

The previous chapter introduced the study. This chapter presents a background of the South African pharmaceutical industry, the size of its economy and challenges faced in the sector, narrowed down to South Africa, Gauteng province, which is the specified geographical area of the study. This chapter reviews extant philosophies of pharmaceutical SMEs that aided as the theoretical foundation of the subsequent chapter of this study. The study was piloted in the capital city of South Africa, which is the main focus of pharmaceutical community SMEs.

Torraco, (2005), explained that the purpose of writing a literature review is to give the researcher an opportunity to exhibit the knowledge about a particular field of study, which includes the vocabulary, theories and key variables. They further stated that a literature review also informs the student of influential researchers and research groups in the field, which is under focus. Karlsson *et al.*, (2021), opined that a literature review filled in as a base for understanding the features of the point and guided in the arrangement of research questions and improvement of the speculations as appeared in the information examination part.

By checking on the condition of workmanship writing, this part positions the examination study in a setting of an immense measure of writing and past experimental takes a shot at the subject under investigation and aides in the talk and conceptualization of the issue in the following section.

The first part of this chapter summarises information provided in numerous journals, paper and magazines to deliver an overall picture of South Africa's pharmaceutical economy; it will further narrow down to Gauteng. The second part deals with the community pharmaceutical small-medium enterprises. The third part deals with pharmaceutical expansion and characteristics including the definition of SMEs. The last part focuses on the problems pharmaceutical SMEs and government tools which serve as packages to protect and promote the SMEs. Part B of the first section starts with the discussion of determining and identifying factors, skills and resources required to sustain pharmaceutical SMEs, the second part deals with the critical managerial

success factors that help to sustain pharmaceutical SMEs from a global village narrowed down to the concentrated research area.

The third part deals with the identification of the area of possible interventions that could kindle entrepreneurship; it commends strategies that will kindle entrepreneurial initiatives. Lastly it focuses on the development of a sustainability framework based on success factors and challenges faced by pharmaceutical SMEs, to help new and emerging pharmaceutical SMEs to be sustainable and thrive through difficult times. The chapter ends with a summary of main theoretical perspectives that outline pharmaceutical SMEs' sustainability.

## **2.2 SOUTH AFRICA'S GENERAL CONTEXT**

South Africa is the fifth largest country on the African continent, with a total estimation of 58.7 million people Statistics South Africa, (2019). It is a national country which is composed of nine provinces and two-city administration (Pretoria and Cape Town). According to Statistics South Africa, (2019), between 59% and 65% people stay in rural areas making agriculture and manufacturing industry to be the dominant contributor to economic growth. Real GDP grew at an estimated 0.7% in 2019, down from 0.8% in 2018, and is projected to rise to 1.1% in 2020 and 1.8% in 2021 amid domestic and global downside risks (African Development Bank Group, 2020).

South Africa is a large, complex and diverse country with political subtleties resulting from its exclusive history. It was governed by the apartheid regime and colonised until 1994 when people were given the opportunity to vote and put in place a government of their own choice. Ever since then the country has experienced increasing government centralisation and privatisation, underpinned by political culture which reflects strong hierarchies and communal stratifications that had deep social backgrounds (Sawersa, Pretoriusb and Oerlemans, 2008).

The current government is led by the African National Congress (ANC), which came into power in 1994 April, led by Nelson Mandela. It has been two decades now since they have been in power; there has been significant change and progress. This was achieved through a reformed process, which includes federal decentralisation of provinces and market liberation which helped the country to be an international

(Global) economic participant. Each of this reform has enjoyed some prominent successes, but also faced substantial challenges.

To accelerate economic development and worldwide competitiveness of its products, South Africa has disembarked on a transformation pathway to become a fully developed country in all sectors and with a environment resilience strategy and green economy by the year 2020 (Musango, Brent and Bassi, 2014). Having said the above, community pharmaceutical SMEs are one of the areas that have not been explored in terms of their potential to contribute towards the economy, and their unsustainability has remained questionable over the years.

### **2.3 MICROECONOMIC CONTEXT OF SOUTH AFRICA**

South Africa has pursued a developmental state model since early 1990, with some sectors already in a developed state in many aspects of the economy (Netswera et al., 2017). Founded on a great level of public and private sector investment, this approach has been linked with a strong rate of broad based black economic empowerment development from an extremely little base in 2003 to the highest in 2015, though the model has been criticised to only benefit few economic participants. The model increased the number of economic participants particularly through an motivated program for the state, organization and economic transformation. Distinguished progress has been made toward the set objectives, including those which are for poverty, access to education (with a possibility of free education which is under discussion with the Minister of Higher Education Dr. Blade Nzimande), and accessible health care system. Important developments have been made in basic organization and in strengthening administrative capacity (Nzimande, 2016).

According to Montazemi (1988), microeconomic factors were all internal factors which had a direct impact from within. Businesses were viewed to have great control over these factors and were more on the daily challenges and solutions of day to day operations (Bansal, 2015). Numerous specialists agreed that inadequate advertising, absence of the board aptitudes, deficient business information and poor monetary the executives were major smaller scale financial factors influencing private companies. Poor budgetary the executives, deficient booking, pitiable record keeping and the

absence of money related information are a portion of the key factors liable for the feeble and breakdown of SMEs' manageability.

Bashir et al. (2014) and Bansal (2015) researched that two key factors negatively affecting largely sustainability were the lack of accounting awareness and financial complications. This was further supported by (Ghobakhloo, Arias-Aranda and Benitez-Amado, 2015) when they revealed that SMEs incline to get lost in their financial complications and forget to understand or focus on the superior picture, by not solving their financial difficulties with sound financial strategies. Minor businesses see business activities relating to financial accounting and management accounting somehow very problematic and challenging. Haddara and Zach (2015) affirmed that the chances of really getting any business supported is about 3% on the grounds that numerous organizations don't know about that monetary establishments just loan cash to organizations with a sufficient business methodology and framework set up, this incorporates an exact field-tested strategy with precise conjectures.

## **2.4 MACRO-ECONOMIC FACTORS**

According to Amid et al. (2016), macro-economic factors are exterior factors around the business which have a direct impact on the business. However, they further stated that these businesses have inadequate/ no control over such factors. Abor and Biekpe (2006) were of the opinion that these factors were some of the reasons why most SMEs faced sustainability challenges over a stage of operating their businesses, and a manager who had less knowledge of the business could dismally fail to manage these factors. Such external factors included, amongst others, laws and regulations, policies, crime, markets reactions and government boundary due to common the perception by SMEs that the government needs to provide backing for them.

Chadwick et al. (2015) further explained that that the global recession was one of the greatest challenges which stood as a test of time for SMEs' sustainability. As a result, the South African currency has weakened significantly and credit and interest rates associated with this SMEs become a burden and a nightmare to manage which leads to a collapse of most SMEs. In describing the general situation facing South Africa's entrepreneurs, in particular SMEs Feletto et al. (2010) stated that they faced

economic uncertainty, crime, high tax burdens, unemployment and legislation t threats.

## **2.5 PSYCHOLOGICAL FACTORS**

Business owners have straight control over psychological features. According to Eddison, (2015) business owners need to be taught a certain entrepreneurial mind-set, as entrepreneurs should work more on their businesses and not only inside it. This is mostly done by managing the triple bottom line and making sure they create a competitive advantage and maximise profits as the first objective of the business. Some researchers believed that small-medium businesses are a direct gaudy mirror image of the owner (Fatoki and Odeyemi, 2015).

According to Feletto et al. (2010), business owners need sufficient information about their businesses plus themselves and their structures and that all this must always be on point and function 100%. They also asserted that just because one has enough capital does not mean they are an entrepreneur as they still need business skills, a better understanding of the markets and marketing, financial implications and systems, sales and how to manage employees from the process of hiring them to the process of dealing with disputes, etc.

Chang et al. (2014) and Chen (2015) reported that the most small-medium businesses ignored the importance of market exploration that goes hand in hand through the relevant information of competitors' challenges of entering the markets and capturing the right consumers for the products they offer. Holgersson et al. (2016) and Mukwasi and Seymour (2012) mentioned that businesses would only grow to its full potential, regarding cost-effectiveness mandate and customer's growth when the owners operate business ventures they are passionate about.

Apart from having business insight and passion Chen (2015) pointed out that business proprietors should likewise be expectant and broad by efficiently controlling one's responses and reactions, and always looking at the superior picture of the business venture to make clear decisions. Ghobakhloo et al. (2015) emphasised that apart from having a constructive mindset, small business proprietors should direct and manage business to be consumer-oriented, thus concentrating on providing goods and

services which serve the interest of the targeted markets and also put strategies and measure in place to solve customers' problems.

## **2.6 CLASSIFICATION OF SOUTH AFRICAN SMEs**

The National Small Business Act (102 of 1996) aims to provide for the "establishment of the Advisory Body and the Enterprise Promotion Agency; to provide guidelines for organs of state in order to promote small business in the Republic; and to provide for matters incidental thereto". The National Small Business Act defined the small business medium, small, very small and micro enterprises based on certain characteristics.

The National Small Business Amendment Act (26 of 2003) aims to update and further define business according to five categories established by the original Act, namely, standard industrial sector and subsector classification, size of class, equivalent of paid employees, turnover and asset value – excluding fixed property.

**Table 2.1: South Africa's union classification of SMEs**

No	Size of class	The total fulltime equivalent of paid employees	Total turnover	Total gross asset value (fixed property excluded)
<b>1</b>	<b>Agriculture</b>			
	Medium	100	R5m	R5m
	Small	50	R3m	R3m
	Very Small	10	R0.50m	R0.50m
<b>2</b>	Micro	5	R0.20m	R0.10m
	<b>Mining and Quarrying</b>			
	Medium	200	R39m	R23m
	Small	50	R10m	R6m
	Very Small	20	R4m	R2m
	Micro	5	R0.20m	R0.10m
<b>3</b>	<b>Manufacturing</b>			
	Medium	200	R51m	R19m
	Small	50	R13m	R5m
	Very Small	20	R5m	R2m
	Micro	5	R0.20m	R0.10m
<b>4</b>	<b>Electricity, Gas and Water</b>			
	Medium	200	R51m	R19m
	Small	50	R13m	R5m
	Very Small	20	R5.10m	R1.90m
	Micro	5	R0.20m	R0.10m
<b>5</b>	<b>Construction</b>			
	Medium	200	R26m	R5m
	Small	50	R6m	R1m
	Very Small	20	R3m	R0.50m
	Micro	5	R0.20m	R0.10m
<b>6</b>	<b>Retail and Motor Trade and Repair Services</b>			
	Medium	200	R39m	R6m
	Small	50	R19m	R3m
	Very Small	20	R4m	R0.60m
	Micro	5	R0.20m	R0.10m
<b>7</b>	<b>Wholesale Trade, Commercial Agents and Allied Services</b>			
	Medium	200	R64m	R10m
	Small	50	R32m	R5m
	Very Small	20	R6m	R0.60m
	Micro	5	R0.20m	R0.10m
<b>8</b>	<b>Catering, Accommodation and other Trade</b>			
	Medium	200	R13m	R3m
	Small	50	R6m	R1m
	Very Small	20	R5.10m	R1.90m
	Micro	5	R0.20m	R0.10m
<b>9</b>	<b>Transport, Storage and communications</b>			
	Medium	200	R26m	R6m
	Small	50	R13m	R3m
	Very Small	20	R3m	R0.60m
	Micro	5	R0.20m	R0.10m
<b>10</b>	<b>Finance and Business Services</b>			
	Medium	200	R26m	R5m
	Small	50	R13m	R3m
	Very Small	20	R3m	R0.50m
	Micro	5	R0.20m	R0.10m
<b>11</b>	<b>Community, Social and Personal services</b>			
	Medium	200	R13m	R6m
	Small	50	R6m	R3m
	Very Small	20	R1m	R0.60m
	Micro	5	R0.20m	R0.10m
				Bottom of Form

**Source:** The Banking Association South Africa (2003)

As stated above in Table 2.1, in South Africa, the arrangement of undertakings into little, medium and enormous scales relies upon a few factors, for example, level of business, turnover, capital speculation, generation limit and subsector (The Bank Association South Africa, 2003).

### **2.6.1 DEFINITION OF SMEs**

There is no widespread definition concerning the real importance of SMEs. From a quantity point of view, the term SMEs alludes to those organizations from any industry/division whose size doesn't surpass a given threshold. Nonetheless, regarding the insights, it is hard to decide the right corporate size, given that a suitable size marker is important. This pointer can be contrasted and those utilized in financial matters and bookkeeping, markers, for example, the balance sheet total, quantities of workers, invested capital, income per share, complete capital, value, profits, market and item position, creation and deals volumes, benefit and sum reflected in the announcement of changes in value of a substance (The Bank Association South Africa, 2003).

According to Netswera and Watson (2015), there are numerous definitions of the term small and medium enterprises (SMEs), which vary from republic to republic and according to sources that are reporting SMEs' data. Torre, Gozzi and SchmuKler (2017), further asserted that the most commonly used criteria to define SMEs at an international level are the numbers of employees, total net assets and investment level.

In South Africa, the most recognised definition is the one defined by the National Small Business Act, 26 (2003) as depicted below in Table 2.2.

**Table 2.2:** Definition of SMMEs given in the National Small Business Act 26 (2003)

<b>Definition of SMMEs given in the National Small Business Act 26 (2003)</b>			
<b>Enterprise size</b>	<b>Numbers of employees</b>	<b>Annual turnover</b>	<b>gross assets excluding fixed property</b>
<b>Medium</b>	fewer than 100 to 200, depending on the industry	less than R5 million to R50 million, depending on the industry	Less than R2 million to R18 million, depending on the industry
<b>Small</b>	fewer than 50	less than R2 million to R25 Million, depending on the industry	less than R2 million to R4.5 million, depending on the industry
<b>very small</b>	fewer than 10 to 20, depending on the industry	Less than R200 000 to R500 000, depending on the industry	Less than R150 000 to R500 000
<b>Micro</b>	fewer than 5	Less than R150 000	Less than R100 000

Given that the focus of this research is mainly on pharmaceutical sustainability issues, it is even more critical to distinguish clearly between the requirements of survivalist, micro and very small enterprises (called MSEs) and SMEs. The abbreviation MSE stands for 'micro and small enterprises' and reflects the view that there are structural differences between survivalist, micro and very small enterprises on the one hand, and small and medium enterprises on the other hand. Such differences include the level of formalisation (for example, whether a legal entity has been established), whether the enterprise has a bank account separate from that of its owner and whether it is an entity that is integrated into the household, or whether it is an entity that functions independently from the household of its owner(s).

This Task Group focuses primarily on SMEs, as embodied in the National Small Business Act, to ensure consistency with the framework and initiatives of the Department of Trade and Industry. Only when micro-enterprises are specifically at stake will the term SMME be used, which in turn adds the micro dimension to the stated SME concept.

The most widely used framework in South Africa is the definition of the National Small Business Act, which defines five categories of business as follows:

- **Survivalist enterprise:** The income generated is less than the minimum income standard or the poverty line. This category is considered pre-entrepreneurial, and includes hawkers, vendors and subsistence farmers. (In practice, survivalist enterprises are often categorised as part of the micro-enterprise sector.)
- **Micro enterprise:** The turnover is less than the VAT registration limit (that is, R150 000 per year). These enterprises usually lack formality in terms of registration. They include, for example, *spaza* shops, minibus taxis and household industries. They employ no more than five people.
- **Very small enterprise:** These are enterprises employing fewer than 10 paid employees, except mining, electricity, manufacturing and construction sectors, in which the figure is 20 employees. These enterprises operate in the formal market and have access to technology.
- **Small enterprise:** The upper limit is 50 employees. Small enterprises are generally more established than very small enterprises and exhibit more complex business practices.
- **Medium enterprise:** The maximum number of employees is 100, or 200 for the mining, electricity, manufacturing and construction sectors. These enterprises are often characterised by the decentralisation of power to an additional management layer.

## 2.7 THE ROLE OF SMALL BUSINESS (SMEs)

South Africa's SME sector is expected to fulfil many roles ranging from poverty alleviation and employment creation to international competitiveness (Wang, 2016). According to Maksimov, Wand and Luo (2017), SMEs are the pivotal drivers in the society that alleviate poverty as they provide opportunities for employment to the poor. Furthermore, an increase in SMEs' efficiency may result in higher employee wages to poor income of household owners. SMEs can change the undercurrents forces of the unemployment rate of the country because they initiative innovation and the creation of jobs (Olawale and Gware, 2010). Egbu, Hari and Renukappa (2005) agree that SMEs play an important role in the economy of the country and drive economic growth, innovation and the creation of jobs. Njinyah (2018), further observed that SMEs are important to the competitive market and they drive the innovation of products and innovation in general. However, research conducted in Africa confirmed that SMEs

undergo closure rather than expanding Netswera et al., (2017), which affects economic growth and results in less job creation, particularly in South Africa. As a result, there are more closures rather than expansion which impact negatively on the economic growth and mitigation of poverty.

In Ghana, SMEs have been seen as increasing the economic and socio-economic objectives and encourage the process of inter and intra-regional decentralisation (Wang, 2016). SMEs in Sub-Saharan Africa play a vital role in supporting local demand services, development in industry, restructuring, needs for increased specialisation and provide sustainable growth development in the long term (Nieuwenhuizen, 2011). However, it is argued that social responsibility has an influence on the performance and growth of SMEs in Malaysia and has an impact on their financial performance and reputation, resulting in better relations with stakeholders, increased support for firms products and services and better reputation (Wang, 2016; Netswera et al., 2017). Therefore, social responsibility can be rooted in leaders in order to have a positive influence on performance and growth of SMEs.

## **2.8 THE SOUTH AFRICAN PHARMACEUTICAL SECTOR**

The pharmaceutical industry in South Africa is the longstanding and more professionally established in the current and as well as traditional mode of invention (Lee, Sameen and Cowling, 2015). According to the South African Pharmacy Council, (1974), the first professional pharmacy came into operation in 1974, and since then it has played a significant role in both the health profession and the economy. The industry has become more accommodating in recognition of African clinically proven medicine and the western medicine; this has increased economic participants and has helped to enhance the quality of life and accessibility in the health sector.

The pharmaceutical industry is broad and has more categories within it from those who produce medicine to those who sell it in the pharmacies. South Africa has many pharmacies and was one of the few countries in Africa which were rated by the World Health Organisation, 2015 (WHO) to be having good facilities despite a lot of its pharmacies being located in urban areas than rural areas where a lot of people need to have access to health care facilities. According to the Department of Trade and

Industry (2016), the Pharmaceutical Industry was third on the list of sectors that performed very well and boosted the economy's GDP.

According to the South African Pharmacy Council (2003), South Africa's pharmaceutical industry comprised eight major industrial sub-sectors or components: Academic institution, retail community pharmacy, consultant pharmacy, institutional private and institutional public, manufacturing pharmacy, wholesale pharmacy private and wholesale pharmacy public. They are intermediate and great enterprises operating in the official sector, whereas most micro-enterprises predominantly in the community pharmacy area function in the rural areas.

Felletto et al. (2010) defined Retail Community Pharmacy (RCP) as an independent pharmacy, a supermarket pharmacy or a mass merchandiser pharmacy having a state license to dispense medications to the general public at retail prices as a pharmacy. This research was conducted on retail community pharmacies, and it has the following characteristics and successful qualities that these pharmacists must have (Hannu, 2000):

- **Disciplined:** These are individuals who are focused on making their businesses work, from something complicated, like formulating strategies and tactics to overcome challenges, to something complicated like being punctual and present in their pharmacy at the stated times. They are disciplined enough to take steps big or small, every day towards achieving their sustainability goals.
- **Confidence:** The successful retail pharmacist exudes confidence in their knowledge through their properly selected choice of words. When giving advice, they do not possess doubts in their knowledge regarding the products, or themselves.
- **Self-starter:** Any entrepreneur knows that if something needs to be done, they should do it themselves. They set the parameters and make sure the project follows the path. The successful retail community pharmacist is not different from any other entrepreneur.
- **Competitive:** Many pharmacies are opened because they believe that they can do a better job than the other one in the market. They need to win at the sport that they compete in; the question they need to continuously ask is: What is

their specialty and capabilities that can help them stand out from the competitive sector?

- **Determination:** Entrepreneurs must always know when to start and stop, besides “Rome was not built in one day”. There are surely going to be challenges these pharmacies should grapple with and overcome. Therefore, these entrepreneurs will need to be clear what keeps them going and use that as a strength to take the next step.
- **Strong people skills:** Community retail pharmacies must have strong communication skills to sell the product and motivate the employees, together with serving customers with “Ubuntu” and respect. Good communication skills motivate employees and that also helps to grow the business. Some of the benefits of good communication skills are to enhance and build a good customer base profile for the pharmacy and trust.
- **Strong work ethics:** The successful entrepreneur will often be the first one to arrive at the business facility and the last one to leave. They are driven by seeing the project through completion; this helps them to match outcomes and expectations. Their minds are always in the workplace, whether they are in or out of the workplace.
- **Passion:** A true pharmacist enjoys what they do. They genuinely enjoy their work, in this case, through interactions with their customers, a genuine constant check and care for their customer’s health, and feeling satisfied seeing their patients improve. If they possess the passion to serve with dignity, respect and the joy to serve others, then they are definitely in the right path.
- **Professional:** If they possess the above-mentioned qualities, there is no doubt that this makes them successful entrepreneurs. But a successful community pharmacist needs more than one quality to stand out from the rest. Professionalism stems out from the rest; this will mean not taking sides, not selling products at higher margins, not jeopardising patient’s health over profits. Also, this means they are professional when it comes to actions within the profession.

According to earlier classifications schemes by Chase, (1978) all pharmacies were classified as service/retail shops. The popular literature, nonetheless, classifies community retail pharmacies based upon the number of stores and type of

merchandise that is sold in these retailers. For example, “independent pharmacies” have less than four stores and “small chain” pharmacies have four to ten stores under a chain. “Large chains” are comprised of more than ten stores. “Food and drug combos,” are food stores with an in-house pharmacy, such as Kroger and Pathmark. “Mass merchandisers,” are retail stores with pharmacies, such as Kmart. These pharmacies utilize different combinations of resources to compete through variations in services.

However, in south Africa pharmacies have the following categories, Academic institutions which are main focused in hospitals for teaching and learning purposes, Community pharmacies which are mainly standalone pharmacies which are located in communities with the sole purpose to sell medicine to end users/ customers, consultant pharmacies are a hybrid which sells medicine and also afford customers consultations. Both Institutional private and public pharmacies are tasked with the same responsibilities however one is situated in a public hospital while the other in a public one. The second last category is wholesaler public and private pharmacy and lastly the manufacturing pharmacy which does not supply end users but mass produce and supply wholesalers (SAPC, 2016).

Jambulingam, Kathuria and Doucette, (2005) indicated that the results of a consumer survey lend support to the argument that different types of pharmacies (as stated in the paragraph above) use different competitive and sustainability priorities: service level, information, and speed. These research study focused on retail community pharmacies because of their nature and challenges that are faced within these category of pharmaceutical SMEs when it comes to sustainability (Dugan, 2006). According to Hannu, (2000) most community retail pharmaceutical SMEs are faced with a lot of operational challenges which makes them vulnerable to harsh economic conditions and their in ability to continue to be sustainable when they are faced with challenges.

According to the SAPC, (2016) there are 3170 community pharmacies registered with the South African Pharmacy Council, please refer to appendix 1 in page 356 for a full view of the categories of pharmacies in South Africa. The geographical area of the study is Gauteng province which has a total of 1114 community pharmacies, Gauteng

province represents over 35% of total community pharmacies within the country. The study conducted wanted to develop a sustainability framework for pharmaceutical community SMEs centered around challenges that these SMEs are faced with and how they can be boosted to stay afloat and enhance their sustainability status.

Chase, (1978) said that It is apparent that retail pharmacies utilize a variety of long-term strategies (i.e. intangible resources) to stay competitive over time. However, Jambulingam, Kathuria and Doucette, (2005) indicated that some community retail pharmacies are gradually developing a combination of intangible resources that can create services that add to their competitive position. They further added that these move is capital intensive and has been the reason why some retail pharmacies have been discontinuing their business.

According to Hassen (2017), the pharmaceutical industry provides a vital service of providing medication to the South African population and was valued between R42.6bn and R45bn in 2016. SAPC (2016) revealed that 276 companies licensed by the Department of Health and the Medical Controls Council are involved in the sector. . They further added that local manufacturing was valued at R 4.9bn in 2015, and mostly dominated by local companies. According to the JSE (2016), Aspen had a market share of 15.3% and Adcock Ingram's market share was 8.9%. South African companies hold the number one position for overall market share, for pharmaceuticals only and for over-the-counter medication only. Hassen (2017) argued that the contribution of manufacturing pharmaceutical companies does not mirror the successes of community pharmacies and their sustainability challenges.

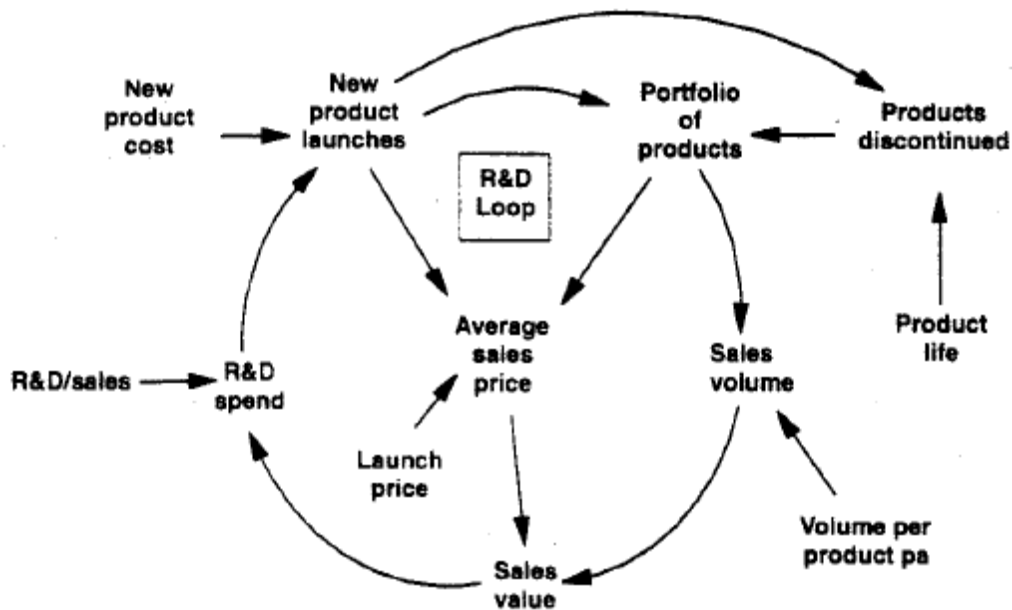
Jesson, Hassell and Noyce (1998) indicated some of the important challenges facing the community pharmaceutical industry as tensions between improving access to affordable medicines, on the one hand, and growing the community pharmaceuticals SMEs, on the other hand. Chadwick et al. (2015) stated that other factors influencing the sector include the introduction of the National Health Insurance (NHI), online market, and location which result in unfair competition, significant changes in technologies to manufacture drugs and the emergence of the use of cannabis and other alternative healing methods. Weak economic growth and harsh economic

conditions mean that the community pharmaceutical health sector will be required to do more with fewer resources than initially planned (Hassen, 2017).

## **2.9 CONSTRAINTS OF THE PHARMACEUTICAL SMEs SECTOR**

This section scrutinises the constraints of the pharmaceutical industry as a whole throughout the value chain from research and development to end user; this involved sourcing contributions and marketing issues such as deprived delivery time, deprived customer communication, poor sample development, etc. (SAPC, 2016). According to Awaritoma et al. (2011), a combination of reviewed literature confirmed the following as the main constraints for the pharmaceutical sector:

- **Weakening patent protection challenges:** Developing countries struggle to afford patent prices and therefore exert pressures on pharmaceutical companies. There is also no inexhaustible supply of potential blockbuster to sustain revenue streams once an existing patent expires.
- **Regulatory challenges:** Pharmaceutical SMEs are expected to fulfil a different set of regulations in each market from country to country, which makes it difficult for SMEs to cope. This, however has suggested that there is a need for the harmonisation of regulations throughout the country and abroad.
- **Challenges in research and development department:** The greatest challenge associated with the Research and Development (R & D) department is Pipeline, which is a situation where there is a new disease which comes out of no were and quickly disappears without finding a cure for it while money has been invested to find medication for such. Another challenge is shifting R & D towards new innovation, that is, change in focus to developing new drugs and exhausted incrementally modified drugs. The last challenge pertaining to R & D is the time lag to an output gap; it takes an averaged of 10 to 15 years to develop new drugs from discovery to approval, increase in average R & D cost, which is incurred due to many failures of drugs during clinical trials, this includes rigorous testing for safety and effectiveness.



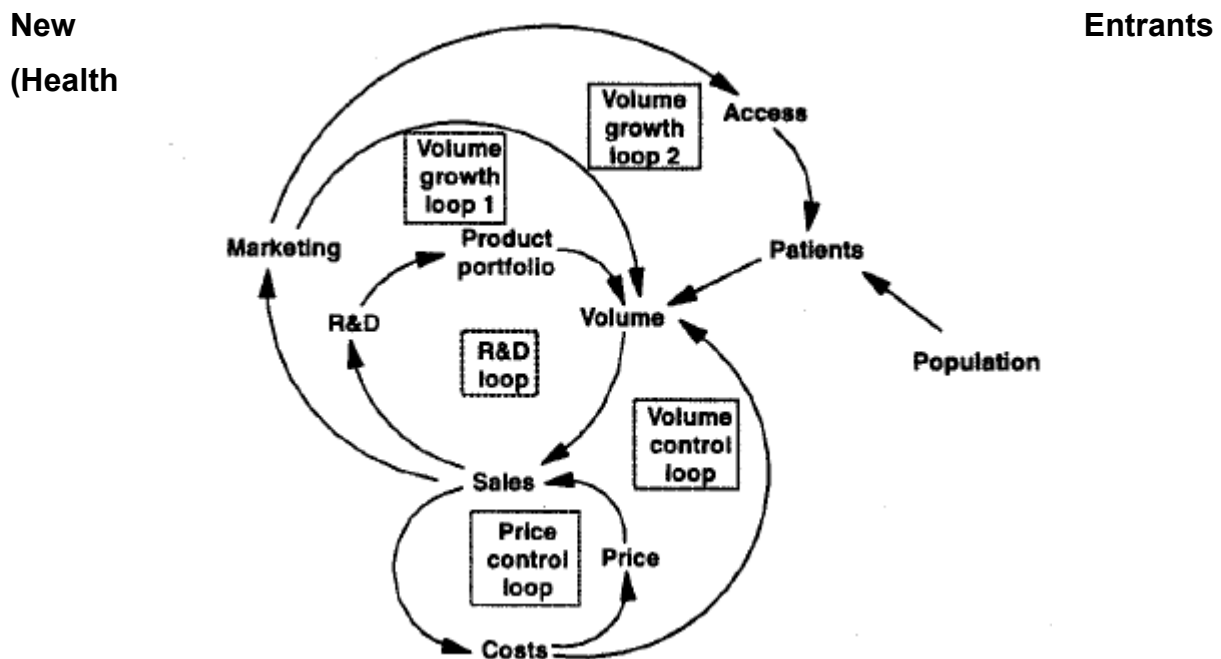
**Figure: 2.1** Core Research and development loop

The core research and development loop is displayed in outline only, in Figure 2.1. This model assumes that the industry allocates a percentage of its sales income to R & D and that this, when divided by R & D expenditure incurred for every successful new product launched, creates a flow of new products, which adds to the portfolio of existing products. In reality the R & D expenditure associated with successful products is incurred over 10 - 15 years before launch but this process is not captured in the model described here (Grobbelaar, 2007). The price at which a new product is launched is in general higher than that of existing products and therefore causes the average price to rise - a driving mechanism contributing to the growth of sales value. Products are eventually discontinued, and that is mostly dependent on the demand and how customers react to them, when they are launched.

- **Lack of innovation:** Small and medium-sized pharmaceutical companies (pharmaceutical SMEs) in South Africa see the importance of innovations and want to realise these, but many of them are unable to carry out various interesting projects due to the lack of financial resources. Many pharmaceutical SMEs are not utilising existing innovation potential, as there is a lack of adequate transparency and resources to use the current licensing and co-operation chances. Furthermore, many projects, especially those from the biotech industry, are seen as too immature for the realisation of concrete co-

operations. Pharmaceutical SMEs critically view the shortage of innovations with regard to long-term survival.

- **New Entrance (Changing the market):** This has been a significant change in how patients want to have access to pharmaceutical entities. Most patients do not want the suspense to wait or have to go to the pharmacy for medication. Over the past five years, there has been a wide range of customers ordering medication online and getting them on their door step. Biotech companies which provide a wide range of scientific breakthroughs are increasingly holding the right of the most marketable drugs and most pharmaceutical SMEs can compete in this domain. The greatest of challenges associated with this is how existing pharmaceutical firms can benefit from these advances and accrue a share of the revenue.



**Technology:** Investments by non-pharmaceutical companies in healthcare technologies (Apps, Internet, etc.) are massively outpacing those pharmaceutical companies. They are achieving this through patient empowerment, data-driven and outcome-focused approach. Pharmaceutical companies should be indispensable in providing content with their unique knowledge, but e-commerce is for quick growers and quick learners. The challenge to pharmaceutical SMEs is staying relevant and ensuring that their products and knowledge are being shared.

**Figure 2.2:** New product structure and growth (Nieman, 2006)

## **2.10 THE IMPORTANCE OF PHARMACEUTICAL SMEs IN SOUTH AFRICA**

According to Abedian et al. (2014), the unemployment situation in South Africa has reached serious proportions and drastic measures need to be taken to avoid a breakdown of the economy and society. Statistics South Africa (2016), indicated that the unemployment level in South Africa was reported to be 26.7% in June 2016, with a total estimated population of 55.1 million people, with the real GDP per Capita of 6.617.91 USD (World Bank). The unemployment rate in the area of study which is Gauteng, was reported to be at 23.5% with a total population of 13.27 million.

The role played by pharmaceutical small business enterprises is being increasingly recognised all over the world (Ong et al., 2018). The perceived potential of small business in creating economic value and employment has caused governments in many countries to invest much attention on small business entities (Gielnik et al., 2017). Although there has been so much of time invested in this, results have not matched expectations, and available evidence indicated that the pharmaceutical sector contributes meaningfully to economic growth, social development, employment provision and enhancing the health care system of the country (Awaritoma et al., 2011). According to Netswera and Watson (2015), the small business sector served as the largest employer with pharmaceutical SMEs serving as the only sector which absorbs most pharmacists in the whole world and was the greatest contributor to any country's gross domestic product.

According to Akhtar et al. (2014), factors of major importance for the transformation of the South African society, are job creation and wealth generation. They further asserted that sustainable pharmaceutical SME entities would aid in improving job creation, wealth generation for owners and in turn, boosting both the economy and improved standards of living for all South Africans. High unemployment rate and poor socio-economic conditions have highlighted the need for reconstruction and development of sustainable frameworks for entities in the small business sector to stabilise growth (Ghobakhloo, Arias-Aranda and Benitez-Amado, 2015). Feletto et al. (2010) also added that existing large entities and public sector have been unable to cope with solving these problems and hence the focus has been placed on small business sector as an intricate part of solving the economic crisis that South Africa is currently faced with at the moment.

The White Paper on National Strategy for improvement and advancement of small business in South Africa states: “the stimulation of small, medium and micro enterprises must be seen as part of an integrated strategy to take the South African economy to the higher level, one which is diversified, productively enhanced, investment stimulated and entrepreneurship sustainability through innovation and creativity”. Wright (2014) revealed that in 1997 Small enterprises absorbed approximately 36% of total employment in South Africa, while Micro and medium enterprises contributed a significant 16%. These statistics showed that the total contribution of SMMEs in South Africa was above 52% in total employment of the country. The only challenges that remained were that these enterprises were not sustainable, and more time has to be spent in making sure that they become sustainable.

According to Bashir et al. (2014) and Abedian et al. (2014), most developing countries’ poverty reduction strategy programs frequently included supports for SMEs as one of their strategies. This is the reason why the World Bank has over the past five years spent \$10 to 15\$ billion for SME support programs. According to the World Bank website, “this pro-SME policy is based on the argument that relative to larger firms, SMEs enhance competition and can easily take advantage of any market change, entrepreneurship, job creation and job growth, spur economy-wide efficiency, growth and poverty alleviation”. Rouse (2015), emphasised that SMEs are the most important contributor of any country’s economic growth, and this is the reason why most developed countries provide support for new and growing businesses and most donors in some way provide support to nurture small business enterprises in both developed and developing countries.

Holgerson et al. (2016) argued that the reason for small business existence also indicated to a great extent the importance of SMMEs to the country and its economy. The Department of Trade and Industry (2016), revealed that pharmaceutical SMEs in South Africa are of paramount importance and have become a target for policy and strategy makers because:

- The labor-absorptive capacity of the small business sector is higher than that of other sizes;

- The average capital cost of a job created in the pharmaceutical SME sector moderate compared to other sectors;
- They allow for more competitive markets;
- They can adopt more rapidly than large cooperates to changing markets trends and market taste;
- They often use the advantage of local markets than to operate on a global scale;
- They provide opportunities for aspiring entrepreneurs, especially those who are unemployed;
- Pharmaceutical entrepreneurs do not necessarily need to be pharmacists by profession, but they need skilled labors who are qualified and registered with the Health Professionals Council of South Africa (HPCSA) and South Africa Pharmacy Council (SAPC);
- Subcontracting by large biopharmaceutical companies lends flexibility to production processes and decreased patent costs; and
- They play a vital role in technical and other innovations.

## **2.11 THE CONCEPT OF BUSINESS SUSTAINABILITY**

Business sustainability is often defined as managing the triple bottom line - a process by which companies manage their financial, social and environmental risks, obligations and opportunities. These three impacts are sometimes referred to as profits, people and planet (Rouse, 2013).

However, this approach relies on an accounting based perspective and does not fully capture the time element that is inherent within business sustainability. A more robust definition is that business sustainability represents resiliency over time - businesses that can survive shocks because they are intimately connected to healthy economic, social and environmental systems. These businesses create economic value and contribute to healthy ecosystems and strong communities (Lamberton, 2005).

Business sustainability requires firms to adhere to the principles of sustainable development. According to the World Council for Economic Development (WCED), sustainable development is development that “meets the needs of the present without compromising the ability of future generations to meet their own needs.” So, for industrial development to be sustainable, it must address important issues at the

macro level, such as: economic efficiency (innovation, prosperity, productivity), social equity (poverty, community, health and wellness, human rights) and environmental accountability (climate change, land use, biodiversity).

According to NEO NEHOTIUM, (2018) there are many best practices that foster business sustainability, and help organisations move along the path from laggards to leaders. These practices include:

- **Stakeholder engagement:** Organisations can learn from customers, employees and their surrounding community. Engagement is not only about pushing out messages, but understanding opposition, finding common ground and involving stakeholders in joint decision-making;
- **Environmental management systems:** These systems provide the structures and processes that help embed environmental efficiency into a firm's culture and mitigate risks. The most widely recognised standard worldwide is ISO 14001, but numerous other industry-specific and country-specific standards exist;
- **Reporting and disclosure:** Measurement and control are at the heart of instituting sustainable practices. Not only can organisations collect and collate the information, but also be entirely transparent with outsiders. The Global Reporting Initiative is one of many examples of well-recognised reporting standards; and
- **Life cycle analysis:** Those organisations wanting to take a large leap forward should systematically analyse the environmental and social impact of the products they use and produce through life cycle analysis, which measures impact more accurately.

Firms that are sustainable have been shown to attract and retain employees more easily and experience less financial and reputation risk. These firms are also more innovative and adaptive to their environments.

Shediac-Rizkallah and Bone (1998), emphasised that in order to understand sustainability it was of paramount importance to link it up to entrepreneurs; they further defined entrepreneurship as the aptitude to organise the resources into a imaginative combination, for the solitary purpose of production.

Gunasekaran et al. (2013) defined an entrepreneur simply as a person who sets up a business or businesses, taking on financial risks in the hope of profit. Such individuals require some form of skills, inventiveness, and inclination to take risk to allow them to become involved in following a business venture. Any business suggests the element of risk and uncertainty. Pharmaceutical SMEs will only be sustainable if entrepreneurs with innovation are willing to operate them. According to Hustad and Olsen (2012), entrepreneurs did not need to be copy cats who copy and lack innovative ideas and the will to take up risk; they must help as a viable vehicle for SMEs to endure through economic hardships. Research has indicated that pharmaceutical SMEs must be in a point at all times to encompass, mitigate and regulate the threat element within the commerce they operate in (Hatega, 2016).

Entrepreneurs are those individuals who make something to happen from nothing and they are the backbones of most sustainable pharmaceutical SMEs, though there is significant support from government structure and other business partners a business is not going to sustain its self throughout hardship deprived of the energy, vision and hardship of businesspersons who can see opportunities at any stage and originate up with the ideas to fill the need (Ghobakhloo, Arias-Aranda and Benitez-Amado, 2015).

Kyobe (2011) stated that this understanding of sustainability and entrepreneurship had to be understood in South African context; it has led to the inclusion of Black-Economic Empowerment (BEE) and is defined as follows:

- An unified coherent socio-economic procedure;
- A process that underwrites to the economic revolution of the country; and
- A process that upsurges the quantity of black people that manage, own and regulate the country's resources and economy.

According to the Department of Trade and Industry (2016), BEE was not working and an alternative model which had to be in place had to be devised in order to cater for

the majority which included women, people with disabilities and young people of South Africa. This led to the introduction of B-BBEE Act, No. 53 of 2003, a strategy that represented seven key indicators of the broad-based empowerment charter. These strategies are:

- Proprietorship
- Employment evenhandedness
- Management
- Skills growth
- Privileged procurement
- Innovativeness development

According to Pullen et al. (2014), the concept of SMEs was introduced in South Africa in 1996 by the government with the purpose of creating of wealth, alleviating poverty and boosting the country's economic status. Reddy et al. (2016) mentioned that the government has given a great deal of consideration to SMEs in the historical two decades by generating institutions that are both publicly and privately owned to assist businesses which fall under this category with their overall sustainability. These key strategical organisations have however met a little success and the government is still at war in trying to enhance and create SMEs in South Africa (Sawersa, Pretoriusb and Oerlemans, 2008).

According to Romero and Arnorld (2011), South Africa had an estimation of over 2 million SMEs which were fully operating within the country both in the formal and informal sectors. However, 10% to 25% of the SMEs were not sustainable and closing doors within the first few years of operating business. They further expressed that SMEs had an overall success rate of 55% in South Africa with an expected failure rate of 45% (Romero and Arnorld, 2011). According to Quartey (2012), most current SMEs' failure rate is predicted to be about ten thousand businesses failing every three to six months, as a result this raises sustainability questions; most business opportunities and jobs are lost.

Sawersa et al. (2008) observed that the quest for upper hand and business openings is a continuous mission for some organizations. As new innovations keep on creating at a fast rate and efficiencies are picked up in every aspect of generation, companies

around all over the globe are continuously searching for ways to enhance sustainability and develop frameworks that will keep them sustainable over the period of time.

Michael and Huesemann (2011) revealed that companies were faced with increasing challenges and problems in trying to achieve productivity/profitability and sustainability at the same time. They further observed that managers are often confronted with opportunity costs by ways of decreasing costs through effective and efficient strategies, and achieve this through maintaining quality products and services. However, meagre survival skills will not give a company much hope for the future; it becomes forthcoming that sustainability becomes a significant phenomenon and can yield visible results for the companies that will contrivance them through a sustainability framework.

Pullen et al. (2014) emphasised that without visible results from set out frameworks of suitability, it is unlikely that companies will follow suit this model since they yield no desired benefits. Be that as it may, researchers have had the option to recognize approaches to guarantee accomplishment through maintainability systems of their own. It has been built up that upper hand among the SMEs can be accomplished through a harmony between financial advancement, social obligations and ecological security (Triple bottom line) (Traitlet and I.S, 2015; Welch et al. 2015). With this formulation for competitive improvement, more entities will be willing to implement sustainability conceptions (Visscher and Goddard, 2015).

Zhou (2015) observed that with the ever-growing admiration of sustainability, it is not surprising that the tendency is also increasing in popularity amongst small-medium enterprises, as they are now leading the trend towards building sustainable business. According to Aarabi et al. (2011) and Abedian et al. (2014), SMEs are using the triple bottom line model to attain and gain competitive advantage. These entrepreneurs were frequently starting their businesses from the ground up in a method that their businesses produce an immediate advantage in their respective industries. Sustainable SMEs have an alternative approach to doing business that also assists them in construction their competitive improvement (Bansal, 2015).

Bharathi and Parikh (2015), further observed that the common strategy for SMEs is to do whatever it takes within the confined rules and regulations to maximise profit. They

further observe that although profit is one of the most important key factors, most entrepreneurs neglect the sustainability factor which leads to their businesses not being sustainable. Entrepreneurs who operate their businesses through the triple bottom line were highly likely to be more successful and sustainable; they seemed to be managing their employees, stakeholders and environment in the most profitable way.

Chang et al. (2014) stated that the nature of processes forces different regulations, with some being easier than others to implement. The set of positive and or negative externalities that firms generate may be observed by dedicated authorities in order to guarantee sustainability (Brooks et al., 2016). They further emphasised that investing in education of entrepreneurs or managers who manage SMEs stimulates the adoption of sustainability practices and increases the benefits obtained by such practices.

## **2.12 SUMMARY OF CHAPTER**

The initial segment of this part examined a diagram of South Africa's financial condition with accentuation given to SMEs working in the pharmaceutical division. The general SMEs working inside the pharmaceutical condition were depicted and talked about by utilizing data assembled from extant literature. Reviewed information from the literature revealed that pharmaceutical SMEs have a vital role in the health care system, business activities and employment in the country. The chapter also presented a brief overview of the policies of both the government and the South Africa Pharmacy Council. It also presented constraints and challenges which pharmaceutical SMEs grapple with and should overcome in order to have sustainable business models.

This chapter also presented two models drawn in Figures 1 and 2 which depict the entrance of a new pharmaceutical product and new entrance of the products and changing market. The chapter further provides a portrayal of the general attributes of SMEs and the economic and business environment in which they operate. It is in perspective on this logical foundation that speculations of manageability system for pharmaceutical SMEs fill in as ground for the hypothetical situating of the present investigation and will be talked about in full length in part B of the next chapter.

## **CHAPTER 3: LITERATURE REVIEW**

### **3.1 INTRODUCTION**

This chapter explores the extant literature on the underlying theoretical concepts for the study. Chapter 2 provides literature on the history of pharmaceutical SMEs, defines the pharmaceutical sector, and discusses how they contribute to the country's economic growth and GDP. This chapter discusses literature on the theoretical and conceptual frameworks for both developing and developed countries. Theories and conceptual frameworks that inform the work of the pharmaceutical community SMEs' sector have progressively been developed over the years but mainly focused on the health segment. However, there is a dearth of literature on the community pharmacy SMEs.

Many different theories and models define what brings about sustainability. Countless scholars, academics and economists are of the view that the sustainability of any enterprise is made up of the triple bottom line, which has three main pillars namely economic, environmental and social (Shediac-Rizkallah and Bone, 1998). The other group of scholars, on the other hand, advocates that sustainable businesses bring about employment, eradicate poverty and stabilise the economies of both developing and developed countries (Svensson and Hogevoid, 2017). Various scholars have argued that different factors drive different sectors of both formal and informal economy differently, with numerous sets of observers positing models that aim to capture the key variables of both formality and informality or the various components driving the SME sector.

### **3.2 CLASSIFICATION OF SMES AND THEIR ROLES**

According to Jambulingam, Kathuria and Doucette, (2005) the classification of community retail pharmacies will be classified between small enterprises, medium sized or micro enterpris. The Classification written below of SMEs and their roles has two or more characteristics that's best fit the description of reasons why the study suggests that community retail pharmacies are indeed small, micro and medium in nature.

### **3.2.1 Small Enterprises**

Small ventures will in general be more settled than miniaturized scale undertakings, and their strategic approaches will in general be increasingly unpredictable. Regularly the endeavor exceeds direct supervision by the proprietor. Its development rate is a lot quicker than that of a small scale estimated endeavor. Development into a medium-scale venture requires a collection of assets just as fitting motivating forces that advance endeavor extension and development as far as how they direct business. As indicated by the Small Integrated Development procedure, few black individuals have won and oversaw little ventures when contrasted with those in micro scale undertakings (Yolande Smit, 2012).

### **3.2.2 Medium-Sized Enterprises**

The Integrated Small Business Development Strategy (2003), further expressed that medium-sized ventures utilize between at least one representative and a limit of 100 employees with the exception of the mining, power, assembling, and development segments, as these segments utilize to a limit of 200 workers. In spite of the fact that these endeavors are as yet proprietor chief controlled, the possession, and the executives structure is increasingly perplexing. Regularly, decentralization of capacity to an extra administration layer, division of work, and useful separation, are attributes that help recognize little and medium-sized undertakings. The division of possession and the executives is the common boundary among medium and enormous ventures (IFC, 2016).

### **3.2.3 Micro Enterprises**

The National Small Business Act (1996) characterizes miniaturized scale ventures as the littlest endeavors in the small business division. They can be found equally in formal and informal economies. Most of these enterprises do not usually pay nor qualify to be taxed by SARS as they are very small and make less gross profit per financial period. Furthermore, their gross total assets are much less, if any is available (Scarlat, 2013).

### **3.2.4 Survivalist enterprises**

According to the Integrated Small Business Development Strategy in South Africa published in October 2003, numerous undertakings of survivalist nature exist in South Africa. It has become certain that it is beyond the realm of imagination to expect to

decide the fate of these small enterprises. Such miniaturized scale undertakings are indeed small enterprises, frequently including just the proprietor, some relatives and at the most with a couple of paid representatives. They typically don't have "custom" i.e., not enlisted in connection to permits to operate, esteem included assessment enrollment, and formal business premises, working grants and bookkeeping forms (Hutchinson and de Beer, 2013).

### **3.3 SUSTAINABILITY FACTORS AND CHALLENGES WITHIN PHARMACEUTICAL SMES**

Massoud et al. (2015) observed that although the contribution of a single pharmaceutical SME towards sustainable development is small, taken together pharmaceutical small medium enterprises have a huge impact on the development and quality of the economy of the country and delivery of health professional care to the society. The greater the presence of pharmaceutical SMEs in the economy, the more we draw nearer to achieving sustainability (Chadwick *et al.*, 2015).

According to Walsh and Perkmann (2015), pharmaceutical small and medium-sized enterprises in South Africa are faced with the following challenges: lack of managerial training and experience to run pharmacies, inadequate education and skills, lack of access to credit, technological change, scanty market information and, financial literacy and financial intelligence.

#### **3.3.1 Lack of managerial training and experience to operate pharmacies**

Hassali *et al.*, (2014) asserted that most community pharmaceutical SMEs owners or managers lack managerial training and experience. The typical business owner or managers of small businesses develop their own approach to management, through a process of trial and error. As a result, their management style is likely to be more intuitive than analytical, more concerned about the day-to-day running of the business than long term issues, which might affect the business significantly in the long run. Although this attitude is the key strength at the start-up stage of the business as it provides the creativity and the necessary attention needed, it may present problems when complex decisions have to be made. A consequence of poor managerial ability is that SME owners are not that prepared to face changes in the business environment and to plan appropriate changes in technology (Zhan *et al.*, 2021).

Carter and Tamayo (2017) defined managing the way a commercial/business activity is organised, or having an executive control or authority. Before observing the pharmaceutical-based sector, deliberated below are some overall issues relating to small enterprise management. Kollmann et al. (2017) featured that it is understood that administration in small enterprises is regularly customized as opposed to systematized. Still the administration of small enterprises can improve their position opposite rivals by presenting the executives rehearses that give consistency and suitability to the organization of the entire business.

The very ownership of a commercial activities tends to create exclusive attitudes and self-orientation (Goel and Saunoris, 2017). Carter and Tamayo (2017) observed that it forces a monocular vision that confines the organization's ability to react decidedly and forcefully to business opportunities and to change business conditions. Netswera et al. (2017) added that an individual who stands head and shoulders over his associates in apparent authority could make benefits just as well as disadvantages for the business. In situations where he/she is a poor administrator despite the fact that a decent business visionary, his/her control may keep the endeavor from acquiring the aptitudes and techniques which are required for further development (Alzuod, Isa and Othman, 2017). A gap is subsequently made between the director/proprietor's impression of the circumstance and his very own capacities from one perspective and of the real needs of the business on the other.

According to Matsheke and Dhurup (2017), Small ventures regularly apply at least formalization, regarding structure, that is, who performs which capacities and who reports what, to who; the purpose behind this is they accomplish the yield without a lot of separation in work content. Carter and Tamayo (2017) included that, much the same as any SMEs, pharmaceutical stores are small; their implicit casualness encourages a smooth reaction to minor disturbances, yet it renders simultaneously pardons for not building up and implementing sustainability framework models. Naldi et al. (2007) observed that because of the casual administrative structures of the business and to the way that most small ventures are working with short item cycles, the supervisors/business people don't conceptualize their circumstance regarding openings, skill or quality. According to McInnis-Bowers et al. (2017), the venture may

as a result execute choices based on invalid suspicions or a misperception of the circumstance.

Hassali *et al.*, (2014) haobserved that most pharmaceutical stores are overseen by drug specialists/pharmacist who have no financial related foundation or background, nor have accomplished any monetary capabilities in a form of study. They further expressed that control at the work environment is influenced in situations where a small venture is loaded up with family members of the proprietor or administrator, particularly if there are old family members since, in numerous societies, it is troublesome or even difficult to oversee or denounce such a more seasoned family member/worker. The more distant family framework, where it works, requires that in the enrollment of representatives for such a family-owned company, relations of the proprietor/administrator must be viewed as independent of other business criteria (Ranghchian *et al.*, 2018).

Since numerous pharmaceutical business people of small enterprises need administrative experience when they start their business profession, there is regularly a propensity of putting together choices and activities with respect to expectation and dreams as opposed to strong information (Sjoerd Beugelsdijk and Niels, 2005). There are for instance various instances of Small undertakings going into insolvency in light of the straightforward actuality that they didn't have a clue how to value their merchandise or administrations. In such cases, even the presentation of the most fundamental administration standards could improve the exhibition of the ventures (Chalmeta, Palomero and Res, 2011).

To put it plainly, the accompanying describes association and the executives of small enterprises (OECD, 1996):

- the entrepreneur prevails in business because of his specialized aptitudes, not in light of his capacity to conceptualize advertise openings or plan ahead in vital terms;
- in difference to large companies, which can normally bear the cost of master staff, the small undertaking director is a generally detached individual

attempting to manage long haul arrangement issues and everyday operational issues at the same time;

- small venture administrators frequently work without sufficient quantitative information or other data, rather following the methodology of other fruitful business people;
- due to low wages, restricted employer stability and a low status from working in a small business venture, the director can only with significant effort enroll and keep qualified representatives.

Michael and Huesemann (2011) added that because of these weaknesses, numerous small undertakings neglect to alter in light of natural changes, and the presentation of new innovation or comparative advancements. At the point when the abilities and experience of the proprietor/director become obsolete, the venture slips into stagnation.

Tavanti (2013) concluded that given the qualities of small ventures in the pharmaceutical business, with numerous small units on the fringe among formal and casual division, the requirement for the executives improvement is progressively essential or unique in relation to that of numerous different lines of business. Because of the casual and formal, and unpredictable way in which tasks are done, frequently as a supplement to pharmaceutical work, the money related progressions of the undertaking are not isolated from the economy of the family. de Aguiar, Marques and Martins, (2014) asserted that legitimate books and records are seldom kept up and the advantages of the venture not represented precisely.

### **3.3.2 Inadequate education and skills**

Nguyen *et al.*, (2009) asserted that education and skills are needed to run pharmaceutical SMEs. Numerous research shows that the majority of pharmaceutical SMEs are equipped with pharmacists who do not have a commercial education background. Most studies suggested that owners and managers of pharmaceutical SMEs who have financial education or background were most likely to be successful than those without (Hutchinson and de Beer, 2013).

According to SAPC, (2016) South Africa's pharmaceutical sector is being held back by tertiary institutions, especially universities' inability to teach entrepreneurial skills and breed a new generation of innovators and business leaders. Instead, we are training our graduates to fill available positions within large companies, which has no impact on improving our economic prospects. If all we are cultivating at tertiary level is more employees, it will be difficult to accelerate the rapid economic growth and job creation. Tertiary institutions should teach pharmacists both pharmacy and entrepreneurial sets of skills, on how to be creative and innovative throughout their pharmaceutical careers (Joyce, 2017).

### **3.3.3 South Africa's Struggling Pharmaceutical Sector**

According to the South African Pharmaceutical Council, there are currently around 14 500 registered professional pharmacists in the country. In the 2016 Manpower Talent Shortage Survey, pharmacist positions were listed as the top ten most difficult to fill. Gilbert, (1998) argued that such a shortage could be attributed to that employability depends less on what you already know and more on how well you can learn, apply, and adapt. Without a solid grounding in business skills and a healthy amount of entrepreneurial flair, South Africa's engineers will forever be job-seekers and employees, instead of becoming successful founders and leaders (Panduwawala *et al.*, 2016).

### **3.3.4 The Skills disconnect**

Schwartzkopff, (2017) asserted that part of the reason for the disconnect between tertiary education and real-world business requirements is that universities are still working off an antiquated understanding of the world of work. A generation ago, it was perfectly feasible to earn a degree, find a job at a reputable company, and build a successful career there until retirement. This notion is no longer fully applicable in our contemporary society.

Nguyen *et al.*, (2009) indicated that today's pharmaceutical companies have no guarantee they - or even their industries - will still exist in 10 or 20 years' time. Our likelihood of building successful careers now mostly depends on our ability to learn

new skills, techniques and build pharmacy companies, products and services that meet today and tomorrow's requirements.

This should not be new information: a 2016 survey by financial services company PPS revealed that 43% of pharmacists already believed Bachelor of pharmacy qualifications offered by local tertiary institutions were inadequate for business as graduates were not prepared to administer a business venture successfully. Yet little has changed since then (PPS, 2016).

### **3.3.5 Building a culture of innovation**

OECD, (1996) asserted that most major innovations today come from small, young companies which can move quickly and take advantage of emerging opportunities. South Africa has great talent, but little innovation. SAPC, (2016) added that people are actively discouraged from pursuing entrepreneurship within community pharmaceutical SMEs based on society orientations and the way universities teach their students. The focus is still squarely on securing a job at a large firm. And yet, the SME sector is Africa's hope of generating significant new employment opportunities and distributing wealth more equitably (Economic Development Department, 2011).

South African Pharmacy Council, (1974) added that many pharmacy faculties receive most of their income from paid industry research and grants. Student fees make up only a small portion of their total income. Industry is thus essentially able to dictate the syllabus, as the focus is to prepare the students for employment within their companies. It is contrary to industry self-interest to inspire or instil any sort of innovative culture or teach graduates skills that would enable them to start their own businesses, as they are heavily invested in procuring the best young talent (Romero and Arnorld, 2011).

### **3.3.6 We have the talent, but not the attitude**

SAPC, (2016) asserted that students should be exposed to positive role models and alumni in pharmaceutical industry who have built their own successful businesses. In the US, the cultural dynamic revolves around initiative, innovation, and a self-starter approach. Great self-made business leaders are celebrated as rock stars: people like Elon Musk, Mark Zuckerberg and Bill Gates inspire entirely new generations of

entrepreneurs. Failure is accepted as part of the innovation process, and not ridiculed (Schwartzkopff, 2017).

In South Africa, even amongst those who have the luxury of being able to try and fail, it is generally not considered an option for a graduate to build something of their own. Schwartzkopff (2017) stated that he has spent considerable time in Silicon Valley, and there is no observable difference in the quality of our talent - so the problem lies squarely in our collective attitude and the way we educate.

South Africa needs a sudden and sustained change in approach to how we equip our graduates. The country cannot afford to sit with swelling numbers of people all vying for a stagnant pool of jobs. To unlock economic and innovation potential, it is vital to start thinking like innovators. The pharmacy field seems a great place to start (SAPC, 2016).

### **3.3.7 Lack of access to credit**

Lack of access to credit is almost universally indicated as a key problem for SMEs. In some cases, even where credit is available, the entrepreneur may lack freedom of choice because the lending conditions may force the purchase of heavy, immovable equipment that can serve as collateral for the loan (Beck and Demirguc-Kunt, 2006).

Chimucheka and Rungani, (2017) asserted that credit constraints operate in a variety of ways where underdeveloped capital market forces entrepreneurs to rely on self-financing or borrowing from friends and family. Lack of access to long-term credit for small enterprises forces them to rely on high-cost short term finance (Talbot, Mac an Bhaird and Whittam, 2015).

Torre et al. (2017) said that lack of access to credit is one of the major reasons why most SMEs fail to sustain themselves in the first two years of operations in South Africa. Schmidt and Pioch, (2005) argued that the more the small pharmaceutical community SMEs endure and prevail in business, the better the welfare of individuals in the general public. The independent company division helps in decreasing neediness, making business and furthermore in riches creation (Facoti, 2017). Ali *et al.* (2017) added that it is likewise helpful for banks and other budgetary organizations to create monetary items that will best suit the proprietors and administrators of the

independent venture area, particularly the individuals who are in the pharmaceutical business..

Frey *et al.* (2017) noted that the unavailability of money is the second most detailed supporter of low firm creation and disappointment, after instruction and preparing in South Africa, this challenge is one that extends to all industries including the most affected community pharmaceutical SMEs. Fungáčová *et al.* (2017) likewise indicated out that capital is the serious issue for South African SMEs. Nieman (2006) likewise indicated out that capital is the serious issue for South African SMEs. A research conducted by Chen *et al.* (2017) demonstrated that most business visionaries, explicitly SMEs battled with getting funds from banks because of over the top formality and managerial weight. According to SAPC, (2016) they contended that monetary establishments such as banks and other funders in the lending industry seldom fund new community pharmaceutical SMEs since they are bureaucratic, need information or comprehension of the proprietors or administrators of SMEs (business visionaries), are not ready to help and are careful in giving money to individuals who don't have a credit record.

Access to bank isn't the main test faced by SMEs. Malual and Mazur, (2017) in the investigation directed in Northern Uganda recognized access to fund, insufficient premises, absence of gear and apparatuses, lacking markets and promoting, burglary, enlisting and transport difficulties as ascribes to disappointment rate in that piece of the nation. It is additionally imperative to take note of that the effect of the majority of these difficulties can be diminished if the test of detachment of fund is tended to. From the discoveries of Malual and Mazur (2017), unavailability to bank is the essential test and every single other test can be said to be a consequence of this test.

Fidrmuc *et al.* (2017) uncovered that regular financing components don't take into consideration savvy arrangement of fund to huge quantities of business people or SMEs looking for little amounts of account. According to Feng Jing, Avery and Bergsteiner, (2011) they additionally contended that neediness and absence of advantages show that numerous individuals within the retail community pharmacies SMEs who are starters hardly don't have the guarantee expected to get to formal financing. According to Quach (2017) pioneering movement is hampered by absence

of access to fund. Quach (2017) Quach (2017) states that the key factor militating against expanded interest in SMEs area is the structure of the budgetary division. Fungáčová et al. (2017) included that the money related division is made out of concentrated financial area focusing on corporate records and contending with littler specialty banks. Netswera et al. (2017) expressed that there is a solid deficiency of solid option money related organizations giving credit to independently employed to gainful purposes.

A bigger segment of the SMEs segment is said to have no entrance to sufficient and proper types of credit and value or monetary administrations. The study by Swer and Umdor (2017) uncovered that SMEs, particularly those from rustic zones have a poor comprehension of the administrations that banks offer, and they likewise need comprehension of the bank credit strategies. Swer and Umdor (2017) contended that this absence of data and information prompts SMEs' powerless bartering position as far as intrigue paid, resource and obligation exposure, abuse of advance assets and for the most part absence of readiness while applying for business credits.

Swer and Umdor (2017) underpins that SMEs face issues in getting to accounts. He declares that SMEs in South Africa are regularly cited as not having the option to get to cash from banks to develop their organizations. Detachment of bank fund is viewed as the greatest inhibitor of development. The fundamental issue confronting the improvement of SMEs in both created and creating nations is access to back and this has additionally been bolstered by crafted by (Awaritoma et al., 2011).

Different pundits have anyway disproved this supposition and feel that the issue isn't generally unavailability of bank fund, yet how SMEs apply for accounts. South Africa is remembered for this quandary as a creating nation, and the legislature has attempted various choices to improve the openness of fund. In spite of different government activities, numerous SMEs still experience issues in getting to fund in South Africa. As indicated by Kurgat (2018), SMEs without access to fund may think that its hard to buy the fundamental innovation.

The issue of private venture administrators neglecting to get to assets can likewise be credited to the issue of data asymmetry. It is additionally realized that when loaning to private company administrators, the significant errand of banks will be that in

diminishing and maintaining a strategic distance from credit chance is to defeated the test of hilter kilter data. This issue happens when one gathering to an agreement knows important data which materially affects the agreement, however which isn't known by the other contracting party (Torre, Gozzi and Schmukler, 2017). As indicated by Frey et al. (2017), and Chen et al. (2017), the way that borrowers can utilize the assets for different purposes other than those stipulated in the advance understanding implies that banks ought not just examine the financial soundness of the private venture borrowers, however ought to likewise screen their exercises once they have gotten the advances.

Shenoy and Williams (2017) saw that generally, the appraisal of financial soundness of private company borrowers depended on the experience and aptitudes of investors in applying fundamental loaning standards. It anyway must be noticed that the criteria utilized by banks to evaluate credit or advance applications vary from one bank to the next. Components considered by banks to acknowledge or dismiss advance applications by independent company administrators incorporate insurance, assurance, development and timetable of reimbursement (Li, Liao and Zhao, 2017), guarantee, record as a consumer, starting capital, administrative experience and the bank strategy security, monetary quality, business capacity and trustworthiness gainfulness, budgetary strength, liquidity, exchanging experience, value stake, equipping and productivity, nature of the executives and danger of default (Malual and Mazur, 2017).

Torre et al. (2017) affirm that independent venture loaning centers around three significant classifications, in particular, the budget summary, resource base and connections. Budget summary loaning underscores on assessing data from the fiscal reports, and the choice to loan is fundamentally founded on the quality of these announcements. Under the advantage base, the choice to loan will be founded on the accessibility and nature of insurance security. In relationship getting, the investors center their choices in significant piece of restrictive data about the borrowers through an assortment of contacts after some time.

### 3.3.8 Technological change

DiDonato *et al.*, (2015) asserted that lack of technology is another constraint facing pharmaceutical SMEs. The use of appropriate technology is one of the most important factors behind a successful SME's competitive advantage. Successful pharmaceutical SMEs constantly upgrade their operational and production equipment; for these SMEs the techniques of services offering is one of most paramount importance (Nguyen *et al.*, 2009). DiDonato *et al.*, (2015) added that the advantages of conversant and recent technology lead to:

- Improved and more modest products and services
- Improved competence
- Shortened queues of customers waiting for service
- Improved quality of products and services

According to the African Development Bank Group, (2020) Africa and other parts of developing countries are still greatly challenged with connecting indigenous small enterprises with interested investors, since most of them are not listed on the stock exchange. There is a digital divide between the rural and urban pharmacies in South Africa (SAPC, 2016). Most rural areas still suffer from a sustainable power/electricity supply, which makes it impossible to have e-business or staying connected with customers who could be residing in remote areas. The use of internet to access information on what is new in the market is almost impossible since network and internet are important to the sustainability of any business (Mittra, 2007).

Niño-Amézquita, Legotin and Barbakov, (2017) indicated that the European Commission properly called attention to the Entrepreneurship 2020 Action Plan that in the advanced age, no pharmaceutical business can flourish without better utilization of ICT. The Action Plan accentuated that SMEs grow a few times quicker when they grasp innovation. It likewise urged business people to misuse the capability of the EU's computerized single market, which is relied upon to develop by 10% every year up to 2016. These proposals reflect key discoveries of an ongoing Boston Consulting Group (BCG) study on the advantages of ICT selection by SMEs, which was charged by Microsoft.

Prasanna *et al.*, (2019) indicated that the BCG group reviewed more than 4,000 SMEs over all industry areas in five nations - the United States, Germany, China, India, and Brazil – to discover the connection between fruitful innovation reception and business execution. Obviously, the examination indicated that, paying little mind to their nation of origin, business people who were early innovation adopters expanded their yearly incomes 15% quicker than their rivals. Additionally, they figured out how to make occupations twice as quick as other independent companies.

The change of SMEs from "advanced loafers" to "computerized champions" can give a truly necessary lift to a slow financial recuperation. The BCG report found that, in those five markets, regardless of whether just 15% of SMEs that linger behind in innovation usage and 30% of SMEs who respectably use innovation received present day and propelled IT apparatuses, they could build their consolidated incomes by €570 billion and make in excess of 6,000,000 new openings (Prasanna *et al.*, 2019).

Economic Development Department, (2011) added that over twenty million SMEs are the genuine spine of the South African economy. AU and national arrangement creators should act to encourage reception of new innovations through an unmistakable administrative structure planned as a team with business people. This issue requires their quick consideration in the event that they try to make Africa a center for inventive SMEs and future industry pioneers. Something else, there is the danger of losing the advantages of this and next influx of innovation appropriation (Beck and Demirguc-Kunt, 2006).

### **3.3.9 Scanty market information**

Lack of sufficient market information poses a great challenge to small enterprises. Despite the vast amount of trade-related information available and the possibility of accessing national and international databases, many small enterprises continue to rely heavily on private or even physical contacts for market-related information. This is due to the inability to interpret the statistical data and poor connectivity, especially in rural areas (OECD, 1996).

### **3.3.10 Financial literacy and financial intelligence**

Financial literacy is around the sketch up of financial statement and analysing the sustainability of business by properly reading and interpreting the assumed financial

information. Financial intellect is part of the perceptual intelligence used to solve all financial glitches, but sound financial habits ease financial problems (Economic Development Department, 2011).

### **3.4 ENTREPRENEURSHIP**

Cunningham and Lischeron, (1991) indicated that business is viewed as the capacity to arrange the assets into an inventive blend, for the sole motivation behind creation and furnishing merchandise and enterprises with the goal of making a benefit. It requires some drive, and eagerness to go out on a limb to empower one to get associated with seeking after a business adventure. Entrepreneurship is the process of doing something new and something different for the purpose of creating wealth for the individual and adding value to society (Cunningham and Lischeron, 1991).

Jambulingam, Kathuria and Doucette, (2005) Indicated that Pharmaceutical retail entrepreneurs also form part of the definition of entrepreneurship and that their business enterprise must fill in as a reasonable vehicle for SMEs to get by all through financial hardship. Research proposes that pharmaceutical community pharmaceutical SMEs must be in a situation to contain and control the hazard component common inside bigger business exercises, and to make sure that their business continues to be sustainable.

According to Moriah and Attali, (2017) business people are those individuals who get something going from nothing, and are the power behind little ventures. The legislature can offer help for the organizations, however it can't get them going without the vitality and vision of individual business people who can see openings at grassroots level, and who concoct the plans to fill the need.

As noted by Moriah and Attali (2017), an entrepreneur can therefore be described as someone who:

- Starts a business
- Manages his or her own business/ appoints someone to manage such an entity on his or her behalf
- Identifies new products and opportunities
- Is creative and/or innovative

- Organises and controls resources (such as capital, labor, materials) to ensure a profit
- Has the ability and insight to market, produce and finance a service or product
- Has the financial means or can obtain finance in the form of loan or capital raised from a public or a private space, to realise the goals of the enterprise
- Is willing to take a calculated risk

### **3.5 THEORETICAL GROUNDING OF THE STUDY**

D'Amour *et al.* (2005) defined a conceptual framework as a theory or set of theories that are formulated to explain, predict, and understand phenomena and, in many cases, to challenge and extend existing knowledge within the limits of critical bounding assumptions. The theoretical framework is simply the structure that can hold or support a theory of a exploration study.

Jones *et al.* (2011) added that the hypothetical system is writing that guides the perception of the ideas encompassing the examination all the more extensively. This segment quickly implies the hypothetical groundings that will be talked about in further detail in the section to offer setting to past ways of thinking on the said research regions in this investigation. The models and systems displayed in this will fill in as a rule in molding the examination structure.

Authentic discussions, throughout the years on the sizeable and diverse formal and casual segments have essentially solidified into five dominant schools of thought namely dualist, structuralist, legalist, rational choice and rational legalist theories.

#### **3.5.1 The Rational Choice Theory**

This hypothesis clarifies the conduct of people and has been utilized and adjusted to fit a wide range of fields and numerous orders by and by (Comeig, Fernández-Blanco and Ramírez, 2015). Dias Duarte, Matias Gama and Paulo Esperança (2017) attest that this hypothesis accept that people consistently need to amplify their fulfillment given the accessible data on the advantages and expenses of their activity. Network drug stores are short-staffed fundamentally in light of the fact that the drug store field is for the most part overwhelmed by experts who can without much of a stretch be consumed by various workforce which leaves just a rare sorts of people who can give work to the network drug stores at a costly rate.

### **3.6 CONCEPTUAL FRAMEWORK**

The conceptual framework for the current study is presented in this section, grounded on the historical perspective of SMEs, discussed in Chapter 2: Literature Review and Theoretical framework along with developed objectives as propositions. Chapter 2 seeks to give a more detailed understanding of what pharmaceutical community SMEs are, while Chapter 3 identifies the key constructs that have been hindering sustainability of community pharmaceutical SMEs and their potential of maximising profit, development and to realise their full potential of being competitive in the space they operate.

The study conceptual model evaluates how the following groups of variables affect community pharmaceutical SMEs' sustainability and certain barriers that continues to affect entrepreneur's performance who operate within community pharmaceutical SMEs. (See Figure 3.6): The literature review for this study identified six major challenges in the community pharmaceutical SMEs' sustainably enhancement. These are:

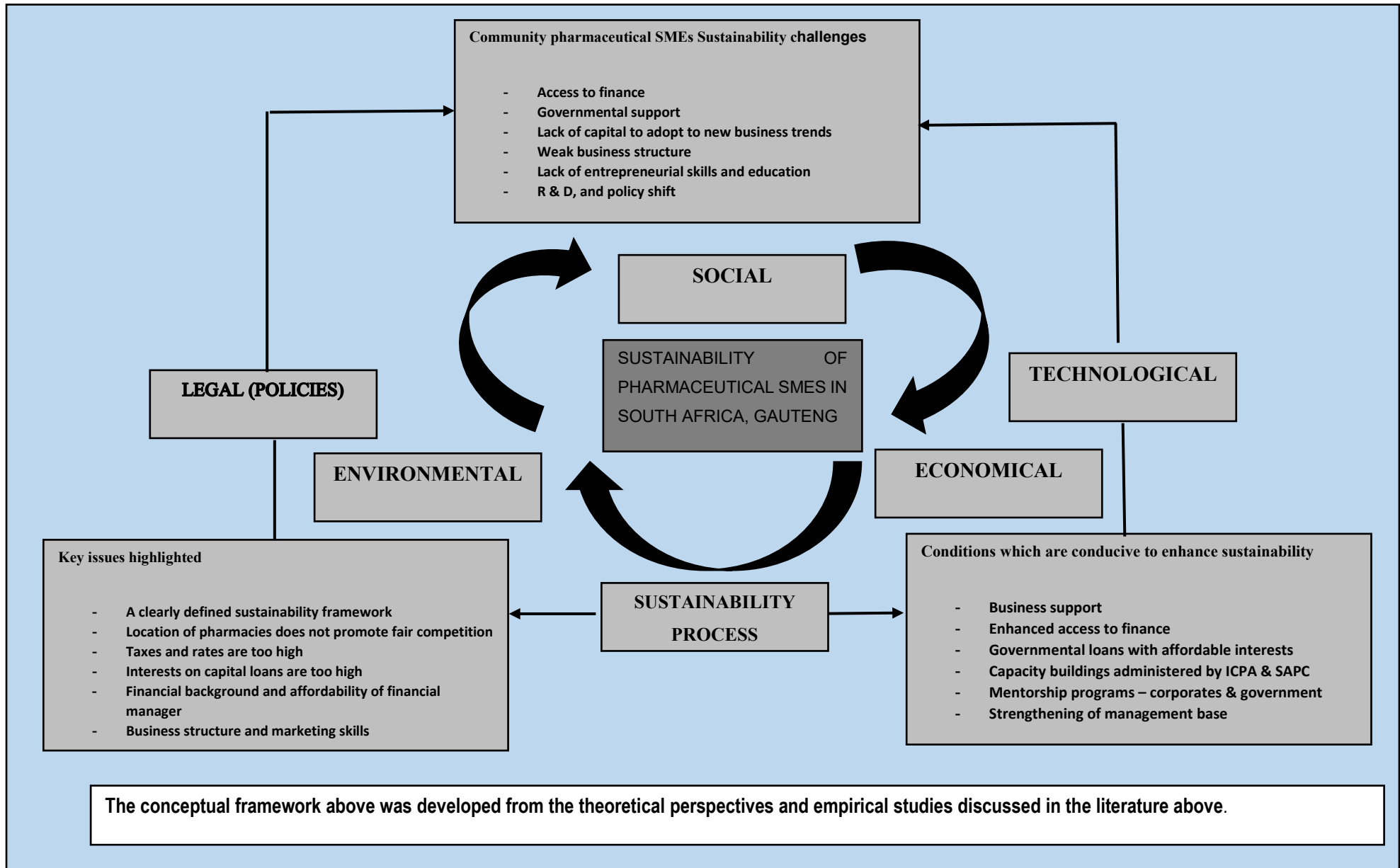
1. Accessibility to finance and / or credit,
2. Nonexistence of management and entrepreneurship skills,
3. Underprivileged location and competition
4. Exclusive legal and regulatory policies which do not protect SMEs, and lack of business sustainability frameworks.
5. Technological capabilities, and
6. Government policies towards community pharmaceutical SMEs.

Cavicchi and Vagnoni, (2020) indicated that community pharmaceutical industry is a health sector industry which has many developed frameworks specifically designed for the provision of medication and services. There is no business sustainability framework currently that looks into sustainability of community pharmaceutical SMEs that are currently understudy in the location that the study was conducted. Hence this research study objective is to develop a sustainability framework for pharmaceutical community SMEs.

Drawing on the literature reviewed in the earlier chapters, a diagram of the proposed conceptual model for this study is shown in Figure 3.6. The diagram provides a rationale for the results expected to flow from both internal and external stimuli, managerial and firm related factors, internal and external barriers that affect sustainability and how firm performance is ultimately influenced by social, technological, economical, environmental and legal (policies) barriers. The relational connections of these variables with sustainability performance are examined collectively and simultaneously, rather than on a bivariate basis.

The conceptual model shown in Figure 3.6 presents relationships among constructs of interest in this study. The model guided the overall phases of the study. It guides about the major theories to be referred, how data gathering tools were developed, how the empirical data were gathered, analyzed and interpreted. In the end it helped the researcher to compare empirical findings against the theoretical background. Theoretical contribution and sustainability framework of the current study is being developed with references to these frameworks.

Figure 3.6: The Conceptual Framework adopted for the study



**Source:** Authors' own Construction from literature review (2018)

The above conceptual model is drawn from the literature review and is relevant for seeking in-depth knowledge about how community pharmaceutical SMEs can be sustained and for understanding what drives and hinders their sustainability to operate into foreseeable future. All the associations between internal and external influencing factors and SMEs sustainability assumed by the conceptual model are further discussed in the sections that follows.

### **3.7 THE IMPORTANCE OF COMMUNITY PHARMACEUTICAL SMEs**

Longenecker *et al.* (2003) observed that it is widely putative today that pharmaceutical SMEs have exclusive qualities which enable them to generate and provide job opportunities, kindle innovation and creativity, promote vigorous competition and satisfy an extremely significant socio-economic part much easier than large corporate. Research studies have depicted that pharmaceutical SMEs can be important in growing the economy of the republic, especially if they are accomplished well, because they are in a healthier position to stimulate economic well-being and ensure economic equilibrium (Kimberlin and Winterstein, 2013).

Koseoglu *et al.* (2011) stated that Japan is “geared towards a developing and growing a wide range of independent SMEs for greater vitality” because of its SME policy which is aimed to achieve the following: supportive self-help effort for business invention and start-ups, strengthening of management base, providing necessary safety nets and facilitating responses by enterprises for the abrupt environment and finance and taxation matters

According to Gardner, (2018) community pharmaceutical SMEs serve patience with best of both worlds. quality, face-to-face patient relationships have all but disappeared with big box retail stores and chain pharmacies. However, as old-fashioned as they may sound, these relationships are part of the ‘secret sauce’ ingredient that keeps the community pharmacy relevant and viable, even amidst volatile healthcare market conditions. DiDonato *et al.*, (2015) asserted that because of the high priority of health and wellness in today’s society, retail pharmacists are capable of providing the broad spectrum of

services. In doing so, retail pharmacists are assisting in the healthcare reform by reducing hospital readmissions, improving healthcare outcomes in patients, lowering overall healthcare costs, and increasing prescription counts.

According to Kauffmann (2013), South Africa is using SME policies which have similarities to those of Japan, because they both had operative SME implementation organization that consisted of :

Organization: sound management services offered by both government and private to enhance the sustainability of SMEs

- Supporting organisation: independent organisations which are solely focusing on the implementation of SMEs
- Business support system
- Managing support structure: there is support for business undertakings
- Sound financial funding and investment

Hustad and Olsen (2012) argued that despite the challenges South Africa could still be proud of its achievements because 80% of pharmaceutical SMEs had access to immediate interventions offered by government parastatals, as follows, there are actual support centres and systems for SMEs, there is an actual reinforcement of current business activities through well-organized SME exercise programmes and SMEs are presented with support to cope with the shifting environment.

Panduwawala *et al.* (2016), indicate that a survey conducted by the Department of Trade and Industry (TDI) showed that South Africa's commercial pharmacies were one of the biggest contributing factors of GDP which rose from negative 1,5% in May 2016 to 3,3% in September 2016. They further observed that commercial pharmacies created enough trade and jobs annually, but due to an unexpected and inexplicable change in politics and the economy, the rate of collapse among them was high. SAPC, (2016) indicated that results shown on the STATs SA website indicated that there were 66 000 jobs lost in SA economy in 2015 due to either closure or SMEs not being able to sustain and maintain their employees' salaries. The small enterprises contributed meaningfully to poverty

alleviation for families that would otherwise be dreadfully poor (Mukwasi and Seymour, 2012).

Dugan, (2006) noted the following challenges amongst community pharmaceutical SMEs, the income amongst commercial pharmacies varied widely between those operating in urban and rural-based industries; gender difference was also significant as is the level of learning and sets of skills which also designated to be a factor in the total turnover SMEs were creation a year, lack of capital and access to financial institutions, access to markets hampers the expansion of community pharmaceutical SMEs and weakening patent protection challenges and regularity challenges (Encinosa, 2002)

Dugan, (2006) further argued that the challenges cited above constrain growth. Massoud *et al.* (2015) added that these challenges included cost of admittance, awareness and abilities, while the issues of rural infrastructures have been addressed through broadcasting, admittance to technology and information are vital to effective process of pharmaceutical SMEs

Varatharajan and Bridson, (2002) asserted that Its also worth noting that community pharmaceutical SMEs are just not only role players in economic boosting of the country when it comes to taxes and provision of employment but also serves as a vehicle that links communities which are located in the deep rural with provisions of medication which is their sole role. Traditionally, the role of the community pharmacy is to provide medications to patients founded on a prescription from their doctor. However, the role of the pharmacy has evolved greatly and is now deeply involved in a number of other health initiatives, such as on counter prescriptions, consultations, screening. The hybrid operational strategies and urban demand has crafted how these pharmacies operate and its one of the reasons why community pharmaceutical SMEs located in rural area have also found it difficult to stay afloat and sustainable as the model is quite expensive and capital intensive.

### **3.8 FACTORS, WHICH UNDERLINE PHARMACEUTICAL SMEs**

According to Hassen (2017), pharmaceutical community SMEs are many: purely from an arithmetical point of view, the value together with the economic contribution of SMEs cannot be underestimated. Dugan, (2006), posit that besides their numbers, community pharmaceutical SMEs play an important role in employment, gross marginal product and profits. They further added that they provide employment and create job chances. Contrary to large enterprises which are characterised by mass production and capital intensity, SMEs are labour concentrated (Bansal, 2015). They are the biggest absorber of labour forces especially in distant areas where circumstances do not validate large enterprises. D'Amour *et al.* (2005), highlighted that employment and job creation by pharmaceutical SMEs contribute to socio-economic development and transformation in both semi-rural and rural areas and ensure healthy economic evolution in urban and rural areas.

Ghobakhloo, Arias-Aranda & Benitez-Amado (2015) added that one of the underlying importance of community pharmaceutical SMEs is economic stability and better distribution activities. According to Luo, Wang and Yang (2016), with effective economic business strategies, fixed medication prices and business sustainability models within community pharmaceutical SMEs, business cycle fluctuations could be limited, and profitability will be enhanced. A huge number of SMEs which offers a wide range variety of products and services could make a significant contribution to the decrease in business cycle fluctuations (Luo, Wang and Yang, 2016). Pharmaceutical SMEs are extensively spread, which contributes to economic constancy of developing areas and the nation as whole; however, due to location encounters this has created competition rivalry between big companies versus SMEs (Ainin *et al.*, 2015).

Hassen (2017) observed that community pharmaceutical SMEs are groundbreaking and inventiveness necessarily because SMEs have more liberty and creativity to realise their aims, objectives and advance themselves to the role of trendsetters of new products, ideas and techniques. Hassen (2017) further observed that community pharmaceutical SMEs serves their particular interest and are motivated and endeavor to improve their sustainability rate at all times through continuously revised strategies. However, other

scholars argued that innovation in the community pharmaceutical SMEs was limited necessarily because they only serve as distributors of products that are already produced and ready for consumption by the end-user (Balogun, Nazeem and Agumba, 2016).

Torre, Gozzi and Schmukler (2017) emphasised that community pharmaceutical SMEs also serve as a good subcontractor for big industries, which helps to enhance the distribution channel factor. According to Duarte, Gama and Esperança (2017), pharmaceutical community SMEs endorse free competition; the available great number of SMEs also creates a vigorous price competition environment that enables the community to have a variety of pharmacies from which to choose. Rathore *et al.* (2018) argued that it was never the case that there were many SMEs that operated in the same sector as this was not necessarily a price or competition factor, mostly in the industry, big corporations will always sell their products at a cheaper price in order to get rid of the smaller businesses within the sector; and this is the challenge that most community pharmaceutical SMEs currently face.

Liang *et al.*, (2017) posits that community pharmaceutical SMEs fulfil the socio-economic role which is made up of two ways: the first one being that SMEs offer a extensive choice and high standards of particular service products and the second one is that not merely are the SMEs willing, but also able to plough back into the public. It is often cooler for the owners of SMEs to serve in inherent governments, welfares, cultural service and social infrastructures.

Van-Klyton and Rutabayiro-Ngoga (2018) argued that SMEs are bendable and adaptable because of their small extent and simplicity which work in their favour in business environmental change and allow them to market timeous decisions. Fidrmuc, Hainz and Hölzl (2017) observed that SMEs are usually able to familiarize to changes in demand, and new production methods. Howell (2018) noted that community pharmaceutical SMEs were faced with the same benefit of simplicity, but what made it impossible to adapt is that all this simplicity is faced with capital intensive challenges. SMEs offer admission to many new businesspersons into the business world.

### **3.9 SUCCESS FACTORS, BUSINESS SKILLS AND RESOURCES REQUIRED TO SUSTAIN COMMUNITY PHARMACEUTICAL SMES**

According to Chimucheka, (2013), the concept of SMEs was presented by the government of South Africa in 1996 with the main determination of creating jobs, alleviating deficiency and improving the national economy. Chimucheka and Rungani, (2017) posit that the government has given a great deal of consideration to SMEs in the past span by creating both financial and supporting institutions to assist SMEs; however, this has yielded little success, as SMEs in South Africa still have a very little survival rate.

Nieman (2006) posited that for pharmaceutical small-medium enterprises to succeed they need entrepreneurial success and managerial success factors or skills. (Ghobakhloo, Arias-Aranda and Benitez-Amado, 2015) emphasised that pharmaceutical entrepreneurs should possess the following success factors or skills: need for achievement, creativity and innovation, risk orientated, leadership, good human relations, positive attitude, perseverance and commitment.

#### **3.9.1 Success factors within the community pharmaceutical SMEs entrepreneurial leadership**

Bolton and Hannon (2016) defined entrepreneurial leadership as organising a group of people to achieve a common goal using proactive entrepreneurial behaviour by optimising risk, innovating to take advantage of opportunities, taking personal responsibility and managing change within a dynamic environment for the benefit of an organisation.

Jeremiah *et al.* (2017) emphasised that for community pharmaceutical SMEs to be more sustainable, it is necessary that managers who manage these enterprises should also take time out to learn the business side of things as this sector was dominated by health professionals who did not have a financial background. Feletto, Laura K. Wilson, *et al.*, (2010) argued that the opposite of successes of these community pharmacies is mainly on the fact that most individuals/ entrepreneurs who enter into these retail pharmacies are

mostly pharmacist who lack any business back ground which makes it difficult to manage sustainability when the business face difficulties.

Natalia *et al.* (2015) assert that entrepreneurial leadership is effectively using the skills associated with successful individual entrepreneurs and applying those within the environment of a larger organisation. Rae (2017) argued that one of the challenges that community pharmacies faced was that they cannot afford to hire/ employ financial professionals because they are pricy, and this affects their profitability as they have to pay salaries. Hustad and Olsen (2012), stated that this presents a challenge to community pharmacies because most of them lack financial leadership.

## Effective Entrepreneurial Leadership

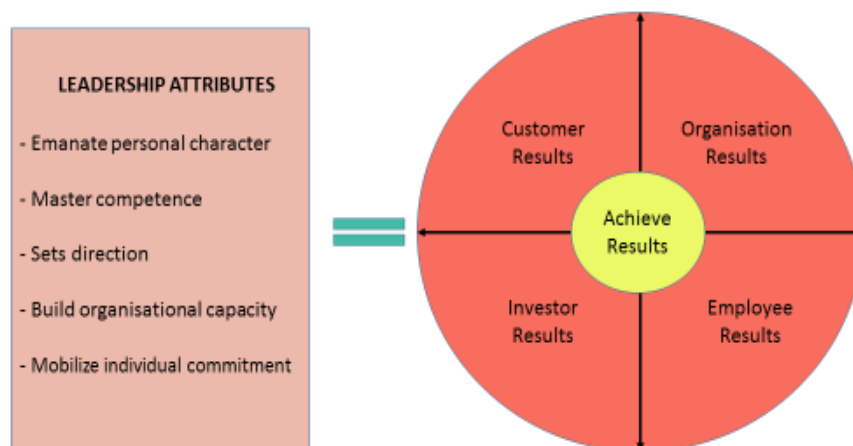


Figure 3.1: Effective Entrepreneurial Leadership (Jeremiah, Patterson and Winston, 2017)

Jeremiah *et al.* (2017) argued that entrepreneurial leadership involves instilling the confidence to think, behave and act with entrepreneurship in the interests of the intended purpose of the organisation to the beneficial growth of all stakeholders involved. Dugan, (2006) Posited that for managers or owners to manage community pharmaceutical SMEs,

they must be able to manage the opportunities and challenges successfully to imbibe as much return as they can to the entity in the form of profit or capital reinvestment. Olawale and Gware (2010) observed that effective leadership brings about successful desired results. As depicted in Figure 3.1, an entrepreneurial community pharmaceutical SMEs leader will highly bring positive results on the four successful pillars of the entity through good governance of the following stakeholders: customers, investors, employees and the organisation as a whole (Bolton and Hannon, 2016).

Baranik *et al.* (2017) stated that perseverance is the ability of entrepreneurs to strive after their business ideals despite problems, obstacles and setbacks. True entrepreneurs are born with the skills of intuition that makes it possible for them to persevere. Zhou (2015) shared a different view on perseverance, stating that regardless of possessing this factor, entrepreneurs still need to sustain their business financially. Khoza, Groenewald and Schachtebeck (2017) defined commitment as the willingness of entrepreneurs to commit their personal resources to the business. They further stated that it is the level of confidence that entrepreneurs have in the business.

Clark (1935) stated that perseverance as a human characteristic has been in existence since the dawn of Homo sapiens. However, as a psychological concept, its origins can be traced back to the beginning of time with much of the focus being upon the cognitive perspective focusing on beliefs, thoughts and attitudes. Eisenbergers (1992) initially highlighted the power of individuals to apply high effort towards a task, and in turn this impacted other elements of their lives in a mostly positive manner. Alongside this increased positive impact, it was also seen to reduce the emotional responses that are often associated with failure, such as anger, blame and frustration; which has the knock-on effect of improving future perseverance (Hustad and Olsen, 2012).

According to Jesinoski *et al.* (2016), a sound entrepreneur works closely with other people; they always know they cannot be successful in isolation and therefore motivate their employees and know how to build contacts to benefit their businesses. Huggins *et al.* (2017) stated that they also know that it is important to ensure long term relationships and stay on good terms with suppliers, clients and others involved in the business.

Elmualim (2017) emphasised that relationships between employees and management are of substantial value in any workplace. Bansal (2015) posits that human relations are the process of training employees, addressing their needs, fostering a workplace culture and resolving conflicts between different employees or between employees and management. França and Trygg (2017) stated that understanding some of the ways that human relations can impact the costs, competitiveness and long-term economic sustainability of a business help to underscore their importance. They further argued community pharmacies were faced with more challenges concerning good human relationship, necessarily because most employees in this sector were health professionals with the same type of work and professional skills which exclude financial skills.

Schmidt and Pioch, (2005) indicated that community pharmaceutical SMEs had a very low level of retention compared to other sectors because most of its graduates could also be absorbed in other sectors such as manufacturing, wholesaling, academia and health especially public hospitals. In addition, severing ties with old employees can sometimes be challenging, especially if the circumstances are not particularly amicable. Making sure quality employees remain interested and engaged in the business requires patience, compassion and flexibility, but can make the business more financially sound (Jesson, Hassell and Noyce, 1998).

Kent Baker, Kumar and Rao (2017) posit that workplace relationships provide a source of employee motivation, which is important to maintaining productivity. Employees who are interested in their work and the well-being of other employees tend to be more productive than those who are not. This productivity pays obvious financial dividends to the company, as it can get more done in less time with fewer costs. Building relationships, by both recognising an employee's value to the company and a concern for their needs, often goes a long way (Adair and Adaskou, 2015).

### **3.9.2. Business skills for pharmaceutical SMEs**

Jones *et al.* (2018) argued that founders and managers of small businesses might face different levels of ambiguity and, thus, require different competencies. For example, founders may need higher opportunity skills, whereas individuals that assume the top role of an existing small company might need more leadership and managerial skills. Thus, we expect that there may be differences in the relationship between the need for achievement and the entrepreneurial activity depending on how researchers defined entrepreneurs in their study. In the case of community pharmaceutical SMEs, the most challenging factors are leadership and managerial skills (Imai, 2016).

Holland (1985) in his theory of vocational choice, argued that individuals are most likely to be attracted to those career roles that have work characteristics that match their personalities, needs, and values as in this sector where most individuals are health professionals who studied within the pharmaceutical sector. Li, Liao and Zhao (2017) argued that individuals who are high in achievement motivation are more likely to pursue occupations that allow for more control over outcomes, provide more direct and immediate feedback on performance, and offer moderate levels of risk. Niranjala and Jianguo (2017) further argued that entrepreneurial environments are the most likely job environments to meet these characteristics. Because entrepreneurial occupations provide more opportunities to take advantage of the characteristics associated with high achievement motivation, individuals who are high in need for achievement will be more likely to be attracted to these roles than other types of professions (Fungáčová, Shamsur and Weill, 2017).

Increasing market changes resulting in increased competition in traditional SME markets has led to a need for increased creativity and innovation and, therefore, programmes of creativity and innovation in SMEs (Bremus and Neugebauer, 2018). Effective creativity and innovation incorporation, resulting in increased competitiveness, involves intervention programmes with supporting measures, rather than relying solely on natural progression or 'innovation under the gun' (Elmualim, 2017). The process of innovation in organisations is often phenomenological based, rather than being dependent on cause and effect rationale. This complexity is compounded in SMEs where issues such as

scarce resources, lack of skills, scepticism towards formal training, the need for flexibility and lack of systematic measurement must be addressed (Apikoglu-Rabus, Yesilyaprak and Izzettin, 2016).

Hassen (2017) indicated that creativity is the ability to think and act in ways that are new and novel. In our minds, there are two kinds of creativity, innovation and invention. Innovation is thinking creatively about something that already exists (e.g., the tape recorder, Walkman, and CD player are all innovations on the phonograph). Invention is creating something that did not exist before (e.g. the phonograph). A business example illustrates the difference clearly. When a team bases its plans on the way the team has operated in the past, they are open only to innovation, such as increasing efficiency. However, a team that is inventive will ask itself: Can we create a different way to operate, one that will produce a different way of doing business? Community pharmaceutical SMEs were also found to be short with creativity as they could only apply how best they could offer their products rather than manufacturing them.

### A Process Approach to Creativity and Innovation

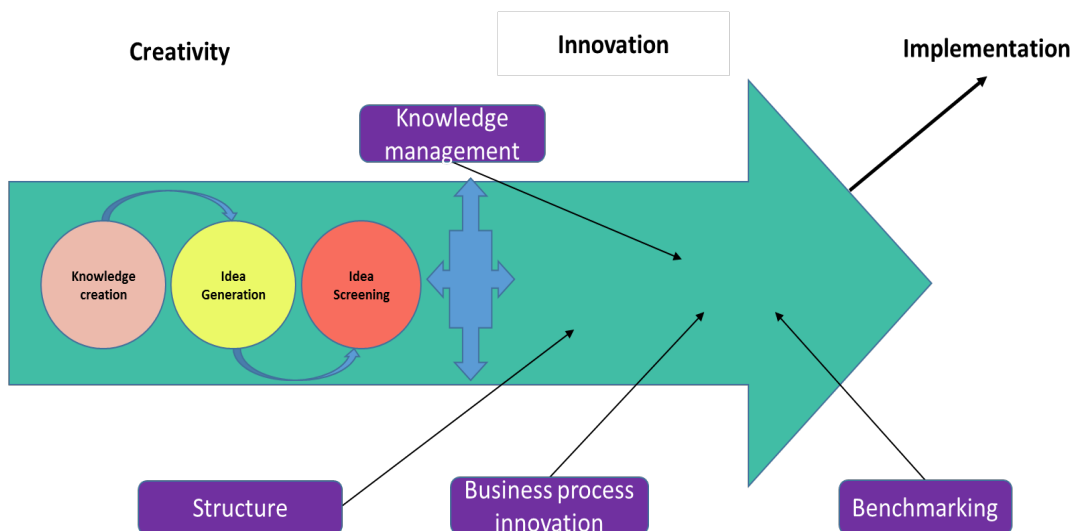


Figure 3.2.: *A process approach to creativity and innovation (adopted from Mcadam and Keogh, 2004)*

Mcadam and Keogh (2004) argued that both positivistic and phenomenological views of innovation and the many variants can be represented by the concept of the 'process of innovation' (Figure 3.2) within an organisation as discussed by King (1992) and Tidd, Bessant and Pavitt (2001). King (1992) states that 'there is increasing awareness that innovation is a process' although the process is 'fluid without a fixed sequence of stages'. Moreover, he refers to 'untidiness' and 'backtracking' within the process. In a review of the literature, Talbot, Mac an Bhaird and Whittam (2015) refer to this approach as 'the interactive process perspective' to innovation and calls for more research in this area.

Andrew *et al.* (2017) further stated that rigorous research study showed the need for simplification due to 'too many barriers to entry' when applied to SMEs, this was necessarily because all SMEs are unique and it might be difficult to measure creativity and innovation. Andrew *et al.*, (2017) observed that the study further simplified the set of guidelines for the measurement of the process of creativity and innovation as follows:

- Performance measures should be derived from the company's strategy.
- The purpose of each performance measure should be made explicit.
- There should be clear data-collection methods.
- All stakeholders should be involved in the selection of the measures.
- The measures should be changeable based on organisational and environmental dynamics and research and development department which continuously work on creativity and innovation.

Jabeen *et al.* (2017) emphasised that entrepreneurs learn from their setbacks and failures. They are realistic and accept that disappointments are inevitable, and are not discouraged when these occur. They are able to identify opportunities even in advance and difficult situations. Rantanen and Toikko (2017) added that all this indicates that entrepreneurs remain positive despite setbacks, failure and disappointment. Andreas and Peters (2017) added that this does not mean that they do not sometimes feel dispirited when events are not favourable, but on the whole they deal with situations. We often read

of entrepreneurs who have lost everything, sometimes more than once, only to start afresh. Success is achieved by using negative experiences positively and by learning from past mistakes.

McInnis-Bowers *et al.* (2017) stated that entrepreneurs who have positive attitudes regarding their business will ensure that people feel positive towards them and enjoy doing business with them as well. A positive attitude and approach are closely related to human relations and are important qualities that contribute to leadership and successful entrepreneurship.

Skill is defined as one's own ability to transform knowledge into action. Hence it is related to his or her performance. Skill is not something inborn. Skills are acquired through practice and learning from one's personal experiences in the work environment. A pharmacy manager must possess these skills (Fincham, 2011; Tripathy and Reddy, 2008):

- Technical and professional skills
- Conceptual and intellectual skills
- Essential Management Skills for Pharmacy Managers
- Ethical skills
- Human resource skills

#### **3.9.2.1 Technical and Professional Skills**

Technical and professional skills of a pharmacy manager involve proficiency in the activities in the dispensary and shop floor. When the pharmacy is managed by a non-pharmacist, he or she supervises the shop assistants and the pharmacy staff, including the pharmacist and the dispensary technicians. The activities in the pharmacy are foreign to a non-pharmacist manager, and hence misunderstandings often arise. In this situation, the manager's role is mainly to support and satisfy the requirements of the pharmacy

staff. A non-pharmacist manager has to understand the nature of the job that subordinates have to perform.

### **3.9.2.2 Conceptual and Intellectual Skills**

Conceptual skills refer to the ability to perceive the future of the organization, meet challenges imposed by changes in external forces, be creative and innovative, conceptualize the organization's and one's own role, and set goals for oneself and the staff.

The development of intellectual skills involves the acquisition of perception, judgment, and reasoning to enable a pharmacy manager to interact successfully with the commercial environment and respond to challenges effectively. An opening of a new pharmacy in the vicinity or a medical center with dispensing facilities imposes new challenges that may adversely affect the future of the organization. In the role of a manager, one has to learn the concepts, rules, and routines of the pharmacy.

### **3.9.2.3 Ethical Skills**

Ethical skills are important skills that a pharmacy manager has to acquire. Although the pharmacy is a commercial Managing a Pharmacy enterprise, financial gain should not override ethical considerations. In all situations, a manager has to understand right from wrong. A pharmacy manager must always have the patients' interest at heart. Coercing patients to agree to participate in an MUR to satisfy arbitrary targets for financial gain is not justified.

### **3.9.2.4 Human Resource Skills**

A pharmacy manager supervises staff at all levels, from counter staff to pharmacists. Therefore, human resource skills are vital to create a harmonious work environment where people enjoy their work. He or she should be able to interact with all the staff, irrespective of level. The ability to handle one's own emotions and being sensitive to others' feelings are important human resource qualities. Excellent communication skills are required to create an atmosphere that facilitates communication. Most of all, a

pharmacy manager has to examine his or her own concepts and values that enable him or her to develop more useful attitudes.

Other skills relevant to the pharmacy practice are (Institute of Pharmacy Management, 2010) Awareness of healthcare and other issues relevant to those managed by the pharmacy manager, Principle skills and contributions of other healthcare workers, awareness of the roles and policies of local healthcare agencies, such Primary Care Trust (PCT), family planning, etc. Understanding the needs of patients, the public, careers, and staff. Knowledge of risks involved with medicines and legal, financial, and professional issues, working knowledge of controlling the financial aspects of the business and Knowledge of change management.

Essential Management Skills for Pharmacy Managers, an understanding of the culture of the organization and its people, awareness of the structure of the organization and the lines of responsibility, Knowledge of good employment practices and human resource skills, a thorough awareness of laws affecting the business and its employees.

### **3.9.3. Critical risk management monitor to sustain pharmaceutical SMEs**

Naldi *et al.* (2007) defined an entrepreneur as a person who buys factors of production at certain prices to combine them into a product/service with a view to selling it at predetermined prices in future. Naldi *et al.* (2007) further defined finance risk as the probability that an actual return on an investment will be lower than the expected return. Financial risk is divided into the following categories: basic risk, capital risk, country risk, default risk, delivery risk, economic risk, exchange rate risk, interest rate risk, liquidity risk, operations risk, payment system risk, political risk, refinancing risk, reinvestment risk, settlement risk, sovereign risk, and underwriting risk.

However, other scholars reject the view that entrepreneurs are risk-takers. (Nieman, 2006) argued that entrepreneurs are calculated risk-takes, in the sense that they cannot just take risks without calculating how much risk are they taking and without managing that risk. According to Brown (2013), entrepreneurs take a calculated risk as shown in Figure 2 below.

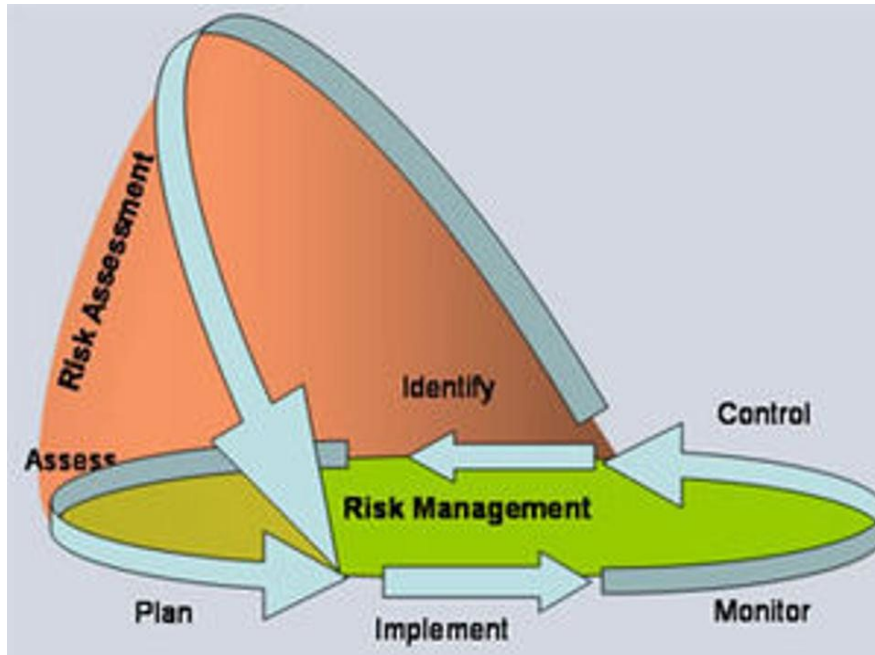


Figure 3.3.: *Risk management monitor (as adopted by Brown, 2013)*

Brown (2013) observed that the risk management monitor model is applicable to all entrepreneurs regardless of the size of their businesses. He further added that it will be unnatural for an entrepreneur to take risk for the sake of taking it. In his model, he suggested that risk is a continuous phenomenon that needs to be managed daily; its cycle is endless, and for managers to succeed, the only thing to do is to continue to monitor within the defined process in the model above, which encourages managers to:

- Identify risk
- Asses the risk
- Plan on how to manage risk
- Implement strategies to mage the identified risk
- Monitor the identified risk if implemented strategies are working
- Control the risk, through four risk mitigation strategies

Andreas and Peters (2017) further stated that entrepreneurs who manage risk and take calculated risk could easily be identified when you evaluate their risk strategy. They also

argued that an entrepreneur would only succeed if they take calculated risk which is directly linked to their business strategy, mission and vision. Moriah and Attali (2017) also disagreed with the belief that is shared by a lot of entrepreneurs and other researchers that the higher the risk, the higher the return; they believe that the higher calculated risk, the higher the return. Mcadam and Keogh (2004) argued that the same principle is applied when managers deal with creativity and innovation; the reason for this was that creativity and innovation could be good, but also attached to risks as relevancy, time frame, place, etc.

### **3.10 CRITICAL MANAGERIAL SUCCESS FACTORS THAT HELPS TO SUSTAIN COMMUNITY PHARMACEUTICAL SMES**

Hustad and Olsen (2012) argued that for a business venture to operate into the foreseeable future, it critically relied on the manager's success factor. According to SAPC (2016), most pharmaceutical SMEs were owned and operated by pharmacists who had no business and managerial education. Dugan, (2006) further corroborated that this could be one of the reasons why pharmaceutical SMEs were not sustainable given the fact that the managers are health professionals who have less/ no business education and managerial skills.

Aarabi *et al.* (2011) further posited that for pharmaceutical SME managers to be successful they had to have the following success factors: planning, knowledge of competitors, market-oriented and client-based/ service, high quality work and enjoys priority, financial insight and management, knowledge and skills with regards to the business and the use of experts (Massoud *et al.*, 2015).

#### **3.10.1 Entrepreneurial process that enhances managerial success factor**

Bentley *et al.* (2015) present the entrepreneurial process as a set of stages and events that follow one another. These stages are: the idea or conception of the business, the event that triggers the operations, implementation and growth.

Bygrave and Zacharakis (2009), in their model of the entrepreneurial process (Figure 4), highlighted the critical factors that drive the development of the business at each stage.

According to Nassif *et al.* (2010), as with most human patterns, entrepreneurial traits are molded by personal qualities and environment.

personal properties are the attributes of business visionaries that make them not the same as non-business people. In hoping to add to the distinguishing proof and comprehension of the conduct that may lead a business visionary to progress, thinks about by Baranik *et al.* (2017), put forward the accompanying innovative attributes: looking for circumstances and activity, recognizable proof of chances, capacity to respond to disappointment and focusing on circumstances, interest for quality and productivity, responsibility, setting up objectives, arranging and deliberate checking, influence and a system of contacts, and autonomy. Rae (2017) concurs that specific individual traits, for example, the requirement for acknowledgment, a penchant for going out on a limb, and control locus (a serious want to be responsible for one's very own predetermination), are seen in most of fruitful business people.

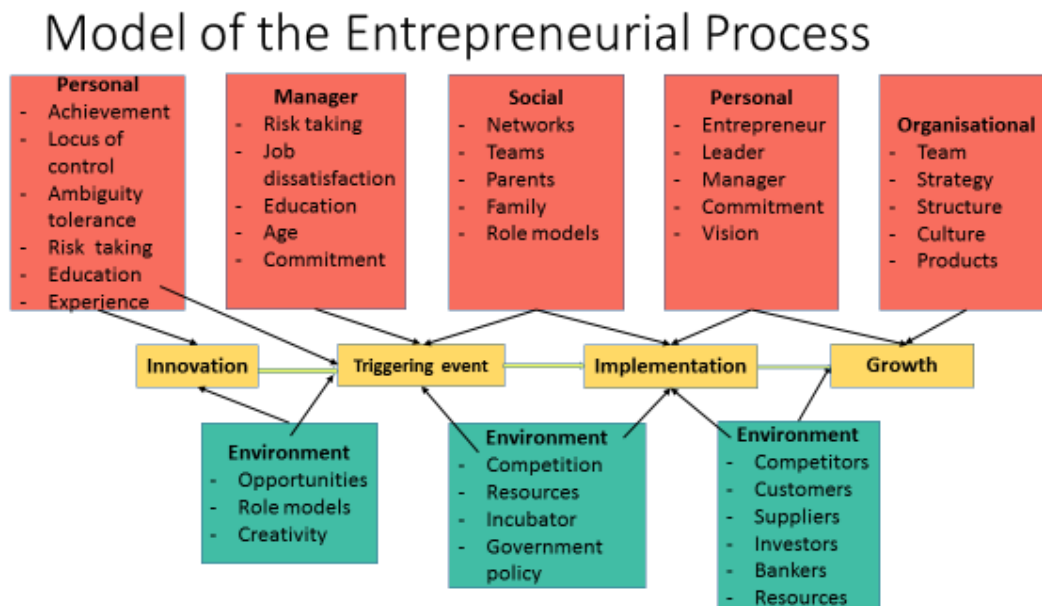


Figure 3.4.: Model of the Entrepreneurial Process (Bygrave and Zacharakis, 2009)

The significance of human elements is likewise fortified by Sjoerd Beugelsdijk and Niels (2005), who led observational research with 14,846 people in Finland and demonstrated

that business people contrast from the all inclusive community, and with pay and compensation workers, in various attributes, especially in singular duty and exertion.

Rantanen and Toikko (2017) expressed that the writing regularly brings up that business people effectively endeavor to accomplish objectives, and that they create persistence and innovativeness, just as the capacity to recognize openings and that they are specialists for change, that is, they do new and various things.

Quartey *et al.* (2017) in his turn, underlines that the effective business visionary has the accompanying attributes: goes out on a limb, recognizes openings, comprehends the business field, is sorted out, settles on right choices, has authority aptitudes, is dynamic, is free, is hopeful and has great marketing prudence. Bocken, Boons and Baldassarre (2019) add to these qualities commitment, looking for riches, arranging, worth to society and a forward-looking vision.

Jesson, Hassell and Noyce (1998) express that there is a connection between human capital, i.e., the experience and comprehension of the business person, and the achievement of the innovative action, with the goal that the individuals who are best taught and put more assets in improving their capacities are progressively able to receive the rewards through their enterprising exercises.

Bygrave and Zacharakis (2009), on the other hand, affirm: "We know that there is no neat set of behavioural attributes that allow us to separate entrepreneurs from non-entrepreneurs". Meanwhile, he emphasises that "it does appear that entrepreneurs have a higher locus of control than non-entrepreneurs, which means that they have a higher desire to be in control of their own fate".

Referring to environmental factors, Bygrave and Zacharakis (2009) observed that they are the outer impacts encompassing the start of the business and its advancement. They underline the impact the neighborhood condition has on the eagerness of the business visionary to start a business. He alludes to Silicon Valley, where a lot of positive conditions, for example, support from open approaches, vicinity to colleges, access to

innovation and accessibility of monetary assets consolidate to make this a decent area for new pursuits.

Ecological factors likewise incorporate sociological factors, for example, good examples, family duties, the exchange off between the experience that accompanies age and the positive thinking and vitality of youth, and contacts (a system of individual connections).

Concerning role models, Hustad and Olsen (2012), accentuates that they "are significant on the grounds that realizing fruitful business people causes the demonstration of turning out to be one yourself to appear to be substantially more solid".

Li, Liao and Zhao (2017) likewise recognize sociological factors, for example, family culture, system of individual connections, past encounters, guardians and good examples.

Bygrave (2004) states that ecological variables communicate with individual qualities to build the propensity toward starting one's very own business.

his model gives a few elements associated with individual properties in the thought age organize: accomplishment, the business person's control locus, equivocalness resistance, chance taking, individual qualities, training and experience. Different variables associated with individual characteristics, for example, work disappointment, age and loss of employment join with sociological and ecological elements to trigger the choice to start the endeavor.

In the succeeding phases of the business, from execution to full authoritative improvement in the development arrange, other individual traits become significant. These are: vision, administration, enterprising soul, the executives capacity and duty.

The model proposes an advancing dynamic in the qualities of the business people; conduct profiles change and extra capacities create as the association develops in size and intricacy. Accordingly, it depicts a total vision of the elements of the enterprising procedure, demonstrating the moving significance given to individual, sociological and

natural qualities all through the advancement of the business. The model certifies the life-cycle hypothesis (Hustad and Olsen, 2012; Hassen, 2017), whose approach thinks about that arranging activities happen in forward stages.

whose approach thinks about that arranging activities happen in forward stages. According to de Aguiar, Marques and Martins (2014), the competitive forces present in certain economic sectors such as industry growth, concentration, rivalry and entry barriers, make them more attractive than others.

Li, Liao and Zhao (2017) underscored that adventures that are mindfully arranged are bound to prevail than those dependent on mystery and expectation. The arranging procedure enables a business person to distinguish precisely what should be practiced to construct the endeavor, and what human and money related assets are required to actualize the arrangement. The figure benefit and misfortune explanation give a way to contrast real outcomes with what had been estimate and make revisions to business technique if shortages in income happen (Netswera and Watson, 2015).

Business making arrangements for a beginning up adventure or a built up organization doesn't need to be convoluted. You start by portraying your items and administrations in connection to those of contenders. You portray what you will do that is better than what clients have seen from these different organizations. This answers the basic inquiry of why your items explain a noteworthy, current client need. You at that point devise systems for acquainting your items and administrations with the market. You decide the expenses of creating the items or conveying the administrations and the advertising costs required to pull in clients. You additionally plan the administrative and staff assets required to achieve these errands, when they will be procured, and what their pay will be. Network drug stores were confounded in nature and required a vital chief so as to be feasible (Hassen, 2017).

It is essential for business people to comprehend who their objective clients are-the individuals who can profit the most from the organization's items or administrations. Knowing these prime clients' statistic attributes enables you to tailor the promoting

message, so it is best. Speaking with young people requires an alternate message and potentially unexpected media in comparison to arriving at seniors. A profundity of comprehension about your opposition is comparably significant. You need to recognize their qualities so you don't endeavor to rival them head-on in a market where they have manufactured an unfavorable favorable position. Realizing their shortcomings gives you where you can catch clients from them.

## Planning process

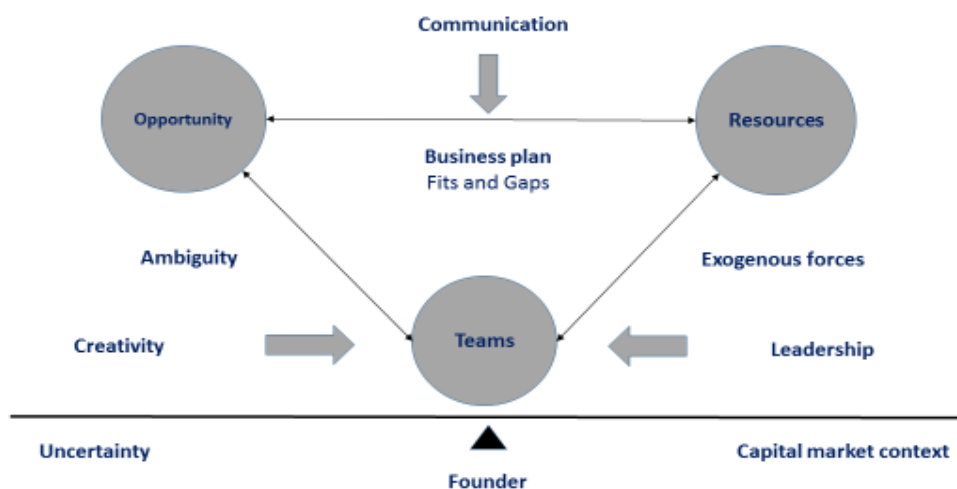


Figure 3.5.: Planning process (Jeremiah, Patterson and Winston, 2017)

Lee *et al.* (2016) showed that community pharmaceutical SMEs need the capacity to imagine how they need their organizations to develop throughout the following three to five years. These long-extend objectives assist them with deciding the means and procedures they have to execute to contact them. Essential information on fund ideas causes them get ready intelligent monetary models and projections utilizing spreadsheet programming. Business people ought to likewise have a comprehension of all the useful regions of a business so they can precisely extend the expenses of maintaining the business.

According to Otchere, Senbet and Simbanegavi (2017), business people don't generally comprehend that the arranging procedure itself is of worth. They have been prompted they ought to have a marketable strategy report prepared to present to potential financial specialists, yet they once in a while reluctantly devote an opportunity to composing a field-tested strategy. In a perfect world, the report is the last result of an arranging procedure that would be finished whether the organization was effectively looking for capital. The arrangement is particularly similar to a guide. It causes you pick the best course to get to your goal of making a fruitful endeavor.

Business people regularly think little of how troublesome it will be to dispatch an organization. Picking up the consideration and trust of potential clients may take longer than the business person imagined. This can bring about start-up capital being immediately drained. In a most dire outcome imaginable, the organization can leave business since its subsidizing runs out. Adding five to 10% progressively funding to the beginning up spending plan is a judicious method to take into account both lower than arranged incomes and higher than foreseen costs.

According to Piatetsky-shapiro (2017), knowledge of competitors means that the entrepreneurs know their competitors what they are doing and the position of their own business compared with that of the competitors. Entrepreneurs determine their competitive advantage by finding out why clients prefer their products and services. They can do this through a customer survey which question their customer through a questionnaire to rate how satisfied are they with their level of services and products they offer in this way the entrepreneur's knowledge of competitors always improve as customers will be able to share how fast do they expect the service to be offered and the quality of products as well.

Voskerician (2017) stated that knowledge of competitors is the same as competitive intelligence, which is defined as the action of defining, gathering, analysing, and distributing intelligence about products, customers, competitors, and any aspect of the environment needed to support executives and managers making strategic decisions for an organisation.

Competitive intelligence essentially means understanding and learning what is happening in the world outside the business so one can be as competitive as possible. It means learning as much as possible, as soon as possible, about one's industry in general, one's competitors, or even one's county's particular zoning rules. In short, it empowers anticipating and facing challenges head-on.

Key points of this definition:

- Competitive intelligence is an ethical and legal business practice, as opposed to industrial espionage, which is illegal.
- The focus is on the external business environment.
- There is a process involved in gathering information, converting it into intelligence and then using it in decision making. Some CI professionals erroneously emphasise that if the intelligence gathered is not usable or actionable; it is not intelligence.

A more focused definition of CI regards it as the organisational function responsible for the early identification of risks and opportunities in the market before they become obvious. Experts also call this process the early signal analysis. This definition focuses attention on the difference between dissemination of widely available factual information (such as market statistics, financial reports, newspaper clippings) performed by functions such as libraries and information centres, and competitive intelligence which is a *perspective* on developments and events aimed at yielding a competitive edge (Wang, 2017).

Knowing who your competitors are and what they are offering can help in making products, services and marketing stand out. It will enable entrepreneurs to set their prices competitively and help them to respond to rival marketing campaigns with their own initiatives.

Entrepreneurs can use this knowledge to create marketing strategies that take advantage of their competitors' weaknesses, and improve their own business performance. They can

also assess any threats posed by both new entrants to their market and current competitors. This knowledge will help them to be realistic about how successful they can be. Community pharmacies have the worst competition challenges, as most of them are located next to one another; this further affects their profitability, making it difficult for them to be sustainable (Daskalakis, Balios and Dalla, 2017).

### **3.10.2 Market-oriented and client base**

Shediac-Rizkallah and Bone (1998) highlighted that successful entrepreneurs are market-oriented, they spent some time out to know and market their businesses, as these help them to know who their targets are, and what the target market requirements and needs are, and how to meet those needs profitably. Feletto et al. (2010) stated that client service is a key success factor because it fits in with so many other success factors. It is a behaviour over which people have reasonable control; it is highly linked to good human relations. To ensure good client service, entrepreneurs usually have good relationships with their employees and clients.

Meunier-FitzHugh and Meunier-FitzHugh (2017) defined market orientation as business approach or philosophy that focuses on identifying and meeting the stated or hidden needs or wants of customers. However Bygrave and Zacharakis (2009) defined market orientation as a company philosophy focused on discovering and meeting the needs and desires of its customers through its product mix. Nassif *et al.* (2010) defined client base as a company's primary source of business. Yanga and Gabrielsson (2017) further stated that a client base consists of the current customers paying for the products, or services, as well as potential customers who have a high likelihood of becoming customers.

Jabeen *et al.* (2017) argued that most entrepreneurs focus on corporate culture and neglect market orientation; sometimes it is so subtle businesses are not even aware of it. They further discussed that business orientation defines how you focus your resources and relate to the outside world. The so-called marketing orientation means the business as a whole is oriented to understanding and meeting the needs of customers and realistically, few businesses have this valuable orientation.

Many businesses function as if their sole purpose is to provide jobs and income for the owners and employees of the business. They use their knowledge and capabilities to produce one or more products and services which they expect customers to buy. Their orientation is to produce as much as possible in the belief this will increase sales. This is called the production orientation. They use marketing as a way of attracting customers to buy what their company want to make or offer.

The production orientation is practically the opposite of the marketing orientation. It is rare, without outside assistance or a crisis, that a typical business leader would stop and think, “Are the products and services we offer what customers want to buy, or should we offer or do something different?” And this question usually does not get asked until sales are way down and the company has limited resources to make significant changes.

A third common situation is the selling orientation. Here the focus is on selling what the people in the business want to sell, rather than offering what customers want to buy. Many companies have large groups of salespeople who call on customers and prospects regularly. Often the head of the sales team is called the director or vice president of sales and marketing. In other words, the marketing title is added because someone thinks it sounds better, or because the company thinks marketing means producing advertising and collateral material. Few people who are in charge of “sales and marketing” fully understand what marketing is and how it works, in my experience. They are put in charge of marketing because they are good in sales! Hopefully they will come to understand how to unleash the tremendous power of real marketing to boost their business’ success (Charlotte Marketing Agency and Business consultant, 2017). According to Gremler, Gwinner and Hennig-Thurau (2002), community pharmaceutical SMEs are the most challenged sector when it comes to advertising since it is costly and many cannot afford to advertise. They further observed that most of these community pharmacies are missing out on the following benefits which might help to unlock profitability and sustainability:

### **3.9.3.1 Benefits of the Marketing Orientation**

- Increased sales and income

- Increased business volume and market share
- Increased customer satisfaction and loyalty
- Increased innovation by listening to the customer
- Continuous improvement of efficiency and effectiveness
- Happier employees because they are making customers happier
- Resilience and faster adaptation to change

### **3.10.3 High quality work and enjoy priority**

Rantanen and Toikko (2017) argued that the successful entrepreneur is ready to supply a client with quality goods and services and still make a profit. However, this has always been the case with community pharmaceutical SMEs, as they are only a service industry that provides readymade end products to consumers. França and Trygg (2017) argued that it was very hard to link high-quality work to sustainability, but it was worth doing to at least enhance profitability. To make this possible, cost must be controlled without affecting the quality of goods and services offered by such an entrepreneur. Sjoerd Beugelsdijk and Niels (2005) further argued that multi-tasking is a myth; if you need to deliver high-quality work, you need to turn off all the distractions.

Jabeen *et al.* (2017) observed that an entrepreneur who enjoys prioritising work has less to worry about at work and will have less stress to deal with. The pharmaceutical sector enjoys high work quality since it is an industry that is run by professionals who cannot accommodate errors. Fidrmuc, Hainz and Hölzl (2017) added that community pharmaceutical SMEs are confronted with constant pressure of endless projects that have no end, though there will always be a challenge to meet bigger and better targets, growing exponentially and taking on more responsibilities. Feletto *et al.* (2010) argued that entrepreneurs within community pharmacies have a high work ethic and enjoy prioritising work which might have high growth and might directly or indirectly benefit their businesses financially. They encouraged that an entrepreneur must prioritise work, but at the same time, balance life and work smart.

### 3.10.4 Financial insight and management

Dixit and Nanda (2011) highlighted that community pharmaceutical SMEs find it difficult to sustain their businesses necessarily because most managers of these pharmacies were health professionals who did not have financial insight nor management skills. Panduwawala *et al.* (2016) emphasised that insight of financial concepts, knowledge of what financial management is, how important it is, and how it must be applied in SMEs, and bookkeeping systems are important factors that can contribute to success. To achieve the objectives of the entrepreneur and entrepreneurship, sound financial principles must be applied.

## The nine point plan for better finance business



Figure 3.6: The nine-point plan for better finance business (The Association of Accountants and Financial Professionals in Business, 2017)

Bolton and Hannon (2016) stated that this is an area where most pharmacists and pharmacies experience most challenges since most of them studied Bachelor of Pharmacy at tertiary education level where there is no presence of financial background or education related to booking of an entity. They further recommended that it will be crucial that these entrepreneurs who are operating pharmaceutical businesses to either get a financial manager who can help them on a weekly basis to enhance the level of financial accountability (Hassen, 2017).

Montazemi (1988) further argued that community pharmaceutical SME business owners who apply the nine-point plan finance strategy would be better positioned to fulfil a complete cycle of finance, which is merged or executed together with the mission and vision of the business. The nine points help entrepreneurs to continuously evaluate their financial actions, and as time goes on, to identify what to invest in, when to invest and when to pull the plug. They are divided into three categories namely;

**A. Creative mandate**

- Create the right culture in finance by providing the financial insights that the enterprise needs to start creating the right sustainable finance culture. The challenge is persistent within this sector because it lacks creativity and innovation.
- Secure commitment by having the right person in place who can account for finance and advise on projects as to which one is profitable or not.
- Know your proof point; the business needs to demonstrate consistently the value it is bringing to the enterprise.

**B. Fix the information**

- Measure what matters: Most studies suggest that organisations are unsure where finance business partnering resources should be targeted to help drive most value. Most community pharmaceutical SME managers do not know how to use financial indicators, which might make it difficult to source the benefits out of this phenomenon.

- The finance technology landscape: The simpler the system, the less sophisticated the books of the company are. This helps entrepreneurs to always know what is the financial position of the business at any given point.
- Sort data: The finance function needs to rearticulate its information requirements so that it can access data relevant to the identified important metrics and activities of the enterprise.

### **C. Deploy the talent**

- Create effective structure: Within an enterprise, it is crucial to have a system as to who reports to who especially in small businesses, where the finance manager cannot be the only person accounting and reporting; such individual should once in a while report to the owner.
- Plan for the capabilities that matter: There are clear front-runners among the skills deemed essential for improving business financial participation.
- Change finance mindset: It is always crucial that at the end of the cycle, the entrepreneur should have a reflection or a business introspection, which will have a SWOT analysis regarding finance and how it was handled. It is important to reflect on what worked and change what did not work. Most community pharmaceutical SMEs were not using indicators to measure internal and external indicators that could benefit their businesses (Hustad and Olsen, 2012).

#### **3.10.5 Knowledge and skills with regards to the business and the use of experts**

According to Haddara and Zach (2015), successful entrepreneurs usually have sufficient knowledge and skills regarding their enterprises to ensure reasonable success. Highly successful entrepreneurs depend on their own strength. They keep core competencies in the enterprise, but non-core activities are contracted.

Musango *et al.* (2014) further stated that a successful entrepreneur makes use of experts in the field of business either inside or outside their business to carry out some of the functions in the business, and also attend seminars and training sessions. Yanga and

Gabrielsson (2017) further observed that prosperous small business strategies take account of the following:

- Critical exterior factors approximating where and when to start a business, when will it be a suitable time to accelerate growth, which market sector is the best suitable one to invest in, barriers of entry and market adjustments in relation to the targeted market.
- Individual factors like specialized aptitudes, the executives abilities (advertising, cash and the board of individuals) and individual qualities (imaginative, assurance, outer center, cooperative person and thought processes).

Welch *et al.* (2015) highlighted that entrepreneurs are also aware of their limitations; these motivate or encourage them to seek out experts to provide them with advice and assistance; this will inversely improve their performance. They further argued that sufficient relevant experience that has been gained primarily before one starts a business plays a pivotal role in determining the success of an entrepreneur. Shediak-Rizkallah and Bone (1998) indicated that numerous research studies indicated that most entrepreneurs started their businesses in the same industries they had worked in for a few years.

Kyobe (2011) revealed that most successful and unsuccessful entrepreneurs emphasised the importance of gathering information from experts for successes. Entrepreneurs make use of advisers; it could be in the banking sector, financial, legal teams and consultants in different fields. Leslie and Mary (2015) observed that there are two situations that might contribute to failure of SMEs; these are mainly financial muscles and the way advice is received and implemented.

### **3.11 INTERVENTION TO STIMULATE ENTREPRENEURSHIP**

Adat, Noel and Penceliah, (2014) emphasised that the greatest intervention on stimulating entrepreneurs to be more business-focused, stimulated and maintaining the thirst to succeed is to continuously encourage community pharmaceutical entrepreneurs to evaluate their characteristics as entrepreneurs. Haddara and Zach (2015) argued that

a person needs to have some characteristics or traits that can be used to differentiate him or her as an entrepreneur.

According to Bharathi and Parikh (2015) and Chadwick *et al.* (2015), successful entrepreneurs have characteristics that serve as a guide to not lose focus of the business venture and continuously fulfil the business objectives and goals. Traitler and Saguy (2015) outlined these characteristics of entrepreneurs as follows: Passion, need for achievement, need for independence, risk-taking and uncertainty, creativity and innovation, determination and persistence, and locus of control.

### **3.11.1 Strategies to stimulate community pharmaceutical SMEs entrepreneurial initiatives**

Felletto, Laura K Wilson, *et al.*, (2010) posited that entrepreneurial passion is pivotal to the success of community pharmaceutical SMEs, they further indicated that every business venture needs a special ingredient to keep them afloat. Nieman, (2006) Every entrepreneur must at all times convince a team of devoted and dedicated staff to commit to achieving the mission and vision of the business venture. Numerous research has indicated that passion can therefore be a differentiating factor between success and failure for entrepreneurs.

Cardona *et al.* (2017) defined entrepreneurial passion as a motivation characterised by positive emotional arousal, internal drive and engagement with meaningful personality work that is important to self-identity of an entrepreneur. However, Egana *et al.* (2015) said that passion is when one invests more energy, a thought process, and intensity into their pursuit than is required. It is about going the extra mile in everything they are passionate about. It is far more than simple enthusiasm or excitement. Passion is the ambition and motivation that have manifested into massive action (Gielnik *et al.*, 2017). People of passion put as much of their heart, mind, body and soul into something as they possibly can, and in the end they have nothing left. They throw their whole heart into the endeavor and have no regrets (Tavanti, 2013).

# Entrepreneur Passion

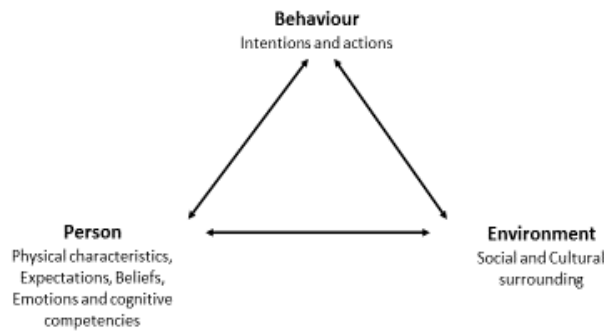


Figure:3.7: Entrepreneurial Passion (Bandura, 1989)

According to Biraglia and Kadile (2017), environmental inputs include all those elements related to the social and cultural world where an individual grows up and lives, such as the school attended, his or her interaction with social groups, and so forth. People learn and associate themselves with others, being a part of the broader environment. According to França and Trygg, (2017) This environmental output has the potential to boost community pharmaceutical SMEs both both direct and indirect exposure within a particular social setting.

Ijjani, Abullah and Amin, (2017) indicated that personal factors comprise physical characteristics, such as age, size, race, sex, profession and physical attractiveness, as well as human expectations, beliefs, emotional states and cognitive competencies that determine the overall assessment of the external environment and the decision to undertake a particular behaviour. They further posited that for community pharmaceutical SMEs to be sustainable the cognitive competencies and emotional states, in particular, can play an important role in recognising environmental clues and making the decision to engage in specific behaviours.

Concerning the behavioural dimension of community pharmaceutical SMEs, Bandura (1989) conceptualises it as an outcome of a three-way reciprocal interaction within community pharmaceutical SMEs entrepreneurs personal inputs and contextual factors, as well as past experience. França and Trygg, (2017) indicated that past behaviours can impact future intents and acts through an increase in perceived self-efficacy. To successfully perform a behaviour, a person must know what to do and how to do it. The more an individual performs an activity, the more likely it is her or him to feel self-efficacious about it, as the evaluation of confidence in one's abilities is strengthened by learning, practicing, and receiving feedback from others.

Ma *et al.* (2017) and Elmualim (2017) posited that passion is tangible; it has effects on how customers, investors and employees view the entrepreneur, together with the goods and services they render to customers. Cardona *et al.* (2017) indicated that customers are mostly persuaded by entrepreneur's passion and they further indicated that passion is a strong indicator of: Degree motivation, level of commitment, confidence in their vision, how an entrepreneur preserves in the face of obstacles, how well they can lead people in their venture and persuasion skills

França and Trygg, (2017) indicated that researchers also added that independence is important to any business survival so that entities can continue to operate into the foreseeable future and achieve its utmost objective of making a sustainable profit. Feletto, Laura K Wilson, *et al.*, (2010) stated that however, community pharmaceutical SMEs dependence seeps into unsustainable point, it can become a burden on the investors who are being depended on for capital investment to continuously fund the business even when it is not doing so well. They further observed that when entities clutch onto dependence, they start demanding others must take responsibilities for them or on their behalf.

Ma *et al.* (2017) argued that although it is encouraged for businesses to be independent, sometimes it is inevitable that a business will in a lifetime cycle encounter challenges which might bring it to its knees with serious financial consequences. At this stage of the operation, a business will be allowed to co-opt help from somewhere and depend on that

relationship until it gains freedom to stand on its knees. Lamprecht (2011) and few other researchers discouraged dependence by arguing that ultimately, an inappropriate dependency is draining, burdensome and forms an unhealthy and unbalanced business relationship.

According to Holgersson *et al.* (2016) and Panduwawala *et al.* (2016), independence is an important ingredient for developing good business self-esteem in entrepreneurs, and therefore is an important ingredient for happiness feeling that business is achieving all set-out objectives through its mission and vision. Independence also boosts self-belief and self-respect. According to Norman *et al.*, (2015) posited that community pharmaceutical SMEs entrepreneurs must not become too needy and dependent as this charactertraits can reduce self-belief as well as the potentially leading to feeling angry and resentful about losing independence. They further asserted that independence of thought could lead to incredible discoveries and innovations by daring to think and position the business goals along lines that have never been thought of before; wonderful discoveries, inventions and creations can arise.

Olmos-Peñuela *et al.* (2017) and Kollmann *et al.* (2017) observed that entrepreneurship teaches many things about life in general; it is an immensely satisfying journey, even if an entrepreneur does not reach their intended destination. Meghana *et al.* (2017) further stated that however, the journey is often challenging and it takes much patience, persistence and perseverance, and requires passion for an entrepreneur to succeed. They also added that unless entrepreneurs have the passion for what they are doing, finding the perseverance, patience and persistence becomes challenging.

As quoted by Ijjani *et al.* (2017), "Nothing in this world can take the place of persistence. Talent will not: nothing is more common than unsuccessful men with talent. Genius will not; unrewarded genius is almost a proverb. Education will not: the world is full of educated derelicts. Persistence and determination alone are omnipotent." According to Matsheke Dhurup (2017), one of the most common reasons why entrepreneurs fail and suffer business closure is the lack of determination and persistence.

Miao *et al.* (2017) stated that numerous researchers suggested that those entrepreneurs who are not determined to persevere until success tend to jump from one idea to the other when encountering difficulties. Goel and Saunoris (2017) argued that if these entrepreneurs do not try to overcome difficulties and deal with them as they occur, none of their ideas will get a chance to mature into something successful. In contrast, successful entrepreneurs talk about the difficulties and the way of dealing with them in a creative way (Karimi *et al.*, 2017).

#### **A. Patience**

Meghana *et al.* (2017) stated that success is not an overnight thing, and the fact that the graph of growth is never a straight line gradually, and then rapidly, going up as seen in many projected revenue charts, there are ups and downs in the journey. Every entrepreneurial journey will have its ups and downs (Kollmann, Stöckmann and Kensbock, 2017). (Ijjani *et al.* 2017) advised that most entrepreneurs must be patient and not be in a hurry to win the world. They further added that entrepreneurs should focus on building a solid strong foundation within one to three years; although there will be occasions of self-doubt, it is vital to assess if the long-term direction is right, even if it is taking longer than earlier assumed.

#### **B. Perseverance and Persistence**

According to Miao *et al.* (2017), entrepreneurial history is full of success stories of those who stayed long enough and treaded along patiently. Irrespective of all the obstacles and setbacks that come, it is important not to take eyes off the goal. Matsheke and Dhurup (2017) bemoaned seeing startups make the mistake of changing their business models or price-points or customer segments, etc. quickly, if they do not see quick traction in the market. An entrepreneur is never sure if by changing often they are being nimble and agile, or if they are making the mistake of changing too soon without giving the concept/model the time it needs to settle into the market.

Olmos-Peñuela *et al.* (2017) observed that most businesses that ultimately succeed are the ones where the entrepreneurs had the grit, determination, patience and perseverance to succeed. According to Kollmann *et al.* (2017), in the most trying times, these virtues would pull an entrepreneur through. All businesses go through ups and downs, and almost all businesses and teams will have several challenging times (Ghatak, 2016). The last 4th P (passion) is critical and has been discussed in point 3.7.1. Unless passion exists, the temptation to give up at the first signs of challenge is quite high (Olmos-Peñuela *et al.*, 2017).

### **3.11.2 Interventions to stimulate community pharmaceutical SMEs**

#### 3.11.2.1 Locus of control

Watson and Mehmet (2017) and Findley and Cooper (1983) defined locus of control as the degree to which people believe that they control the outcome of events in their lives, as opposed to external forces beyond their control. Understanding of the concept was developed by Julian B. Rotter in 1954 and has since become an aspect of personality studies. Furnham and Cheng (2017) stated that individuals with a strong internal locus of control believe events in their life derive primarily from their own actions: for example, when receiving exam results, people with an internal locus of control tend to praise or blame themselves and their abilities. People with a strong external locus of control tend to praise or blame external factors such as the teacher or the exam.

Feletto, Laura K Wilson, *et al.*, (2010) observed that community pharmaceutical SMEs entrepreneurs who have a locus of control are masters of their own destiny and that they seldom blame others for failures or things that are not done. They further suggested that entrepreneurs must not only be able to recover after things have gone wrong, must also be able to learn positively from the experience and adapt to the needs of the market. Kirstien Bjerregaard *et al.* (2017) added that successful entrepreneurs are therefore resilient and adaptable; they are attentive to details and skilled at conceptualising abstract ideas.

Sjoerd Beugelsdijk and Niels (2005) and Nieuwenhuizen (2011) highlighted that individuals like to be in charge of their own lives, and one way of ensuring this is by being

in control of one's own life venture and all business activities that affect the business both internally and externally. Alene and Kassie (2017) further stated that entrepreneurs are sophisticated people who like to be in control and have good delegation skills; they often have a high degree of autonomy and do not want to be told what to do by someone else.

#### 3.11.2.2 Risk-taking and uncertainty

Nieman (2006) observed that risk-taking involves much more than just financial resources that will be lost should the business not succeed in making a sustainable profit; it also includes social and personal risks. Loch (2017) added that all entrepreneurs are faced with personal risk because they are all subjected to sacrificing valuable time, which should be invested with their families.

Furnham and Cheng (2017) argued that retail pharmacy entrepreneurs have to undertake the work of production and provide goods and services under conditions of uncertainty, with the ever changing medical climate. They further stated that entrepreneurs have to make estimates of the future conditions regarding demand for the product and other factors in advance and these affect their future prices and costs. According to Scholten and Fynes (2017), business owners have to make estimates and anticipations; they make contracts with the suppliers of factors of production in advance at fixed rates of remuneration.

As quoted in Che and Liebenberg (2017) definition of risk and uncertainty: "The Knight's Theory of Profit was proposed by Frank. H. Knight, who believed profit as a reward for uncertainty-bearing, not to risk bearing. Simply, profit is the residual return to the entrepreneur for bearing the uncertainty in business". Knight had made a clear distinction between risk and uncertainty. Risk can be classified as calculable and non-calculable risk. The calculable risks are those whose probability of occurrence can be anticipated through statistical data, such as risks due to the fire, theft, or accident are calculable, and hence can be insured in exchange for a premium. Such amount of premium can be added to the total cost of production (Hoorn, Crone and Leijenhorst, 2017).

Mishra *et al.* (2017) stated that the non-calculable risks are those whose probability of occurrence cannot be determined. For example, the strategies of a competitor cannot be accurately assessed as well as the cost of eliminating the completion cannot be precisely calculated. Thus, the risk element of such events is not insurable. This incalculable area of risk is the uncertainty (Loch, 2017).

Rolison and Pachur (2017) observed that due to the uncertainty of events, decision-making becomes a crucial function of an entrepreneur or manager. Arshad and Sidra (2017) added that If the decisions prove to be correct by the subsequent events, an entrepreneur makes a profit and vice-versa. Thus, Knight's theory of profit is based on the premise that profit arises out of the decisions made under the conditions of uncertainty.

Wahab *et al.* (2017) further argued that most literature corroborates belief that profit might arise out of the decisions made concerning the state of the market, such as decisions with respect to increasing the degree of monopoly in the market, decisions regarding holding stocks that might result in the windfall gains, decisions taken to introduce new product and technique. However, Rolison and Pachur (2017), stated that the major criticism of Knight's theory of profit is that the total profit of an entrepreneur cannot be completely attributed to uncertainty alone. There are several functions that also contribute to the total profit such as innovation, bargaining and coordination of business activities.

### **3.12 SUMMARY OF CHAPTER**

In conclusion, in the global economy pharmacists are on high demand and therefore less are produced yearly by institutions of higher learning. Also, SMEs are facing financial tough times and therefore not affording to hire as many employees they might need. As a result, this leads to less formal jobs being generated, and many existing formal jobs are being in-formalised. Community pharmaceutical SMEs are faced with ever-increasing prices of medication, which makes it even harder for them to sell their services and products at the most profitable rates. In this chapter, it has been shown that location is a challenge as it has affected most businesses when it comes to profit-making. This industry is capital intensive, and most of the community pharmaceutical SMEs need a total makeover to remain sustainable as the need for the consumer has shifted, and so are these businesses expected to do the same. Access to finance from both financial institutions and the government needs to be elevated and made available as soon as possible to boost sustainability of businesses. The following Chapter 4: Research Methodology and Research Design, discusses the research philosophy, research design, mixed-method research design process and implementation.

## **CHAPTER 4: RESEARCH DESIGN AND METHODOLOGY**

### **4.1 INTRODUCTION**

This chapter presents the methodological deliberations of the study. It commences with a discussion on the research archetype and the scientific positioning of the investigator, followed by methodological synopses that specify how the researcher continued to find out what is required to accomplish the purpose of the study. The chapter carry on with issues relating to this research design, the rationale behind varieties of the scientific methodology including varieties of statistical tools as well as data collection methods comprising sampling design and procedures, management of data gathering process, and data netting, editing and analysis.

According to Ary, Jacobs, Iriven and Walker (2018), research is a scientific and systematic examination of relevant information on a specific topic. It involves defining and redefining problems, expressing hypotheses or suggested solutions, collecting, organising and evaluating data, making inferences and reaching conclusions, and carefully testing the conclusions to regulate whether they fit the formulated hypotheses (Humpries and Truman, 2017). Welch and Piekkari (2017) stated that research involves finding something new while Alvesson and Gabriel (2013) pointed out the fact that each research has a purpose.

Research is simply valid if it measures what it sets out to fulfil (Amis and Silk, 2008; Bansal and Corley, 2011). An appropriate scheduled research plan, designed according to experiential desires, should ensure that the aims and purposes of the study are accomplished (Bansal and Corley, 2011). The literature necessitated that causes and disablements in the sustainability of pharmaceutical small-medium enterprises in Gauteng are worth investigating. In addition, the discoveries revealed that interior and exterior factors motivate and hinder the sustainability of pharmaceutical businesses as a whole.

The issue of keeping up logical thoroughness through contemplations of validity and reliability has been stressed in this study. What's more, the utilization of triangulation was

talked about to guarantee the nature of the mixed research structure. The hypothetical setting for ideas and the methodological methodology for testing hypotheses are clarified also. Ultimately, the part exhibits the ethical contemplations of the investigation and finishes with a section synopsis.

#### **4.2 THE RESEARCH PARADIGM**

According to Ary *et al.* (2018), a research paradigm is merely a belief system (or theory) that guides the way we do things, or more formally establishes a set of practices, which can range from thought patterns to action. The philosophical viewpoint that embraced was a key impact over the procedure as its most noteworthy point was not exclusively to coordinate the style of the researcher, yet additionally to illuminate the decision and improvement regarding the research instrument.

Philosophical contemplations speak to the premise of the judiciously picked research plan and technique for request, and they comprise of ontological and epistemological issues. Welch and Piekkari (2017) characterized cosmology as the idea of human reality that can be imagined starting at a target nature outside to the individual or, the result of individual insight and brain. In the principal case, the truth is autonomous of the psyche, yet in the last mentioned, it is developed by the individual personality (Bell 2017). The specialist's ontological situation for this exploration is characterized as sober mindedness in light of the fact that it sees truth of pharmaceutical SME's in Gauteng with regards to the circumstance or reality thereof free of the scientist, in view of socially stable develops (semi actualities) and quantitative information (certainties).

Whitley (1984) stated that the philosophical thought that is firmly identified with cosmology is epistemology (how might I know reality), that is, the philosophical hypothesis of information, and it is worried about what comprises warrantable information and how an analyst can get it (Bansal and Corley, 2011). To answer ontological and epistemological issues, the specialist alludes to the reason for this examination, which was to increase a superior comprehension of pharmaceutical SMEs in Gauteng and to build up a supportability system which its fundamental reason will be to lighten the issues expressed under the issue explanation segment of this investigation.

In any case, as expressed in the past sections so as to accomplish the reason for this investigation, an endeavor has been made to comprehend the pharmaceutical SMEs (social wonders) through a comprehension everything being equal, particularly business visionaries' activities that are guided by their normal frame of mind and conduct. Vandenberg (2006) expressed that logic as a way of thinking incorporates the utilization of acceptance or revelation of examples or increasing a comprehension of the implications people connect to occasions, a closer comprehension of the examination setting, and assortment of subjective information. Vandenberg (2006) further expressed that derivation is made on moving from hypothesis that is assembled from the writing to the assortment of quantitative information. Romani *et al.* (2011) added that testing of speculations, theories and clarification of connection among factors and utilization of controls to guarantee legitimacy and dependability of information and the determination of adequate example measures so as to sum up end (Creswell *et al.*, 2006).

Creswell and Plano (2011) further proposed the accompanying epistemological rationale for mixed method strategies:

- That every single solitary method (i.e., interview, survey) and information types (numerical, sound, visual, word-based) can be arranged under one of two compact standards (quantitative and subjective)
- That components from every one of these two ideal models can coincide in a solitary report
- That a third classification is expected to allude to considers which use components of the two standards
- That logic is the philosophical reason for this third classification
- That this third class ought to be in itself a different worldview

#### **4.2.1 The relationship amongst philosophy and practice**

That direct regulating connections exist among ideal models and philosophies/strategies and sorts of information

Empirical justification for mixed methods:

- That there ought to be an extraordinary spotlight on 'blending' when utilizing components from both quantitative and qualitative ideal models in a similar report, as these are naturally unique in structure
- That the triangulation of epistemologies/philosophies/strategies gives preferred quality information over a solitary methodology
- That by this, the blended strategy is a powerful technique for explore

Tracy (2010) and Haynes (2017) expressed that, in accordance with consistent positivism, practicality diagrams that check and speculation can be built from acquired information. Be that as it may, logic additionally recognizes subjectivity as information as got through close to home understanding. Cunliffe (2003) highlighted that when tolerating a continuum instead of inverse posts among objectivity and subjectivity, the specialist is constantly permitted to move to and fro among hypothesis and actualities when concentrating specific items or issues.

#### **4.2.2 Justification of the paradigm**

pragmatism is normally viewed as the philosophical accomplice for the Mixed Methods approach. It gives a lot of suspicions about information and enquiry that:

- Underpin the Mixed Methods approach; and
- Distinguish the methodology from simply quantitative methodologies that depend on a way of thinking of positivism and absolutely subjective methodologies that depend on a way of thinking of interpretivism.

Welch *et al.* (2015) and Welch and Piekkari (2017) stressed that with regards to examine, logic will in general spin around the accompanying center thought: information depends on down to earth results and what works. The key standard for making a decision about information is the way helpful it is seen to be and how well it functions when applied to some pragmatic issue (Creswell and Plano, 2011). Research should test what works through down to earth enquiry; one best logical best strategy can't lead the best approach to undeniable information (Johnson *et al.*, 2006). Knowledge is impermanent; what we

understand as truth currently may not necessarily be perceived as such in the future (Gioia, Corley and Hamilton, 2013). Information is viewed as a result of our occasions. It can never be outright or impeccable in light of the fact that it is definitely a result of the authentic time and the social setting inside which it is created.

The mission for supreme 'truth' is thus observed as miserable reason (Eisenhardt, Graebner and Sonenshein, 2016). Eisenhardt (1989) added that customary dualisms in the field of reasoning and science are viewed as not accommodating; specifically, there is distrust about the differentiation among quantitative and qualitative research, however there is likewise a dismissal of qualifications like actualities, values, objectivism, subjectivism and logic or experimentation. Consequently, Creswell and Plano (2011) stated that turning into an even minded specialist offers a bunch of favorable circumstances for people since it empowers scientists to be adaptable in their insightful methods as they endeavor to address a scope of research addresses that emerge.

In this manner, for some blended technique scientists, at that point, realism has become the response to the subject of what is the best worldview for mixed strategies examine. The analyst meant to figure out which factors propel the pharmaceutical SMEs to support themselves and stay gainful notwithstanding all difficulties that they are looked with on day by day.

#### **4.3 RESEARCH DESIGN**

Ketchen et al. (2018) characterized research design as a system or diagram for an research study, which determines the techniques and strategies for gathering and dissecting the necessary data (Creswell, 2007). As per Wahab et al. (2017), the decision of the best possible research configuration is essential to guarantee that the examination will give significant data to the exploration goals, and accomplish. The examination study utilized mixed method structure. It was a mostly blended successive quantitative predominant overview and incompletely subjective. Zhang et al. (2017) expressed that the blended technique look into is perceived as another significant research approach alongside subjective and quantitative research. They further expressed that blended

technique investigate consolidates subjective and quantitative methodologies into the approach of a solitary report.

mixed research explore considers about numerous points of view, gathering information on procedures and encounters alongside target information (Greckhamer and Mossholder 2015; Creswell and Plano, 2011). One introductory choice in mixed methods look into is to decide if the qualitative and quantitative methodologies will accept equivalent status or whether one methodology is prevailing. It is likewise significant that these strategies guarantee the examination legitimacy and unwavering quality (Ketchen, Craighead and Cheng, 2018).

The researcher deemed that reflecting the relative strengths and weaknesses of each of these options is important before choosing a preferred approach for this thesis. Quantitative surveys are widely believed to yield more objective, valid and reliable research results (OHalloran *et al.*, 2018). The typical reliance on qualitative and quantitative is based on the fact that they are more demonstrative, samples are also thought to yield more generalisable results, with superior predictive value (Lucero *et al.*, 2016). Creswell and Plano (2011) anyway expressed that these techniques experience the ill effects of progressively low reaction rates and can be helpless to estimation blunders and utilization of "questionable" key witnesses. Another regularly referred to shortcoming is that they offer restricted degree for longitudinal research.

According to Barratt *et al.* (2011), subjective contextual analyses are attributed with producing rich, inside and out and quality information. They can go past the explored cases to catch new substances, new thoughts and hypothetical experiences on the examination question/s (Beverland and Lindgreen, 2010). Other key qualities of subjective contextual investigations incorporate their more noteworthy reasonableness for longitudinal examinations and for look into settings where the significant populace isn't sufficiently huge to permit measurable speculation (Ketokivi and Choi, 2014). Subjective contextual analyses, in any case, broadly think about less destinations than quantitative methodologies, and their ordinarily little example sizes open them to charges of constrained representativeness and generalisability (Schmenner *et al.*, 2009).

#### **4.3.1 MIXED RESEARCH DESIGN AND METHODOLOGY**

This examination was led through a mix of quantitative and qualitative strategies. The primary contention against such a system is that, it consolidated inconsistent logical ideal models. Be that as it may, as contended above, explore theory dependent on realism offers an exit from this problem, pushing the use of blended techniques or models (Barratt, Choi and Li, 2011; Hahn, Spieth and Ince, 2018). They further stated that it offers a competitive additional advantage as it overcomes single method biases in research. Creswell (2007) added that joining qualitative and quantitative information additionally makes it conceivable to control the information or access more degrees of the marvels contemplated.

In this manner, to upgrade the nature of the data assembled from members, both quantitative and qualitative techniques were applied in this investigation. Blended technique investigate is a way to deal with request that joins or partners both subjective and quantitative structures. It includes philosophical presumptions, the utilization of qualitative and quantitative methodologies in various phases of the exploration procedure and the blending of the two methodologies in an investigation. In this way it is more than basically gathering and examining the two sorts of information. It likewise includes the utilization of the two methodologies pair so the general quality of an investigation is more noteworthy than either subjective or quantitative research (Beverland and Lindgreen, 2010; Ketokivi and Choi, 2014).

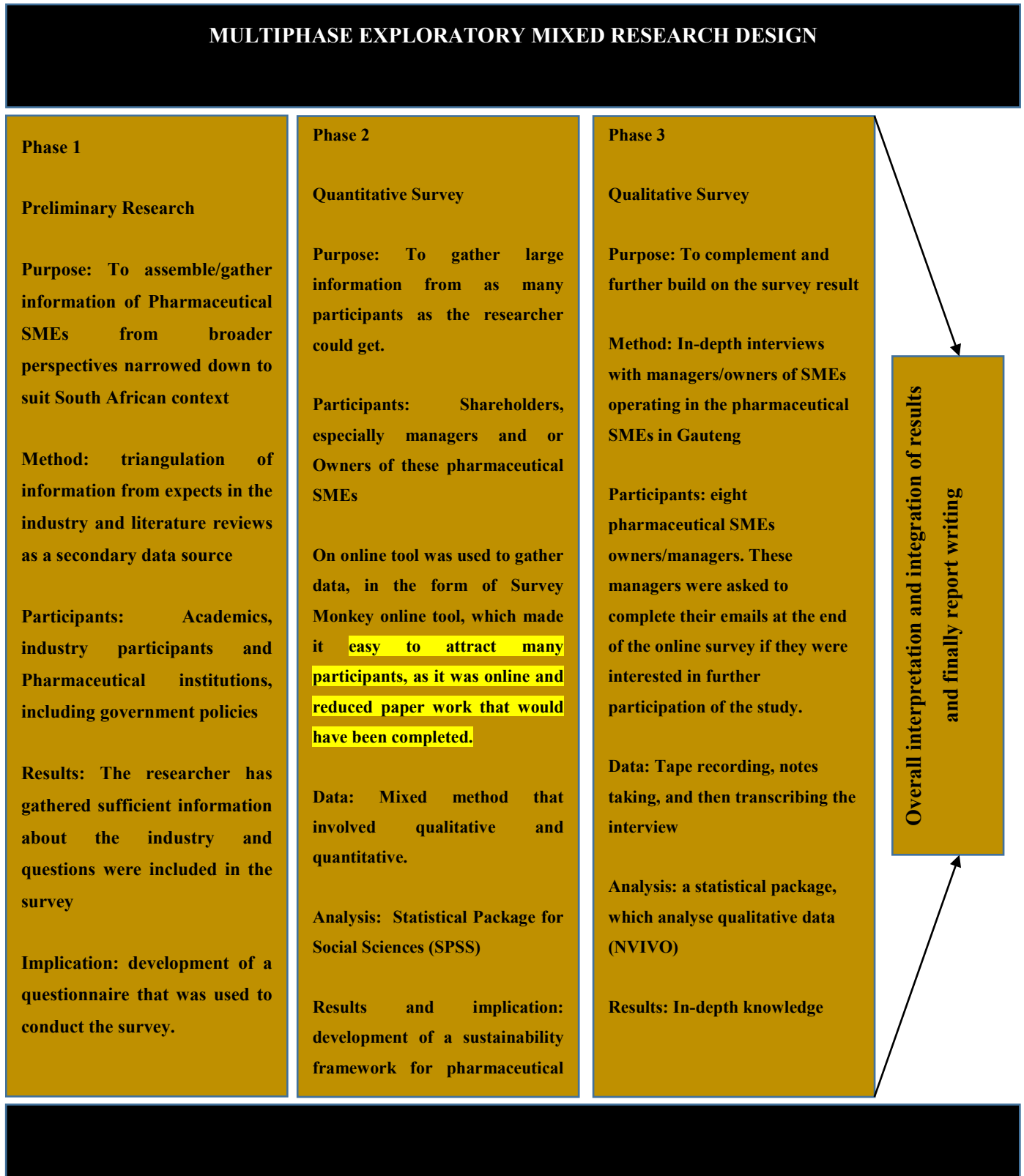
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basically gathering and examining the two sorts of information. It likewise includes the utilization of the two methodologies pair so the general quality of an investigation is more noteworthy than either subjective or quantitative research.

Figure 4.1 on the next page depicts an overview of the research design followed in this study.

**Figure 4.1: Research design**



**Source:** Author's own illustration for this research based on literature review (2018)

The examination received a consecutive approach that includes three stages (Hahn, Spieth and Ince, 2018). Stage one starts with an exploratory investigation, which included utilizing a qualitative strategy at the principal phase of research to decide the hole of information that should be tended to. In the following stage, the quantitative methodology was utilized to gauge and dissect the connection between pharmaceutical SMEs maintainability hindrances, driving variables, administrative and authoritative elements and tendency of SMEs manageability utilizing a study. Be that as it may, at this stage the data got was not inside and out on the grounds that the worry is arranged in various areas, which is looked with changed difficulties.

In this manner, contextual analyses were then utilized in the third period of the exploration. This stage was done through a subjective methodology by talking people to acquire the basic subtleties that the quantitative methodology all alone was not able to do. Figure 4.1 above shows all the three stages that were engaged with directing this investigation. According to Schmenner *et al.* (2009), consecutive methodology is by all accounts the most straight forward technique contrasted with the other blended strategy draws near.

#### **4.3.2 PHASE 1: PRELIMINARY RESEARCH METHODS**

Discussions with specialists who are drug specialists and have been in the community pharmaceutical industry for more than decades, academicians and policymakers were done accompanied by literature review. The expectation was to get experiences into the thought processes and obstructions of the supportability of pharmaceutical SMEs with regards to building up a system that will help continue these drug stores. The specialists in the business were connected casually in the underlying phases of the examination. To guarantee the credibility of their positions, respondents were focused because of their positions, capabilities, affiliations, age and length of working experience.

The result of the fundamental research in this examination helped the researcher in recognizing the logical and calculated issues for the observational examination that pursued the primer investigation. The researcher utilized the yield of the exploratory stage

as information while undertaking the consequent stages. The literature review concentrated on surviving writing in the two significant orders, to be specific worldwide business hypothesis and local business hypothesis. Moreover, modern approach and procedure archives gave by the South African Pharmacy Council were additionally counseled.

Interviews schedules were set in zones that were included for the questions as Gauteng area was isolated into five locales which were utilized during the exploratory stage. The outcome was utilized while composing the exploration questions and advancement of study instrument for quantitative period of the examination and further educated the subsequent contextual analysis.

Aside from literature writing in the fundamental areas, writing on system and applied models and structures from worldwide and local business, about enterprise, key advertising and key administration, was additionally evaluated. The motivation behind this was to devise a model or structure that would embody all the important builds for examination and to think of a suitable approach to test these develops observationally.

#### **4.3.3 PHASE 2: QUANTITATIVE SURVEY**

The second stage of this study was piloted through a quantitative survey method with the objective of addressing the issues raised up in the aims and objectives of the study together with other barriers, which could be the leading factor of unsustainable pharmacies. A survey approach was preferred because of all the benefits, strengths and advantages it comes with. Government and SAPC Policies guidance dependent on proof got from factual speculations and totaled information will in general be, as a rule, misdirecting or unimportant for the necessities of focused endeavors. Different advantages, data assembled at the community pharmacies level gives the chance to survey the impression of big business proprietors about their recognition towards various manageability draws near, about what's going on versus what ought to occur.

By and large, data accumulated at the community pharmacies level gives the chance to survey the impression of big business proprietors about manageability difficulties and conceivable outcomes with regards to South Africa, Gauteng territory. Community pharmacy stores of all sizes are spoken to in the study albeit, normally, the fundamental spotlight has been on SMEs.

According to Cronholm and Hjalmarsson, (2011) The discussion of qualitative or quantitative methods has been going on for many centuries. One way to reduce the most dogmatic standings is to use mixed methods comprising of combinations of both qualitative and quantitative approaches. The quantitative piece of this investigation was utilized to test the theories created to perceive how various elements can encourage and impede t SMEs' maintainability in creating nations, especially with regards to South Africa. The questionnaire that was sent out to participants was also had follow up questions which needed to be answered by text as opposed to ticking a yes and no question.

Zohrabi, (2013) posited that there are several procedures of collecting data: tests, questionnaires, interviews, classroom observations, diaries, journals, etc. Relatively often, quantitative designs use assessments and closed-ended questionnaires in order to gather, analyze and interpret the data. Nonetheless, the qualitative methods mostly make use of interviews, diaries, journals, classroom observations and open-ended questionnaires to obtain, analyze and interpret the data. On the other hand, mixed method approaches usually use closed-ended questionnaires (arithmetical data), interviews and classroom observations (text data) to gather information.

#### **4.3.4 PHASE 3: QUALITATIVE CASE STUDY**

To supplement the review results, the examination embraced a subjective methodology as its accentuation is on implications and procedures that can't be estimated as far as amount, recurrence, power or total. In this way, the subjective methodology is progressively reliable with the analytical inquiries referenced subjectively in section one of this investigation.

In points like manageability, qualitative research is valuable in exploring the implications and translations that individuals (here, experienced drug store directors) provide for occasions they have encountered, and is suitable for understanding human marvels, for example, the direction of business visionaries, administrative recognition and their activities and conduct. This qualitative investigation just has not many insights that are utilized in the estimation of specific variables and the delineation of the maintainability of pharmaceutical SMEs in the neighborhood and worldwide markets. In any case, the greater part of the data and information are qualitative and serve to depict and clarify the general condition, and investigate the main impetuses that lead pharmaceutical SMEs towards supportability just as those obstructions that limit maintainability of pharmaceutical SMEs.

According to Creswell *et al.* (2006), contextual investigation is "an experimental request that researches a contemporary marvel inside its genuine setting utilizing various wellsprings of proof". The proof utilized for a situation study is ordinarily qualitative and centers around building up a top to bottom as opposed to expansive, generalisable comprehension. Contextual analyses can be utilized to investigate, portray, or clarify wonders by a thorough examination inside its common setting (Wang, 2017). The technique received in this stage thus involves a subjective, basically informative research point of view of the advancement of manageability structure of South African pharmaceutical SMEs.

Be that as it may, components of both exploratory and engaging examination are obvious in the cases as a result of the all encompassing nature of the examination questions. The analyst utilized a multi-contextual analysis investigate technique, permitting control of the information utilizing three methods of examination: design coordinating, clarification building, and time arrangement (Barratt, Choi and Li, 2011; Creswell and Plano, 2011).

#### **4.4 JUSTIFICATION OF THE DESIGN AND METHODOLOGY USED**

combining quantitative and qualitative techniques is great research practice. Utilizing numerous methodologies can benefit from the qualities of each approach and balance their various shortcomings. Besides, it likewise gives increasingly far reaching answers

to investigate questions, going past the constraints of a solitary methodology (Bansal and Corley, 2011). mixed method strategies inquire about speaks to a significant takeoff from the either/or suspicions of quantitative or qualitative methodologies since it permits that the two techniques might be important relying upon the sort of research question under scrutiny.

A focal presumption in blended strategies examine is that there are numerous sociology gives that can be better investigated through the mix of various techniques and systems. Adductive thinking can be comprehended as a procedure that qualities both deductive and inductive methodologies however depends essentially on the aptitude, experience, and instinct of analysts. Related with blended strategies investigate, through the between subjectivity of analysts and their understanding dependent on shared importance, this way to deal with thinking supports testing instincts hypothetically and exactly. In light of the best data nearby, provisional clarifications and speculations rise through the exploration procedure and can be created as well as tried utilizing strategies that are either quantitative, subjective, or a blend of both (Creswell *et al.*, 2006; Bansal and Corley, 2011)

By depending on adductive thinking, mixed methods strategies examine offers a significant better approach to imagine look into and can create progressively vigorous proportions of affiliation while enabling that numerous ways to importance exist (Schmenner *et al.*, 2009). Notwithstanding getting away from the snare of considering exploration to be an either/or decision between quantitative or qualitative plans, blended strategies give down to earth benefits also.

As to fundamental advantages, the general reason and focal reason of blended strategies thinks about is that the utilization of quantitative and qualitative methodologies in mix may give a superior comprehension of research issues and complex wonders than either approach alone (Hahn, Spieth and Ince, 2018).

A superior comprehension can be gotten, for instance, by triangulating one lot of results with another and subsequently upgrading the legitimacy of derivations. The idea of triangulation of techniques was the scholarly wedge that in the end broke the methodological authority of the mono-strategy perfectionists (Schmenner *et al.*, 2009). Concerning these primary purposes, different creators demonstrated a more extensive scope of reasons, Barratt, Choi and Li (2011) additionally gave a far reaching rundown of reasons or purposes for leading blended techniques examine, and every one of these designs was gathered under one of the four fundamental bases: member improvement, instrument constancy, treatment honesty, and hugeness upgrade. Beverland and Lindgreen, (2010) additionally displayed an assortment of purposes in blended techniques inquire about: triangulation, qualitative research encourages quantitative research, quantitative research encourages subjective research, examination of static highlights, subjective research may encourage the translation of the connection between the factors, and investigation of various parts of a wonder.

With regards to the explanations behind "mixed" concerns,, (Creswell, 2007), suggested the following:

- The inadequate contention – either quantitative or qualitative might be deficient without anyone else.
- Multiple edges contention – quantitative and qualitative methodologies give diverse "pictures".
- The more-proof the-better contention – joined quantitative and qualitative gives more proof.
- The people group of training contention – mixed techniques might be the favored methodology inside an academic network.
- The anxious to-learn contention – it is the most recent strategy.
- "Its instinctive" contention – it mirrors "reality".

The business the board look into has the idea of being transdisciplinary, various in degree, range and intricacy, which has added to the use of mixed strategies. The fundamental reason behind the utilization of blended strategies is that it can give more knowledge and a more profound comprehension of the marvel being contemplated than a solitary strategy. Because of this, the use of blended technique in business investigate has

expanded. In view of the points of interest talked about over, this examination has received the blended strategy approach.

#### **4.4.1 TARGET POPULATION AND SAMPLE**

Van de Vrande *et al.* (2014) define a population as “any collection of specified group of human beings or of non-human entities such as objects, additional institutions, time units, geographical area, and price of wheat or salaries drawn by individuals”. The target populace for the quantitative and qualitative stages of the study was all pharmaceutical SMEs who are registered with the South African Pharmacy Council and Independent Community Pharmacy Association, engaged in commercial activities within the communities of Gauteng province in South Africa. According to the South African Pharmacy Council database of registered organisations, (refer to appended table attached), there are 1637 in Gauteng province, out of 4615 pharmacies in South Africa, of which Gauteng alone has over 35% of the pharmacies. This research focused on community pharmacies, which are 1114 in Gauteng.

Josh (2016) Richard and Trevor (2016) asserted that probability and non-probability sampling are the only two methods that researchers can use. Gillespie *et al.* (2014) argued that the best method between the two is probability sampling because each member of the population stood an equal chance to be selected to participate, whereas on the non-probability sampling participants’ chance of being selected on the population were unknown. Bentley *et al.* (2015) defined sampling as a process of selecting a fractional part of the whole relevant group or population. According to Visscher and Goddard (2015) sample size calculator, the sample size of 286 was recommended. This was calculated at the total population of community pharmacies in Gauteng 1114 with a confidence level at 95% and a margin of error of 5%. According to the Slovin formula, the following was the suggested sampling size:

$$n = N / (1 + Ne^2)$$

$$n = 1114 / (1 + 1114 \times 0.05^2)$$

$$n = 294$$

Both the sampling methods suggest a relative number in this study. The number that will be used is 294 pharmacies, which represents 26% of every pharmacy in the total selected population.

A target population of 294 community pharmacies SMEs who are operating business within Gauteng province were acknowledged initially. This list was organized based on the information collected from the South African Pharmacy Council and the Independent Community Pharmacy Association. To maintain more arithmetical precision, the researcher distributed a link of the online questionnaire through the SAPC and the ICPA, which was distributed to their affiliates; in this way each pharmacy stood a chance to be selected.

## **4.5 SAMPLING METHOD**

The sampling method is isolated into two particular more extensive classes, to be specific, likelihood testing and non-likelihood inspecting. Every one of these systems can be used by the analyst, contingent upon the goal and style of the inspecting structure. Both probability and non-probability testing methods are separately examined underneath.

### **4.5.1 Probability Sampling**

A probability sample, according to Bansal and Corley (2011), is characterized as an example where every part of the populace has an equal possibility of being picked. probability inspecting is typically thought to be the most requesting technique for testing for factual research. Frequently the probability of units being chosen is equivalent in which case gatherings will be spoken to in the example in their actual extents.

#### **4.5.1.1 Unrestricted or Simple Random Sampling**

This examining technique includes the researcher picking the example haphazardly from the inspecting outline utilizing an online arbitrary number generator or irregular number tables. Every unit is picked with a non-zero probability and known possibility of being chosen so every component in the populace has an equal (known) possibility of being chosen(Lee *et al.*, 2016).

#### 4.5.1.2 Restricted or Complex Probability Sampling

This sampling technique has different sub-techniques that can either be utilized independently or as a mix of at least one. Limited inspecting is described by the example set not having equivalent likelihood of being chosen. There are numerous methods for meeting this characterizing highlight while additionally being equipped for speaking to the populace and having favorable circumstances for other research objectives. The different complex testing strategies are examined underneath (Gillespie, Chaboyer and Wallis, 2014).

#### 4.5.1.3 Systematic Sampling

According to Kothari (2004), systematic sampling is helpful when the examining outline is available and as a rundown. In this testing structure, the choice system starts by choosing some arbitrary point in the rundown, and afterward each  $n$ th part is chosen until the favored number is verified. Visscher and Goddard (2015) feature that orderly examining incorporates the scientist picking the example at standard interims from the inspecting outline. This guarantees the units can't be tested more than once.

#### 4.5.1.4 Stratified Random Sampling

According to Ketokivi and Choi (2014), if the populace from which an example is to be delineated doesn't include a homogeneous gathering, at that point a stratified examining method is utilized to procure an agent test. This method necessitates that the populace is stratified into various non-covering strata or subpopulations and the example things are looked over every stratum. Stratified random sampling is adjusted arbitrary inspecting in which the specialist parts the populace into at least two related and critical strata established on one or a few attributes. As a result, an arbitrary example (precise or basic) is then drawn from every one of the strata. Parting the populace into a grouping of related strata implies that the example is conceivably liable to speak to every one of the strata in extent with the example (Saunders *et al.*, 2007). Stratified sampling has comparable preferences and detriments of systematic sampling.

#### 4.5.1.5 Cluster Sampling

Cluster sampling envelops gathering the populace and afterward picking the groups or gatherings instead of unmistakable components for inclusion in the example. The cluster sampling outline is a thorough rundown of bunches as opposed to an extensive rundown of independent cases. area sampling, then again, is decently firmly identified with bunch testing and is as often as possible utilized when the entire land area jumps out at be enormous. It is advantageous concerning the time and cash dispensed for a specific report. The example is dependable as it permits irregular assignment at various stages (Ketokivi and Choi, 2014).

#### 4.5.1.6 Single-stage Multistage Cluster Sampling

Bansal and Corley (2011) clarified that multi-stage sampling is now and again called multi-arrange group inspecting. It is commonly used to overcome challenges associated with geologically dispersed populace, in times when the up close and personal trade is required or where the time has come expending and exorbitant to fabricate an inspecting outline for a major topographical territory.

#### 4.5.1.7 Double Sampling

Cooper *et al.* (2006) maintained that it could be fitting or productive to assemble information by test, from that point use this information as the establishment for choosing a sub-sample for additional study.

### **4.5.2 Non-probability Sampling**

Non-probability Sampling or non-irregular inspecting offers a variety of elective strategies to pick the examples dependent on the researcher's abstract judgment. In non-likelihood inspecting, units are intentionally picked to duplicate explicit qualities of the gatherings inside the tested populace dependent on explicit choice criteria as controlled by the specialist (Ketokivi and Choi, 2014). T The example isn't intended to be measurably agent: the chances of being picked for every division are obscure; be that as it may, the highlights of the populace are utilized as the establishment of choice.

#### 4.5.2.1 Convenience Sampling

Convenience sampling which is in some cases known as erratic inspecting incorporates picking arbitrarily those examples that are the least difficult to get for the analyst's example. While this method for sampling is usually utilized, it is probably going to be one-sided and inspires what is past the scientist's forces. Here the researcher chooses the example as indicated by accommodation of access to the populace and not by what is expected of the investigation. A few researcher have recommended that comfort testing involves a recognizable type of qualitative inspecting, established on the error that little example sizes don't permit measurable speculation; consequently it doesn't make a difference how cases are chosen (Mason, 2002; Patton, 2002).

#### 4.5.2.2 Quota Sampling

Quota sampling is totally non-random and is typically utilized for interviews with surveys. It is established on the premise that the example will connote the populace as the inconstancy in the example for endless share factors is equivalent to that in the populace. quota sampling is said to be more affordable than other examining strategies and rushes to set up. It is commonly utilized for enormous populaces. The thinking behind share testing is that sure pertinent highlights depict the components of the populace. In most standard examples, researcher stipulate more than one control component. One of the reasons why researchers use quota sampling is to decrease the cost of the surveys and the time required to finish them by using a convenient sample of people who are ready and prepared to be interviewed for the first time the interviewer calls.

#### 4.5.2.3 Purpose Sampling

According to Greener (2008), purposive testing is every now and again utilized with extremely little populace and tests. This strategy can't yield any factual impedance about the populace. Purposive examining could likewise be utilized by researchers grasping the grounded hypothesis methodology. The example units are chosen since they have explicit attributes or highlights which will permit exhaustive assessment and comprehension of the focal riddles and subjects which the researcher wishes to seek after. These likely could be identified with explicit encounters, socio-statistic qualities, practices or jobs. Individuals chose to be a piece of the example are picked with a reason

to type in connection to a key basis or speak to an area. In the early structure periods of the examination, choices about which criteria are utilized for choice are oftentimes made. The technique for purposive testing requires clear objectivity with the goal that the example confronts autonomous investigation.

#### 4.5.2.4 Snowball Sampling

According to Greener (2008), snowball sampling is an uncommon sort of non-likelihood inspecting where it is hard to recognize members. The scientist speaks with an underlying gathering of individuals material to the exploration point, and afterward uses the gathering to contact others for the examination. In snowball examining there is no example outline; nonetheless, occasionally it is hard to pre-characterize the populace. Adams (2007) added that one of the benefits of snowball sampling is condensed sample sizes and costs.

#### **4.5.3 Rationale for Sampling Method**

Given the previously mentioned sampling techniques accessible, the present study utilized simple probability sampling. The chosen strategy was consistent with the intention of the research to construct a representative sample. Moreover, probability sampling was perfect for this examination as it works best with enormous numbers, especially huge scale online studies utilizing mixed methods techniques, which are quantitative and quantitative information and where there is a known populace (Ketokivi and Choi, 2014).

The Independent Community Pharmacy Association (ICPA) helped with the distribution of Questionnaires, These questionnaires were sent out to the general population of 1114 who are locally based within Gauteng Province. Inline with both the Solvin and sample test size calculator they relatively suggested a sample size of between 286 and 294 respectively. Participants were sent out emails which had a survey Monkey link that contained the questionnaire. A total of 586 participants attended to the link, 182 declined the participate in the Survey and when the process of cleaning up the data for analysis was done over 82 participants started the questionnaire and did not complete the questionnaire. In total 322 participants took the questionnaire and complete all the questions.

Bansal and Corley, (2011) posited that probability sampling is characterised by equally possibilities where each participant within the targeted population under study stand a chance of being picked. All participants within the region understudy were sent out a link and those that wanted to participate accepted the structured questionnaire and participated in the research. According to Mahmud *et al.*, (2020) the most critical requirement and advantage of probability sampling is that everyone in your population has a known and equal chance of getting selected. For example, if you have a population of 100 people, every person would have odds of 1 in 100 for getting selected. Probability sampling gives you the best chance to create a sample that is truly representative of the population.

#### **4.6 DEVELOPING A SAMPLING PLAN FOR CASE STUDY PHASE**

When all is said in done, sampling plans for qualitative research depend on distinguishing people who might be great sources of the phenomenons under scrutiny. Sample size are normally little (<40) and depend on the standard of information repetition or immersion. Conversely, quantitative samples are a lot bigger. samples in quantitative research are dictated by a power analysis, which ascertains the base sample size expected to identify a critical impact with a specific degree of certainty (if a huge relationship or distinction exists). For longitudinal studies, sample sizes likewise need to factor in the potential for steady loss after some time (Bentley, Christopher DeZorzi and Richardson, 2015).

Sampling will be done until redundancy in data will be reached. The primary marker of sample size in qualitative research is regularly the time when repetition, or hypothetical immersion of the information, is accomplished. The researcher ought to demonstrate how and when the choice was arrived at that there was adequate profundity of data and repetition of information to meet the motivations behind the investigation. The inspecting procedure ought to be adaptable, developing as the examination advances, until the purpose of excess in rising topics is come to until the point of redundancy in emerging themes is reached (Creswell and Plano, 2011).

In this stage, the qualitative methodology was utilized to determine predictable examples in the outcomes recognized in the review just as to expand on the quantitative discoveries.

Since this was an online overview study, members were approached to live their messages and work numbers in the event that they were keen on taking part in the study further.

## **4.7 DATA SOURCE AND DATA COLLECTION PROCESS**

### **4.7.1 SECONDARY DATA SOURCES**

Notwithstanding essential sources, auxiliary wellsprings of data were utilized including exercises drawn from earlier literature on a similar issue. In this way, relevant for this study included survey archives, marketing journals, industry reports and SMEs' yearly reports, and different records indicating the experience of different nations in the territory of community pharmaceutical SMEs. In this study, extraordinary consideration was given to the most recent sustainability data on both national and universal business enterprise books, and diary articles.

Statistic South Africa, Chamber of Commerce, Ministry of Trade and Industry, SEDA, together with SAPC and ICPA are the optional sources that were utilized in looking at SMEs' patterns and related difficulties just as understanding the role of government backing to change supportability challenges/obstructions as talked about in past parts. This empowered the researcher to obtain a top to bottom information on the sustainability of pharmaceutical SMEs and hindrances that can cause these SMEs to neglect to support themselves in South Africa.

The researcher is of the sentiment that the sources picked are to a sensible degree dependable: sources, for example, University of Kwa-Zulu Natal online library databases, Sefako Makgatho Health Sciences University, School of Pharmacy, Dr George Mokhari Hospital pharmacy office in Ga-rankuwa, Google Scholar and scholastic books from various writers just as organization reports. These sources empowered the researcher to view various perspectives, some contending for and against existing firm sustainability hypotheses and models for the scientist to be unprejudiced in his examination during this exploration.

#### **4.7.2 PRIMARY SOURCES OF DATA**

Primary data through online survey questionnaires and structured interviews were gathered from community pharmacy owners and or managers. A three-point Lickert scale and self-managed questionnaire of close-ended questions was utilized for the study. Be that as it may, the interview questions were encircled in an organized manner with open-ended questions to permit adaptability in social affair information that can't be tended to by the poll. This was because of the way that the different information assortment modes are not fundamentally unrelated. Or maybe, they can be utilized in an integral manner to expand on one another's qualities and make up for one another's shortcomings.

To this end, states Creswell (2007), "no single source has a complete advantage over all others". The different sources are highly harmonizing, and a good case study should make use of as many sources as possible. He further recommended that the validity of scientific study upsurges by using various sources of evidence.

By applying the key informer approach, SMEs manager/s and or proprietor/s were sent a link by the ICPA, which allowed them to access an online survey of the questionnaire. At the end of the questionnaire, participants were asked to leave out their telephone numbers and email addresses, if they were interested in being interviewed. Thus, respondents were high-ranking officers/executives/owners in charge of this pharmaceutical community SMEs who can be expected to have experience and in-depth knowledge about the pharmacy operations. The investigator assumes that these persons have sufficient knowledge to comprehend and reply to questions relating to sustainability practices and obstacles faced in their respective companies. To authenticate survey results, ten pharmacy owners were interviewed. These were the pharmacy owners who were interested in participating further in the study over and above completing the online questionnaires.

#### **4.8 QUESTIONNAIRE ADMINISTRATION**

Every effort to be put on the subtleties of the survey administration is to persuade the target group that their assistance and participation is imperative to determine an extensively significant issue. The reward of every respondent in this way alludes to the

consultancy role offered to the person in question by the researcher. The key informant approach was utilized to figure out who ought to be the respondent for every one of the organizations remembered for the rundown of respondents.. "The job of a key witness is to total data about authoritative exercises or results; consequently, sources ought to be chosen based on aptitude."

Embracing the key source approach compares well with discussions carried out within the SMEs literature, where the key leader is accepted to have a noticeable role as a solid and direct influencer of the drug store's activities. Specifically, research on SMEs has discovered that it is regularly the key choice maker(s) who is (are) liable for dealing with the business exercises of these drug stores (Massoud et al., 2015). Additionally, an organization's CEO is the favored individual to address inquiries of a vital sort and those identified with pharmacy maintainability (Chadwick et al., 2015). Correspondingly, the poll was routed to the key leader, chiefs as well as proprietor of the firm.

Further, to increase the reaction rate at first, the researcher sent a couple of updates/reminders through the Independent Community Pharmacy Association database. The researcher reminded the members to take the poll on the web and furthermore helped them to remember the due date. Attempting to get ICPA during the collection of data stage was also to make sure that respondents were informed about the survey and to request their participation.

Nonetheless, the primary explanation behind constant correspondence with ICPA during the assortment of information arrange was likewise to ensure that respondents were educated about the study and to request their cooperation. This methodology ought to guarantee the respondents that their interest will be profoundly significant. On the off chance that a respondent consented to address the study questions, the individual would tap on the web-address connect to get to the questionnaire. The questionnaire was long, and that is the reason it utilized three Likert scales rather than the customary five scales. This was to offer members/respondents adequate time; they could address the inquiries at whatever point they liked, adding to their benefit. This is especially significant when requesting that busy experts answer polls; the survey could likewise be taken through a

cell phone versatile, tablet, which expanded the measure of accommodation, which most fit the remedy of occupied experts who could finish it whenever between their busy timetables.

#### **4.9 THE INTERVIEW**

An interview checklist was used during interviews to keep the informants on track. The interviews were conducted using a semi-structured interview guide. Prior to an interview, the interviewer contacted the respondent to arrange convenient time. In addition to enabling the researcher to obtain in-depth information about target group, interviews had the added advantage of allowing the interviewee to volunteer information rather than responding to structured survey questions that might hamper the process of obtaining a holistic understanding of the process. The actual data gathering for the current study was started on the 14<sup>th</sup> of October 2017, and completed on the 14<sup>th</sup> of February 2018, followed by interviews which were conducted in May 2018.

#### **4.10 RESEARCH QUALITY**

A researcher must open to the peruser such knowledge into the research design and the board that appraisal of research quality can be made. Research quality is ordinarily talked about as far as validity and reliability (Richard and Trevor, 2016). The legitimacy of an investigation identifies with what degree ideas and speculations utilized are important for the specific extent of the research (Zhou, 2015). The achievement or fittingness of the operationalisation procedure in this manner to a great extent decides the validity of an study. It is while transferring hypothetical constructs into quantifiable things that deliberate blunders can be either stayed away from or incorporated with the research.

#### **4.11 RIGOUR OF THE QUANTITATIVE PHASE**

Internal validity alludes to the “extent to which its design and the data that it yields allow the researcher to draw accurate conclusions about cause-and effect and other relationships within the data” (Trochim, 2006). Since the present investigation is definitely not an unadulterated examination, the ideal circumstances and logical results relationship among factors was not anticipated. The researcher didn't make a difference controls on

variables. The researcher in the present study went for a mere identification of significant components related with pharmaceutical SMEs' sustainability.

The aim was not to set up an authoritative circumstances and logical results relationship among variable. That is the reason the online study was a favored technique rather than explore which is normal in unadulterated reason impact inquire about. Subsequently, internal validity has been treated by design requirements. Since the research was cross-sectional examination, no influence over factors since every one of the speculations are hypotheses of affiliation, not causation. The exploration configuration must be without genuine blunders that can cause low internal validity, while it should likewise create factors and estimating instruments that are well-characterized, guaranteeing high validity. Internal validity concerns causal connections that are hard to check from correlational studies (Yin, Robert and Heald, 1975).

internal validity calculates the degree to which the reactions from the respondents mirror similar properties (Egana et al., 2015). The triangulation system through mixed research guaranteed the validity of the information assembled through the questionnaire, which posed various inquiries of the target sample to decide the respectability of the appropriate responses (Wang, 2017). Statistical conclusion validity refers to the "assessment of the mathematical relationships between variables and the likelihood that this mathematical assessment provides a correct picture of the co-variation (Type I and Type II error). To ensure internal validity in the current study, the researcher controlled the effect of an alternative explanation (explanations that make hypothetical relationship spurious). Thus, alternative explanations were controlled by using appropriate statistics, such as confidence interval, significance level, coefficient of association without creating control and experimental variables in the study".

External validity alludes to the "degree to which its outcomes apply to circumstances past the investigation itself the degree to which the ends attracted can be summed up to different settings" (Yin, Robert and Heald, 1975). Moreover, external validity addresses

the "generalisability of test results to the number of inhabitants in enthusiasm, crosswise over various measures, people, settings, or times. To keep up external validity in current investigation basic arbitrary testing technique was utilized to give each member an equivalent opportunity to take part.

The sample edges of the survey, identified with a populace of pharmaceutical SMEs in Gauteng, South Africa. As a pilot-study, the survey stage began with a geographical determination that uncovered the transcendence of community pharmaceutical SMEs that were situated in Gauteng as the economic center point of South Africa, being the smallest province which has the best financial importance. For the online survey phase of the study, an random sampling system was undertaken of a bigger sample covering industry concentrated topographical zone.

The researcher decreased the non respondent rate by sending nonstop reminders messages to the huge populace of participants. Appropriately, the non-response rate was excessively low in the present study. The sample size was determined considering probability of non-responds. Along these lines, this investigation has high external validity in light of the fact that the researcher had the option to manage with the accompanying threats to external validity:

- The study focused on Gauteng and the body (Independent Community Pharmacy Association) that these community pharmacies are affiliated with, helped to distribute the link of the survey. Therefore the study did not suffer from unusual participants ; it did not suffer from unusual place error, as mentioned above. Gauteng Province has over 1/3 community pharmacies of South Africa as a whole.
- Since the data were collected within a short period, external validity was not affected by unusual time effect. The researcher collected data for 3 months.

Richard and Trevor (2016) stated that the reason behind reliability is that results must be more than a once-off finding and must be inherently repeatable. Wright (2014) and Zhou (2015) highlighted that numerous global researches have corroborated that for information to be reliable and valid, the research community must also be able to perform the same experiment under the same condition and generate the same results. Zhou

(2015) further emphasised that it is important to strengthen the findings and ensure that the general scientific public accepts the used hypothesis. Zhou (2015) further stated that if there is no replication of statistically significant results, the research and experiment would have not satisfied all the requirements of reliability.

Reliability is defined “as the consistency with which a measuring instrument yields certain results when the entity being measured hasn’t changed” (Zhou, 2015). According to Creswell (2007), researchers should try to answer the following question in an attempt to address reliability; “do measures show stability across the unit of observation? That is, could measurement error be so high as to discredit the findings?” Reliability can be proven in four different ways: equivalency, stability, inter-rater, and internal consistency (Yin, Robert and Heald, 1975).

In this study, interior consistency was the favored decision to quantify items reliability. Inside consistency centers around the degree of understanding among the different pieces of the instrument or procedure in surveying the character being estimated. The strategy was legitimate since Lickert Scale items dominated the question type in the present study. The fundamental thought of indicating reliability in the instrument was to perceive how steady the results of the evaluation scores were.

#### **4.12 PILOT STUDY**

The pre-test/pilot results were analysed using expressive statistics and checked for internal constancy reliability using inter-item relationships and Cronbach’s alpha. As the dependability coefficients outlined in the next page indicate, the measure items form a scale that has sensible internal consistency (Leech *et al.*, 2005). Items with modest to low correlations were not removed at this stage as this would only mark a small difference in the alpha. The basic idea of presenting reliability in the instrument is to see how consistent the results of the assessment scores are.

To ensure item internal consistency in the current study the following major activities were done:

- A draft questionnaire was developed based on past empirical work, exploratory study result and literature review.
- A pilot test of the draft questionnaire was conducted on ten community pharmacies.
- Any negatively worded questions were reversed during data preparation.

Items were added and deleted or modified depending on the pilot study result Using SPSS for Windows version 24. Reliability statistics were conducted for Cronbach's Alpha value. Past researchers, like Ibeh (2004); Leonidou, (2007); Ojala, (2009); Okpara, (2010), used Alpha the value of  $>.75$  in the study of firm sustainability. This was used as a benchmark in determining item reliability in the current study. Accordingly, internal consistency for the current study was found to be  $>.774$  on average.

#### **4.13 RIGOUR OF THE QUANTITATIVE PHASE**

According to Gliem and Gliem, (2003) internal validity refers to the “extent to which its design and the data that it yields allow the researcher to draw accurate conclusions about cause-and- effect and other relationships within the data”. Since the present study is not pure experiment, perfect cause and effect relationship among variables were not anticipated. The researcher didn't apply control on variables. The researcher in the present study aimed at a mere identification of important factors associated with the development of a sustainability framework for Pharmaceutical community SMEs. The aim was not to establish a definitive cause and effect relationship among variables. That is why survey was a preferred method instead of experiment which is common in pure cause-effect research. Thus, internal validity has been treated pursuant to the design requirements.

Kimberlin and Winterstein, (2013) posited that the research design must be without serious errors that can cause low internal validity, while it must also develop variables and measuring instruments that are well-defined, ensuring high validity. Yin, Robert and Heald, (1975) said that internal validity concerns causal relationships that are difficult to verify from correlational studies. The current study's attempt to assure internal validity

was made through assessing theories against the theories continuously during the research process.

According to Bashir, Afzal and Azeem, (2014) internal validity calculates the extent to which the responses from the respondents reflect the same attributes. The triangulation technique through mixed research ensured the validity of the data gathered through the questionnaire, which asked multiple questions of the target sample to determine the integrity of the answers (Fink, 2008).

Statistical conclusion validity refers to the “assessment of the mathematical relationships between variables and the likelihood that this mathematical assessment provides a correct picture of the co-variation(Bansal and Corley, 2011). To ensure internal validity in the current study, the researcher controlled the effect of alternative explanation. Thus, alternative explanations were controlled by using appropriate statistics, such as Cronbach alpha, significance level, coefficient of association without creating control and experimental variables in the study.

External validity refers to the “extent to which its results apply to situations beyond the study itself...the extent to which the conclusions drawn can be generalized to other contexts” (Yin, 2009). Additionally, external validity addresses the “generalizability of sample results to the population of interest, across different measures, persons, settings, or times. To maintain external validity in current study simple random probability sampling procedure was used to have more representative samples.

The sample frames of the survey related to a population of community pharmaceutical SMEs. As a pre-study, the survey phase started with a geographical selection that revealed the predominance of SMEs in terms of community pharmacies in the Gauteng province operating in the pharmaceutical sector. For the survey phase of the study a random sampling procedure was undertaken of a larger sample covering industry concentrated geographical area.

Reducing non response rate by using emails and a constant reminder email strategy, reminding follow up was conducted using e-mail. Moreover, a non-response analysis not

conducted but a detailed response was given under the sampling methods as to how many individuals participated and how many did not participate in order to assure generalizability beyond the sample. Accordingly, the non-response percentage was too low in the current study. Sample size was determined considering probability of non-response. Thus, this study has high external validity due to the fact that the researcher was able to manage the following threats to external validity:

- Inclusive of all participants within the data base of the South African Pharmaceutical Council and Independent Community Pharmacy Association. Was not affected by unusual place error where the study was conducted- the researcher managed this problem because the study's geographical area was within Gauteng province which represent over 35.1% (1114/3170) of community pharmacies within the whole of South Africa.
- Since the data were collected within short period of time, external validity was not affected by peculiar time effect.
- Care for over coverage was taken by excluding elements not in the target population. The quality of sampling frame was monitored by verifying information during data collection so as to check for out of scope units. The questionnaire was drafted to avoid errors and in case of numeric field it was only set to take in numeric data were it was qualitative it could only take in text variables.

Reliability is defined as “the consistency with which a measuring instrument yields a certain results when the entity being measured hasn't changed” (Bansal and Corley, 2011). According to Creswell *et al.*, (2006) , researchers should try to answer the following question in an attempt to address reliability; “do measures show stability across the unit of observation? That is, could measurement error be so high as to discredit the findings?” Reliability can be established in four different ways: equivalency, stability, inter-rater, and internal consistency (Trochim *et al.*, 2008).

In this study internal consistency was the preferred choice to measure item reliability. Internal consistency focuses on the level of agreement among the various parts of the instrument or process in assessing the characteristic being measured. The method was valid since Likert Scale items dominated the question type in the current study.

The basic idea of showing reliability in the instrument is to see how consistent the results of the assessment scores are.

To ensure item internal consistency in the current study the following major activities were done:

- Draft questionnaire was developed based on past empirical work, exploratory study result and literature review.
- Pilot test of the draft questionnaire was conducted on 10 similar firms
- Any negatively worded questions were reversed during data preparation
- Items were added and deleted or modified depending on the pilot study

Using SPSS for Windows version 20, reliability statistics were conducted for Cronbach's Alpha value. Past researchers, Trochim *et al.*, (2008) and Bansal and Corley, (2011), indicated that the Cronbach Alpha value of  $>.75$  ensure internal consistency. This was used as a bench mark in determining item reliability in the current study. Accordingly, internal consistency for the current study was found to be  $>.774$  on average. For detail see the following statistical output of reliability analyses as shown in Table 4.2

<b>Sustainability stimulu factors reliability</b>		
Cronbach's Alpha	Cronbach's Alpha Based on Standardised Items	No of Items
<b>0.772</b>	<b>0.769</b>	<b>7</b>

<b>Risk assessments Stimuli Factors reliability</b>		
Cronbach's Alpha	Cronbach's Alpha Based on Standardised Items	No of Items
<b>0.737</b>	<b>0.741</b>	<b>6</b>
<b>Ledaership Stimuli Factors reliability</b>		
Cronbach's Alpha	Cronbach's Alpha Based on Standardised Items	No of Items
<b>0.805</b>	<b>0.828</b>	<b>5</b>
<b>Marketing Stimuli Factors reliability</b>		
Cronbach's Alpha	Cronbach's Alpha Based on Standardised Items	No of Items
<b>0.793</b>	<b>0.799</b>	<b>7</b>
<b>Performance skills (internal and external)</b>		
Cronbach's Alpha	Cronbach's Alpha Based on Standardised Items	No of Items
<b>0.807</b>	<b>0.815</b>	<b>7</b>
<b>PESTEL for external measurement</b>		
Cronbach's Alpha	Cronbach's Alpha Based on Standardised Items	No of Items
<b>0.737</b>	<b>0.741</b>	<b>6</b>
<b>Government support Stimuli Factors reliability</b>		
Cronbach's Alpha	Cronbach's Alpha Based on Standardised Items	No of Items
<b>. 825</b>	<b>0.82</b>	<b>4</b>
<b>Product and service features</b>		
Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	No of Items
<b>0.638</b>	<b>0.645</b>	<b>3</b>
<b>Managerial Stimuli Factors reliability</b>		
Cronbach's Alpha	Cronbach's Alpha Based on Standardised Items	No of Items
<b>0.776</b>	<b>0.778</b>	<b>5</b>

<b>Competition Stimuli Factors reliability</b>		
Cronbach's Alpha	Cronbach's Alpha Based on Standardised Items	No of Items
<b>0.823</b>	<b>0.791</b>	<b>5</b>
<b>Customers Stimuli Factors and best business practice reliability</b>		
Cronbach's Alpha	Cronbach's Alpha Based on Standardised Items	No of Items
<b>0.678</b>	<b>0.683</b>	<b>3</b>
<b>Challenges faced by communtiy pharmacies and credit orientation and appetite</b>		
Cronbach's Alpha	Cronbach's Alpha Based on Standardised Items	No of Items
<b>0.588</b>	<b>0.574</b>	<b>5</b>
<b>The need for achivement and appetite for creativity</b>		
Cronbach's Alpha	Cronbach's Alpha Based on Standardised Items	No of Items
<b>0.849</b>	<b>0.853</b>	<b>7</b>
<b>Managerial leadership and innovation</b>		
Cronbach's Alpha	Cronbach's Alpha Based on Standardised Items	No of Items
<b>0.893</b>	<b>0.992</b>	<b>7</b>
<b>Informational barriers scale</b>		
Cronbach's Alpha	Cronbach's Alpha Based on Standardised Items	No of Items
<b>0.875</b>	<b>0.878</b>	<b>6</b>
<b>The Use of Media (Social web pages, news papers to market services provided by community pharmaceutical SMEs)</b>		
Cronbach's Alpha	Cronbach's Alpha Based on Standardised Items	No of Items
<b>0.722</b>	<b>0.724</b>	<b>2</b>
<b>location of the business and profitability limitationa</b>		
Cronbach's Alpha	Cronbach's Alpha Based on Standardised Items	N of Items
<b>0.853</b>	<b>0.851</b>	<b>8</b>

<b>Grants and support between the government, SAPC and ICPA scale items</b>		
Cronbach's Alpha	Cronbach's Alpha Based on Standardised Items	No of Items
<b>0.817</b>	<b>0.822</b>	<b>10</b>

**Source:** SPSS Process output version 26 (February, 2021)

Egana *et al.* (2015) states that validity covers the entire experimental concept and seeks to establish whether the results obtained meet all the requirements of the research method. Egana *et al.* (2015) further observed that even if interpreted results are great, an inconsistent sloppy research design will compromise the researcher's integrity in the eyes of the research community. Gillespie *et al.* (2014) defined external validity as a process of examining research results and checking whether there are any other possible causal relationships, while internal reliability and validity are the core of any experimental design. After collecting data, the researcher will ensure that the means of measuring data is both reliable and valid.

Validity alludes to whether an inquiry figures out how to quantify what it should measured. For quantitative survey research, Egana et al. (2015) talk about validity as far as face, substance, construct, and external validity. in general, in the event that the study instrument used to gather data has been utilized beforehand, at that point the validity and reliability quality of the instrument ought to be effectively shown. This is a direct result of the accessibility of references to past literature that has exhibited effective utilization of the overview instrument setting up its substance, constructs, and face validity and reliability (Rush, Thomas and Lord, 1977; Creswell and Plano, 2011). In this study, past instruments were utilized as a benchmark while building up the draft questionnaire for the study.

In studies that included outcomes dependent on study instruments, it is constantly essential to discuss about the validity and the reliability of the survey device. When all is said and done, the validity of a review instrument shows that the amassing of the data assembled gives proof that the inductions about the populace being referred to are proper dependent on the measurements utilized in the investigation (Creswell, 2007). These

three sorts of proof, to be specific, the substance, the construct, and the paradigm of the instrument, can assist a researcher with assessing the validity of a study tool.

#### **4.13.1 Face Validity**

Face validity refers to the extent to which the content of the indicators matches the construct definition Yin, Robert and Heald (1975). This judgment is based on logic and common sense. As the indicators and constructs used in this study are developed on the basis of theoretical literature and related empirical studies, they qualify for face validity.

Moreover, participant input during the pilot study was incorporated and the instrument was further improved. In line with Yin, Robert and Heald (1975), content validity in this study was strengthened through triangulation via multiple sources of evidence such as websites, official databases and reports in addition to preliminary interviews.

#### **4.13.2 Construct validity**

Construct validity is concerned with the consistency of indicators of a construct. This was assured through careful operationalisation of the constructs based on extant theory, and measures showed to be valid in earlier studies and publications. Moreover, the construct of validity was further assured in this study by drawing questions from existing local and international sustainability theories and was a retrospective design so that different patterns and behaviours of the foreign market entry of the target firms were covered.

In general, the following were considered to add more validity of the measurement instrument of the current study:

- Clear directions and instructions for the respondents in the online survey were included.
- Confusing and ambiguous questions were removed based on the pilot study, which was done on a sample of ten community pharmacies.
- Easy and common vocabulary in the areas of pharmacy sustainability was used to minimise errors caused by difficult vocabulary.
- Difficult and complex sentences were not included in the questionnaire to make the questionnaire accessible to both industries, which are commerce and health.

- Standardised survey administration procedures were used throughout the process.
- To avoid ambiguity No technical jargon was used in the questionnaire..
- Consistent and transparent coding methods were used.

#### **4.13.3 Criterion Related Validity**

Also known as instrumental validity, criterion related validity is based upon the premise that processes and instruments used in a study are valid if they parallel those used in previous validated researches. To establish criterion-related validity, strong parallels are drawn between as many particulars of the validated study population, circumstances, instruments used, and methods followed. Rigour in a study comes from the validity of the research, the reliability of the findings, and the use of triangulation in data collection (Rush, Thomas and Lord, 1977; Creswell *et al.*, 2006).

A valid work must be supported, acceptable and convincing. Each piece of research adds to a particular discipline and often does so by adhering to the guidelines for proper research. According to Egana *et al.* (2015), validity refers to the best estimate of the truth of any proposition or conclusion or inference described in the research. Validity was used to assess the quality of the research conclusions.

The internal and external validity of the research were evaluated to determine the cause and effect relationship between the variables identified in the hypotheses. According to Creswell (2009), validity plays a significant role in a qualitative study in that it is a powerful source used to determine the accuracy of the study's findings. Triangulation was used to increase the validity of this study.. Triangulation is the method of using multiple research approaches and methods. Such a technique can help in overcoming the bias and unproductiveness of a single method. It can be applied to both quantitative validation and qualitative validations (Yin, 2009).

Mixed methods are inherently neither more nor less valid than specific approaches to research. Likewise, as with any research, validity stems more from the appropriateness, thoroughness and effectiveness with which those methodologies that are applied and the care given to thoughtful weighing of the evidence than from the application of a particular

set of rules or adherence to an established tradition (Gillespie, Chaboyer and Wallis, 2014).

#### **4.14 RIGOUR OF THE QUALITATIVE RESEARCH**

The rigour of qualitative research is the extent to which qualitative researchers can demonstrate that their data are accurate and appropriate. One of the responsibilities of any qualitative researcher is to create a high level of consistency in the research result he/she produced. Furthermore, the readers and research participants should see why a particular research model was used and why the participants were selected for the study. The data analysis process should also reveal a believable link between what the participants expressed and the themes and codes that emerge.

The accuracy of this process for both the readers and participants creates a measure of credibility to the research project. As such, credibility can be defined as the methodological procedures and sources used to establish a high level of harmony between the participants' expressions and the researcher's interpretations of them (Welch and Piekkari, 2017).

The following are the methodological procedures used for ensuring credibility in the qualitative phase of the current study:

##### **4.14.1 Time**

The researcher established enough contact with the participants and the context to get the needed information. The collection of data over a prolonged period and from a range of participants increases the probability of false information due to recall error. However, in this study data were collected within short period.

##### **4.14.2 Angles**

The author of this study looked at the data from different perspectives and viewpoints to get a holistic picture of the environment.

#### **4.14.3 Colleagues**

The researcher used knowledgeable professionals in the area to review and critique the research and data analysis findings. Moreover, the researcher used reflective approaches through keeping a journal of reflections, biases or preconceptions and ideas.

#### **4.14.4 Triangulation**

The researcher seeks out multiple sources of data and used multiple data-gathering techniques.

#### **4.14.5 Member checks**

Participants were allowed to see draft data analysis to make sure that the data analysis was accurate and consistent with their beliefs and perceptions of the context being studied.

#### **4.14.6 The respondent validation**

The researcher returned to the participants with the data and findings as a means of checking the validity of the findings. This allowed a check on factual accuracy and, thus, the researcher's understandings to be confirmed (or amended) by those whose opinions, views or experiences were being studied.

#### **4.14.7 Dependability**

In qualitative research, dependability relates to the consistency between the data and the findings. There should be a clear explanation of the process of research including methods of data collection, analyses and interpretation often indicated by evidence of an audit trail or peer review. The audit trail describes the decision points made throughout the research process (Welch *et al.*, 2015).

In this study, dependability was ensured by:

- Showing a clear account of all the procedures followed regarding data collection and analysis has been clearly documented.

- Collecting data within a short period to minimise the impact of changes in the environment.
- Alteration of the research method depending on the situation.
- Giving field notes to reviewers before data analysis.
- Using of the case study protocol and interview checklists to maintain consistency in data gathering from all participants.
- Creating and appropriate database to maintain the data for future reference and replication of the study in a different context.
- Ensuring transparency throughout the study, which was supported by solid documentation of the research process and the use of standardisation in the surveys.
- Ensuring that the risk of common rater effects as a result of using key informant approach and other method biases was counteracted in the surveys through careful design and standardisation of the questionnaire.
- Recruiting — knowledgeable participants who were prepared to share their experiences and speak the truth.
- Ensuring that the researcher's role(s), level of participation and relationship with participants were well managed and clearly defined.

#### **4.14.7 Confirmability**

Confirmability was concerned with providing evidence that the researcher's interpretations of participants' constructions are rooted in the participants' constructions and also that data analysis and the resulting findings and conclusions can be verified as reflective of and grounded in the participants' perceptions. In essence, confirmability is expressed as the degree to which the results of the study are based on the research purpose and not altered due to researcher bias (Whitley, 1984). Confirmability is an accurate means through which to verify the two basic goals of qualitative research:

- To understand a phenomenon from the perspective of the research participants, and
- To understand the meanings people give to their experiences.

The researcher can also make the research process as transparent as possible by clearly describing how data were collected and analysed and possibly offering examples of the coding process in the final document. Therefore, the following were the most important activities to ensure confirmability:

- Outlier data that did not fit with the analysis were not neglected, but appropriately managed through data transformation.
- All the constructs developed are free from the researcher's bias because they were developed based on extant theories.
- During the qualitative interviews, negative instances or deviant cases that contradict the emerging analysis were appropriately considered.
- Rival explanations in the thematic analysis were strictly managed.
- Appropriate and transparent data collection and analysis methods were used.

#### **4.14.8 Transferability**

This refers to the prospect of applying the findings from research to other examples of the phenomenon. It concerns the ability of research findings to explain, or occur in similar phenomena at a general or universal level rather than being something unique to the particular case(s) used for the research (Wang, 2017) which is related to whether the findings can be transferred to other situations.

Appropriate information about the size/characteristics of these community pharmacies and the social context of the industry it becomes possible to think about how the findings might apply to similar pharmacies in similar situations

#### **4.14.9 Authenticity**

The most important aspect of qualitative research is authenticity. In establishing authenticity, researchers seek reassurance that both the conduct and evaluation of research are genuine and credible not only in terms of participants' lived experiences but also for the wider political and social implications of research. Authenticity involves shifting away from concerns about the reliability and validity of research to concerns about research that is worthwhile and thinking about its impact on members of the culture or community being researched. Authenticity, then, is seen as an important component of

establishing trustworthiness in qualitative research so that it may be of some benefit to society (Welch and Piekkari, 2017).

#### **4.15 DATA MANAGEMENT AND ANALYSIS**

The data analysis process is a way to discover “patterns, coherent themes, meaningful categories, and new ideas and in general uncovers better understanding of a phenomenon or process” (Suter, 2006). Since the aim of this research was to explore, describe and develop a sustainability framework for pharmaceutical SMEs, different analytical techniques were applied.

##### **4.15.1 QUANTITATIVE DATA ANALYSIS**

In this study, the researcher used SPSS (Statistical Program for Social Science) for Windows version 24 in doing quantitative data analysis. The researcher used several methods of descriptive statistics, based on Likert-scale statements, namely: reliability analysis, the frequency method and other descriptive and inferential statistical methods. Overall, the data processing method was used to process the responses which were received from the online questionnaires and seek answers to research questions and to test hypotheses that have been proposed in the previous chapter. The following are the quantitative data analyses procedures followed to process and analyse quantitative data:

- Data coding: Coding is the process of assigning a numerical value to responses to facilitate data capture and processing in general. The response categories for closed questions have been pre-coded on the questionnaire. The open-ended questions were post-coded in the form suitable for data entry.
- Editing: Checking errors, inconsistencies and non-responses.
- Imputation of data entry into computer using SPSS for Windows 24 spreadsheet.
- Data preparation for analysis through outlier check, data distribution and response categories.
- Descriptive statistics were used to describe the overall nature the data.
- Frequencies, mean, mode, standard deviation and distribution of the data were checked before the main analysis of the data using inferential statistical techniques.

- Statistical data processing by using SPSS for Windows Version 24.
- Data presentation and description by using graphs and tables.
- Analysis, interpretation and discussion of results.

#### **4.15.2 ANALYSIS OF QUALITATIVE DATA**

As mentioned in the previous section, the third phase of the current study was an analysis of qualitative data through the case study approach. The qualitative approach is used to ascertain consistent patterns in the results identified during prior phases as well as to elaborate the quantitative findings. For this phase, ten community pharmacies, which are located in the five different regions, were selected and their personnel interviewed. The findings of this stage were used to obtain the underlying details, where the quantitative approach was unable to do so.

According to Bentley, Christopher DeZorzi and Richardson (2015), the researcher is recommended to use an inductive and comparative way of analysing qualitative data. Yin *et al.* (1975) and Wang (2017) stated that the use of a deductive approach is more suitable. Data analysis is conducted to examine, test or recombine evidence to answer the research questions (Wang, 2017). Furthermore, Creswell Plano (2011) stress four different techniques when analysing the empirical data, which are pattern matching, explanation building, time-series and replication. The last technique is aimed at multiple case studies and is about using these three first techniques in every single case in the paper. Pattern matching is addressing matching or pattern findings between the empirical data collected and the predicted data, theory (*ibid.*). Yin, Robert and Heald (1975) also observed that an additional analytic challenge for the researcher is to determine whether he/she can make any generalisations from his/her case study. However, the current study adopted a case study approach to complement the survey phase of the study. Details of data processing and interpretation are provided in the section that deals with analysis and presentation of interview findings under Chapter 7.

#### **4.16 LIMITATIONS AND ELIMINATION OF BIAS**

The study was conducted only in Gauteng Province. Results might be generalised in the context of South African pharmaceutical SMEs, though the limitation out of South Africa might be a question of legislation and government inventions.

The data collection method used was a self-administered questionnaire. This may influence the result as each individual may have their own way of interpreting the questions, and there may be some bias involved. Though all these may have some effect on the results, the sample size that was sent questionnaires was a fair size to increase the reliability and validity of results.

Gillespie *et al.* (2014) suggested that researchers should use the auxiliary hypothesis bias, which serves as a rescue bias. This helps to reduce discarding fault information by introducing an AD Hoc modification to imply that an expected finding would have been otherwise had the experimental condition been different. Neuman (2014) stated that alternatively as an emergent strategy, results from data analysis can be subjected to a panel of neutral experts to draw conclusions and label factors. Elimination of bias was done by providing a clear guideline on how questions must be answered and providing sufficient information on the objectives of the study.

According to Campuslabs, (2020) the nature of qualitative and quantitative data makes it difficult, if not impossible, for the person doing the analysis to separate himself or herself from the data. There are ways, however, to try to maintain objectivity and avoid bias with mixed research approach data analysis, in order to avoid bias the following five characteristics should be maintained:

- Use multiple people to code the data.

If there is some consistency between your interpretation and that of others, then it is more likely that there is some truth by agreement in your interpretations. The data was analyzed by both the researcher and a statistician, there was consistency in terms of the outcome.

- Have participants review your results

Ask the people who provided the data whether your interpretations seem to be representative of their beliefs. These part was achieved through the pilot study where the researcher revisited participants who participated on the initial study. The aim was also to gather as much inside information to capacitate the researcher to be more knowledgeable with the health and finance side of community pharmaceutical SMEs.

- Verify with more data sources

This is sometimes called triangulation. If you can find other sources of data that support your interpretations, then you can have more confidence that what you've found is legitimate. The researcher achieved this through the interviews, where some of the questions which were not clearly addressed through the online survey were included. There was also consistency in terms of what came out from the online questionnaire and the interview.

- Check for alternative explanations.

Consider whether there are other reasons why you obtained your data. If you can rule out or account for alternative explanations, your interpretations will be stronger. The researcher triangulated date and reviewed the literature to achieve elimination of bias and have a thorough understanding of the phenomenon under study.

- Review findings with peers.

Ask others to review your conclusions. Sometimes others will see things that you missed or can identify gaps in your argument that need to be addressed. They also can provide affirmation that your conclusions are sound and reasonable given your data. The supervisor played this role significantly to constantly review and give necessary guidance as to what needed to be done and identifying gaps that needed to be filled.

#### 4.17 ETHICAL CONSIDERATIONS

Ethical issues are given much importance in social science research. Several issues such as voluntary participation, no harm to the participants, ensuring anonymity and confidentiality, avoiding deception and fair reporting have been emphasised as some important ethical considerations in social science research (Neuman, 2014). A brief discussion on the due care taken in the present study is presented below.

According to Egana *et al.* (2015), there are several key ethical issues that protect the rights of research participants. These are protection from harm, informed consent, the right to privacy and honesty with professional colleagues. The principle of *informed consent* requires that respondents are not forced to participate in research. (Gillespie, Chaboyer and Wallis, 2014) added that this means that prospective research participants must be fully informed about the procedures and risks involved in research and must give their consent to participate. In this study, all participants were informed about the nature of the study and participation was on a voluntary basis. Ethical standards also require researchers not to put participants in a situation where they might be at risk or harm as a result of their participation. Harm can be defined as both physical and psychological (*ibid.*).

In this study, the researcher followed two standards to help protect the privacy of research participants. The standards involved an external and internal approach. The internal standard was to apply for the ethical clearance, which was approved by the University Research Committee, and granted on the 7<sup>th</sup> of September 2017. The second standard involved applying for a gatekeeper's letter, which allows the researcher to interview and send questionnaires to its affiliates, in this case, community pharmacies. The letter was received from the Independent Community Pharmacy Association on the 27<sup>th</sup> of July 2017. In addition, the researcher will report the findings *complete and* honest without any change in the respondents' responses to support personal interests. In general, the following ethical principles were adopted for this thesis from the works of (Terrell, 2012) by the researcher and have been adhered to throughout this study:

- **Voluntary Participation:** The major tenet of social science research is that participation in the research should be voluntary, and no one is forced to participate in the research. Community pharmacies that were participating in the survey had to fill a long online questionnaire; they were briefed on the objectives of the research and assured of confidentiality of data to motivate them to participate voluntarily. This was done on the first page of the questionnaire, which required participants to give consent if they wanted to participate in the study and also briefed them about the objectives of the questionnaire.
- **No Harm to the participants:** Unlike several social science researches, no personal questions were asked to the respondents. The study focused on firm-specific questions rather than those involving respondent's personal lives. Therefore, the present research had no questions that lead to embarrassment/harm to the participants.
- **Anonymity and confidentiality:** In the present study, the respondents were assured of the confidentiality of the data they provided. However, since the qualitative data were collected through personal interviews by visiting their pharmacies and not through online surveys, identity of the respondent was revealed to the researcher; anonymity was however ensured through use of codes. Moreover, respondents were assured that the data would only be used for generalisation of the observations and no specific mention of their company name or brand would be revealed in the research report or in the results. This practice was followed to ensure the interest of the respondents participating in the research.
- **Deception:** While visiting the companies, the researcher provided all the identity information and affiliations to reveal his identity and purpose of the visit to the respondents. The data were collected only after briefing the respondents about why and what data is required for the study and how it will be used.
- **Analysis and reporting:** The researcher had ensured that, to the best of his knowledge, due care was taken for collecting and analysing data. The results reported are the outcome of the in-depth analysis. Confidentiality of all information and the knowledge that results of the study will be stored for a period of five years are part of the requirements endorsed in the clearance letter. The data will be

anonymous to protect all respondents who participated in the study. Data are kept in a password-protected file and will eventually be deleted after five years. Any physical copies of the data are suitably secured in a research filing box in the researcher's home.

#### **4.18 SUMMARY OF CHAPTER**

This chapter illustrated the research paradigm, methodologies, systems and configuration utilized in the study, including strategies, participants, data assortment instruments, data assortment and analysis techniques, and data validity issues. Appropriately, the research design for this study was a consecutive mixed methods strategy supplementing a quantitative survey and qualitative contextual analysis. Scientific strategies for both stages were presented fitting measurable systems proposed to test research speculations/hypotheses.

Qualitative data were investigated through substance examination, design coordinating rationale and triangulation procedure. The discoveries were coordinated and exhibited in Chapter 5 alongside suitable research implication. Further, it also briefly portrayed the few phases involved with the design and improvement procedures of the research in the study.

As far as time skyline, the study utilized a cross-sectional structure. Simple random and critical case purposive sampling techniques were utilized to draw samples from target populace of pharmaceutical SMEs operating in Gauteng Province. The respondents are proprietors/administrators of pharmaceutical SMEs engaged with community commercial services. The research instrument utilized was an structured questionnaire and interview schedules. The research instrument was pilot tested utilizing ten pharmaceutical SMEs. The validity and reliability of the research instrument are ensured and techniques utilized are discussed about in the chapter. data collected from 324 SMEs through an online survey were analysed utilizing SPSS 25, and follow up interview results were dissected utilizing qualitative analysis NVIVO software. The following chapter presents presentations of results and discoveries/findings of this study.

## **CHAPTER 5: DATA PRESENTATION ANALYSIS AND INTERPRETATION: QUANTITATIVE DATA**

### **5.1 INTRODUCTION**

This chapter presents the findings of the survey research done in the two major metropolitan cities of the Gauteng Province, which are Tshwane and Johannesburg. In the previous chapter, a detailed discussion of the research design and methodology applied was presented. This chapter presents the results and findings from the empirical study. The findings are a synthesised combination of what respondents have answered in the questionnaire and interviews, what became clear from the interviews, literature and the discussion organised around the topic. The chapter has been organised in two main sections. The first section presents results obtained from the questionnaire administered to survey participants selected through simple random sampling.

The second section presents empirical findings obtained from interviews. The presentation of empirical findings in this chapter is organised according to the research questions and objectives, as depicted in Chapter 1 of the study. The various data sets have been presented in tables, bar graphs and descriptive narrations. The chapter ends with a chapter summary. The discussion of the results presented in this chapter was done with reference to the research objectives presented in previous chapters.

#### **5.1.1 Survey**

The primary sample comprises 1114 community pharmacies. Questionnaires were circulated by the Independent Community Pharmacy Association (ICPA) through its affiliates, and a total of 586 participants accessed the link, 182 declined to participate in the Survey and when the process of cleaning up the data for analysis was done over 82 participants started the questionnaire and did not complete the questionnaire. In total 322 participants took the questionnaire and complete all the questions representing an overall 28.8% response rate. The minimum sample size according to the sample size calculation was 294, which represented 26,4% of the total community pharmacies. The sample size is calculated as follows:

Sampling size:

$$n = N / (1 + Ne^2)$$

$$n = 1114 / (1 + 1114 \times 0.5^2)$$

$$n = 294$$

According to Visscher and Goddard (2015), a response which was equivalent to the Solvin or sample size percentage was considered adequate for data analysis.

An online survey method was deemed the best to conduct this study and self-completed structured questionnaires were used for the collection of the data from the community pharmaceutical SMEs in two major metropolitan municipalities in Gauteng Province, South Africa. Community pharmaceutical small and SME owners, management, investors and managers were asked questions based on the study objectives under the following sections:

- General pharmaceutical SMEs and biographical Information;
- Determining and identifying factors, business skills and resources required to sustain Pharmaceutical SMEs,;
- Possible intervention that could stimulate entrepreneurship, and to recommend strategies that may stimulate entrepreneurial initiatives;
- Performance skills – internal and external environment;
- Success factors that help to sustain pharmaceutical SMEs in the Pretoria; and
- Sustainability framework based on success factors and challenges faced by pharmaceutical SMEs.

### **5.1.2 Data Preparation**

The process of data analysis begun with data cleaning. The process entailed checking questionnaires completed for completeness, legibility and disregarding questionnaires

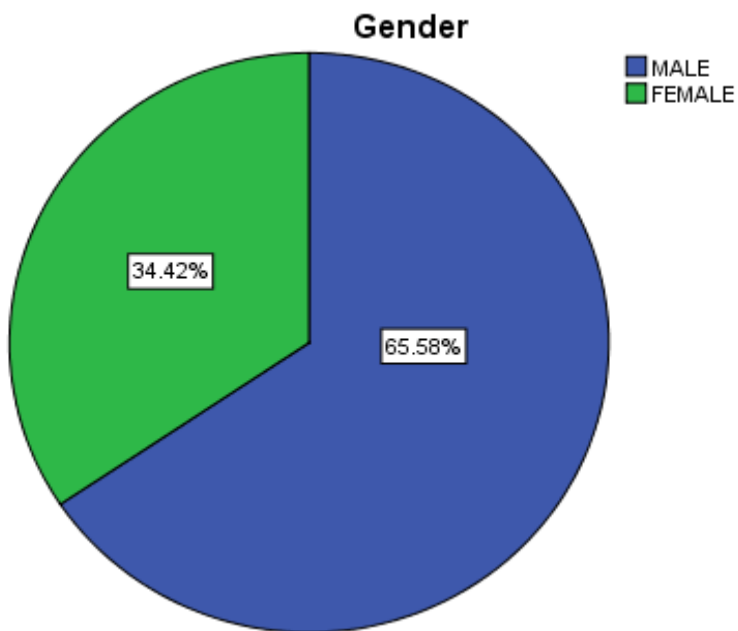
whose responses were incomplete or had missing data and identifying of potential errors in collected data and discussing their negative and position implications. The data were later entered into SPSS Windows Version 24 and used to compile descriptive and inferential statistics.

## A. DEMOGRAPHIC INFORMATION

### 5.2 DESCRIPTIVE RESULTS AND FINDINGS

SPSS for Windows Version 24 was used to summarise the analysis of the demographics of respondents as shown in the following pages.

Figure 5.1: Gender Distribution of Respondents



The gender distribution of the sample is reflected in Figure 5.1. Out of a total of 322 respondents, 65.58% were males, and the remaining 34.42% were females.

Table 5.1: Ethnic group profile

**Crosstab**

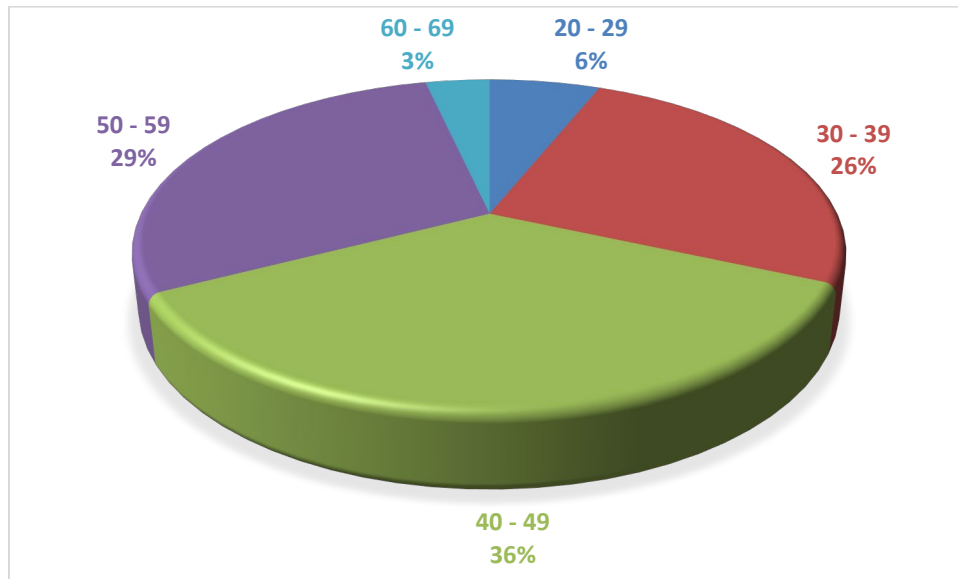
		Ethnicity					
		Black	White	Coloured	Asian	Total	
Gender	Male	Count	50	87	53	12	202
		% within Gender	24.8%	43.1%	26.2%	5.9%	100.0%
	Female	Count	33	42	16	16	107
		% within Gender	30.8%	39.3%	15.0%	15.0%	100.0%
Total		Count	83	129	69	28	309
		% within Gender	26.9%	41.7%	22.3%	9.1%	100.0%

**Ethnicity group**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	BLACK	82	25.5	26.5	26.5
	WHITE	130	40.4	42.1	68.6
	COLOURED	69	21.4	22.3	90.9
	ASIAN	28	8.7	9.1	100.0
	Total	309	96.0	100.0	
Missing	System	13	4.0		
Total		322	100.0		

Table 5.1 reports the demographical information on the respondents' racial groups/ethnic groups. The majority of respondents were white, with 41.7%, followed by those who identified themselves as Black with 26,9%. Furthermore, the respondents who belonged to the last two racial groups, namely coloured and Asian represented a small portion of the sample groups, 22,3% and 9,1%, respectively.

Figure 5.2: Age distribution of respondents



The respondents were classified into five age groups as illustrated in Figure 5.3. Most of the respondents (36%) were aged between 40-49 years. The age category 20-29 years comprised (6%) of the sample; the age category of 30-39 years comprised (26%) of the respondents. Additionally, the age category of 50-59 years of age comprised (29%) and the age category of 60 and above years constituted the least amount (3%) of respondents in the sample. In terms of age classifications, generation y makes up 19% of the respondents spread between ages 18-34; whilst 81% of the respondents comprised generation x respondents aged between 35-55 years.

Figure 5.2.2: Normality test of Age

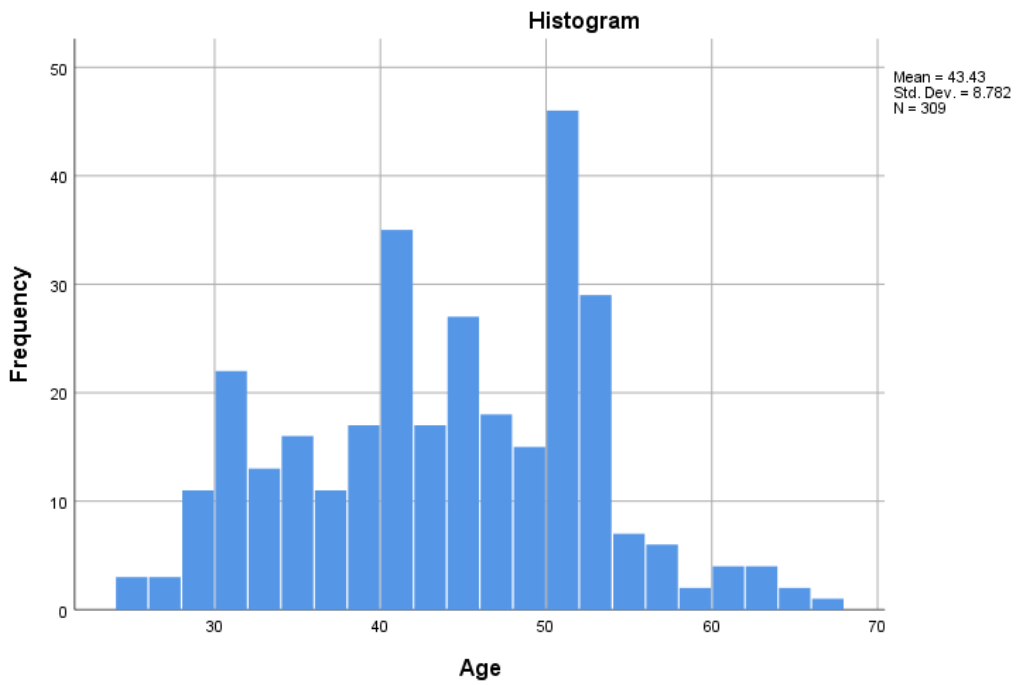
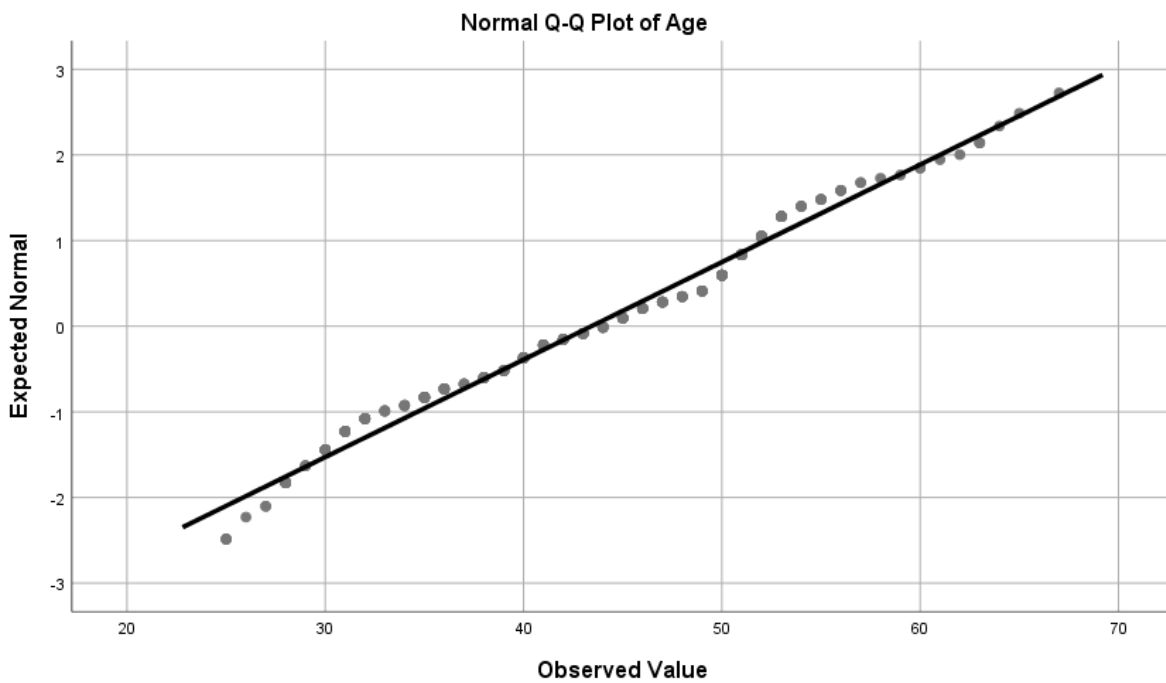


Figure 5.2.3: Normal Q and Q plot of Age and experience



The average mean of age on the study was 43.43; this was the central tendency of the study when it comes to age, followed by a standard deviation of 8.782, which measures the spread of data distribution, which is between the data and the mean. In the probability plot above, the data forms an approximately straight line along the line. The normal distribution appears to be a good fit to the data.

Table 5.2: Job function with the business

**What is your role/job function within the business?**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	INVESTOR	35	10.9	10.9	10.9
	GENERAL MANAGER	63	19.6	19.6	30.4
	PHARMACIST	182	56.5	56.5	87.0
	CEO	35	10.9	10.9	97.8
	OTHER	7	2.2	2.2	100.0
	Total	322	100.0	100.0	

With regards to staff category in which respondents fall, Table 5.2 and Figure 5.4 demonstrate that 182 (56.5%) of respondents fall under general manager, 35 (10.9%) fall under Investor/owner, and 63 (19.6%) fell under pharmacist and the same number of respondents represent chief executive officer. However, 7 (2.2%) did not want to disclose their role in the pharmacy. This is consistent with the fact that the ownermanaged most, SMEs and general managers manage some.

Table 5.3: Cross tabulation job function between males and females

			Job function				job function	Total
			Investor	General manager	Pharmacist	Chief Executive Officer (CEO)		
Gender	Male	Count	25	43	119	11	4	202
		% within Gender	12.40%	21.30%	58.90%	5.40%	2.00%	100.00%
	Female	Count	10	20	62	11	4	107
		% within Gender	9.30%	18.70%	57.90%	10.30%	3.70%	100.00%
Total		Count	35	63	181	22	8	309

% within Gender	11.30%	20.40%	58.60%	7.10%	2.60%	100.00%
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Table 5.3.2: Chi-Square tests

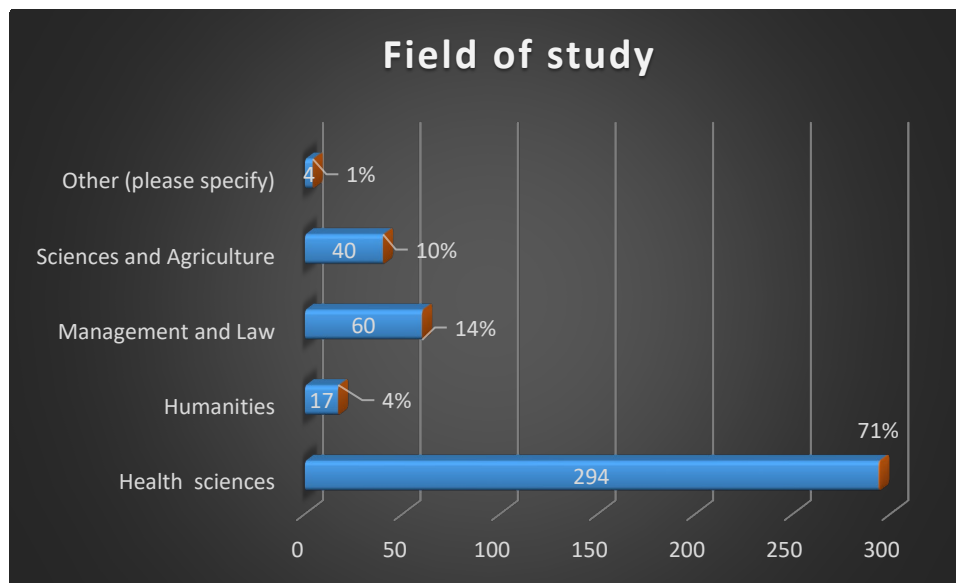
<b>Chi-Square Tests</b>			
	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	3.941 <sup>a</sup>	4	0.414
Likelihood Ratio	3.809	4	0.432
Linear-by-Linear Association	2.736	1	0.098
N of Valid Cases	309		

a. 1 cells (10.0%) have expected count less than 5. The minimum expected count is 2.77.

Table 5.3 indicates that 11.3% of the participants were investors, with 20.4% who were general managers. The table further indicates that more males were managers compared to females, 58.60% were senior pharmacists who play both roles in their community pharmacies. The last group of participants comprised chief executive officers and those that had multiple functions within the business at 7.1% and 2.6%, respectively.

To ascertain the potential relationship between gender and job function, the Pearson Chi-square analysis was conducted with the following hypotheses: A Chi-square test was used to present the findings to further interrogate the relationship between the two demographic variables. Table 5.3.2 above indicates that the Chi-square statistic was computed to be 3.941, with a *p*-value of 0.414. The latter being less than the critical normative value of  $\alpha = 0.05$ , the finding calls for the acceptance of the hypothesis, and the conclusion that there was sufficient evidence to suggest that management levels were significantly dominated by males than females, though the status core has to change in order to create a balance between females and males.

Figure 5.3: Field of study



With regards to the field of study category, respondents answered the following. In this category, participants were allowed to choose more than one field since some could have studied in different academic fields. Table 5.3 and Figure 5.5 demonstrate that 294 (71%) of respondents fall health sciences, 17 (4%) fall under humanities, and 60 (14%) fell under management and law. About 40 (10%) participants studied sciences, however, 4 (1%) did not want to disclose their field of study.

Table 5.4 Level of study cross-tabulation

			Diploma	Degree	Honours	Masters	PHD	Total
Gender	Male	Count	1	149	11	31	10	202
		% within Gender	0.50%	73.80%	5.40%	15.30%	5.00%	100.00%
	Female	Count	2	76	14	13	2	107
		% within Gender	1.90%	71.00%	13.10%	12.10%	1.90%	100.00%
Total	Count	3	225	25	44	12	309	
	% within Gender	1.00%	72.80%	8.10%	14.20%	3.90%	100.00%	

Table 5.4.2 Chi-Square level of study

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	8.689 <sup>a</sup>	4	0.069
Likelihood Ratio	8.54	4	0.074
Linear-by-Linear Association	0.779	1	0.377
N of Valid Cases	309		

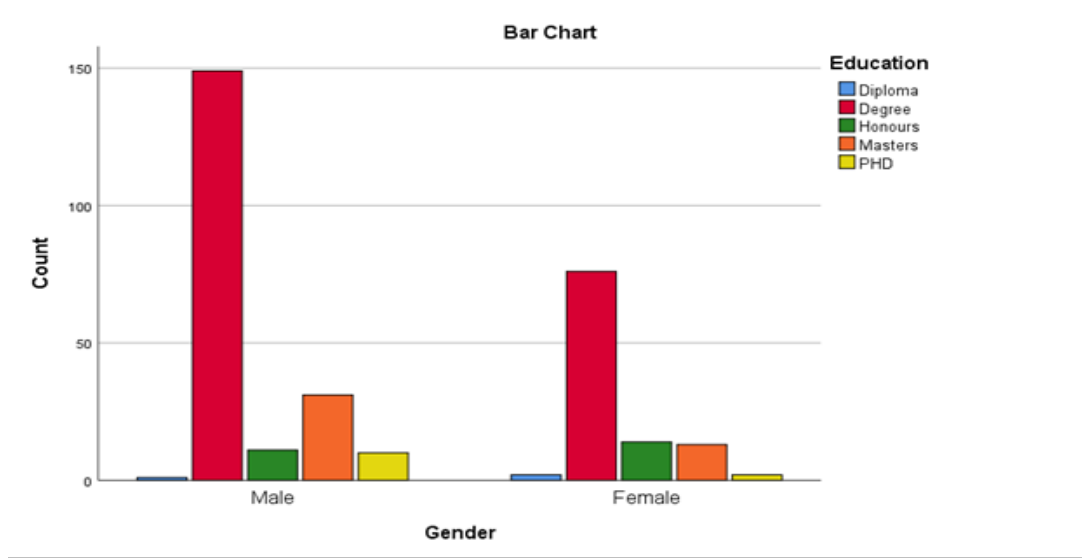
a. 3 cells (30.0%) have expected count less than 5. The minimum expected count is 1.04.

### Level of education

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Diploma	3	0.9	0.9	0.9
	Degree	235	73.0	73.0	73.9
	Honours	27	8.4	8.4	82.3
	Masters	44	13.7	13.7	96.0
	PHD	13	4.0	4.0	100.0
	Total	322	100.0	100.0	

From the cross-tabulation table above, it can be seen that the majority of participants had a degree 72.8%, while 1% had a diploma, followed by 8.10% that had an Honours degree, fewer participants had a Ph.D. 3.9%, 14.20% had a masters degree. A Chi-square test was used to present the findings to further interrogate the relationship between the two demographic variables. The results are presented in Table 5.4.2 above. From the above analysis, the Chi-square statistic was calculated to be 8.689, with a *p*-value of 0.069. The latter being above the critical normative value of 0.05, the finding calls for the rejection of the null hypothesis, and the conclusion that there was sufficient evidence to suggest that gender has a level of dependence on the level of education of the respondents who participated on the study.

Figure 5.4: Level of study



The study sought to find the level of education of the respondents to be sure that those who responded had basic level of intellectual capacity to understand issues related to factors that could strengthen the sustainability of pharmaceutical SMEs. This would give credibility of their answers. Figure 5.4 shows overall educational level of all participants of studied pharmaceutical SMEs. As per the data, the majority of respondents, which is 72.8% were degree holders, 1% were diploma holders, 27 (8.4%) reported that they are second-degree holders with an honours degree. About 14.2% had masters and the remaining 3.9% respondents' education level was PHD. This outcome simply confirms that the respondents had intellectual qualification and had expertise to boost their ability to give informed responses as concerning the factors that determine and hinder sustainability of community pharmacies SMEs in Gauteng Province, South Africa.

Table 5.5: Geographical location

		Frequency	Percent	Cumulative Percent
Valid	Johannesburg	55	18,3	18,3
	Tshwane/Pretoria	149	49,7	68,0
	Ekurhuleni	56	18,7	86,7
	Sedibeng	21	7,0	93,7
	West Rand	15	5,0	98,7
	Other	4	1,3	100,0
	Total	300	100,0	
Missing	System	22		
Total		322		

Table 5.5 reports the geographical information pertaining to the participants, location in the districts within Gauteng Province in South Africa. Most of the participants were staying in Tshwane with (49.7%; n=149), followed by Johannesburg with (18.3%; n=55) and Ekurhuleni with (18.7%; n=56). Sedibeng had (7%; n=21) and the least was West Rand with (5%; n=15) Furthermore, there were four participants who stayed out of the districts provided above in the questionnaire, representing 1.3%.

Table 5.6 Classification of geographical location

**Classification of geographical location**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Rural	42	13,0	13,0	13,0
Semi-rural	112	34,8	34,8	47,8
Semi-urban	114	35,4	35,4	83,2
Urban	54	16,8	16,8	100,0
Total	322	100,0	100,0	

Table 5.6 depicts the classification of geographical location information pertaining to the participants, location in the districts within Gauteng Province in South Africa. Most of the participants were located in the semi-urban areas with (35.40%; n=114), followed by semi-rural with (34.78%; n=112) and those who were located in the urban area with (16.77%; n=54). Rural had (13.04%; n=42).

Table 5.7 Experience in the industry

<b>Experience in the industry</b>					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Under 5	32	9.9	9.9	9.9
	6-15	110	34.2	34.2	44.1
	16-25	122	37.9	37.9	82.0
	26-35	52	16.1	16.1	98.1
	36 and older	6	1.9	1.9	100.0
	Total	322	100.0	100.0	

Table 5.7 illustrates the length of time in years that the participants have been working in the industry, since they finished their least tertiary qualification. Consequently, the data revealed that from the total sample respondents 32(9.9%) stated that they worked for 1 to 5 years, 110(34.2%) worked for 6 to 15 years. While 122(37.9%) of respondents found to have worked in the industry for more than 16 to 25 years, about 52(16.1%) had 26 to 35 years of experience and the rest 6(1.9%) responded that their tenure period is above 36 years. The result shows that a huge percentage (90%) of the respondents has been working in the industry for more than five years. This gives a clear picture of how most of the respondents' answers came from an informed position and this in turn gave credibility to the findings of the study given the background information the respondents might have had about factors influencing sustainability within community pharmaceutical SMEs in Gauteng province, South Africa.

Table 5.7.2: Correlations of Age, Experience and ownership

**Correlations**

		Age	Experience	Ownership_percentage_39_male
Age	Pearson Correlation	1	.795**	.161**
	Sig. (2-tailed)		.000	.008
	N	314	309	270
Experience	Pearson Correlation	.795**	1	.172**
	Sig. (2-tailed)	.000		.005
	N	309	309	265
Ownership percentage male	Pearson Correlation	.161**	.172**	1
	Sig. (2-tailed)	.008	.005	
	N	270	265	277
Ownership percentage female	Pearson Correlation	-.030	.016	-1.000**
	Sig. (2-tailed)	.701	.836	.000
	N	172	167	135

**Correlations**

		Ownership_percentage_39_female
Age	Pearson Correlation	-.030
	Sig. (2-tailed)	.701
	N	172
Experience	Pearson Correlation	.016
	Sig. (2-tailed)	.836
	N	167
Ownership_percentage_39_male	Pearson Correlation	-1.000**
	Sig. (2-tailed)	.000
	N	135
Ownership_percentage_39_female	Pearson Correlation	1
	Sig. (2-tailed)	
	N	180

\*\* . Correlation is significant at the 0.01 level (2-tailed).

Graph 5.7.2: Simple scatter of experience by age graph

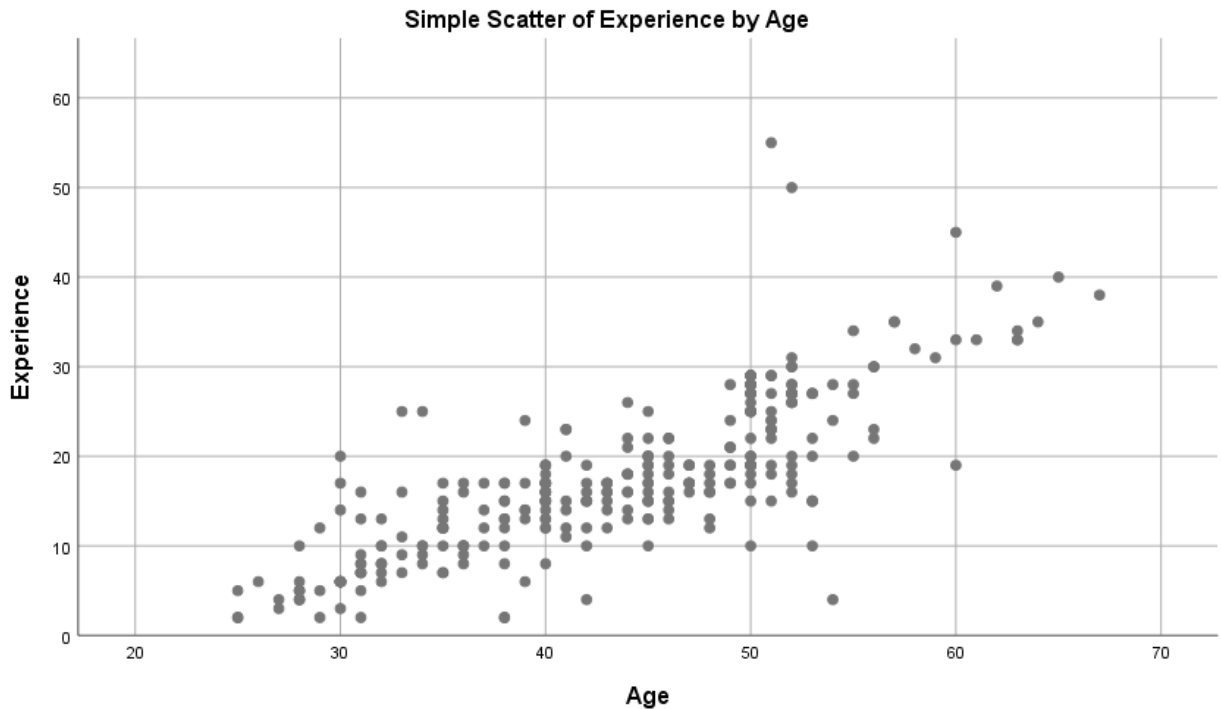
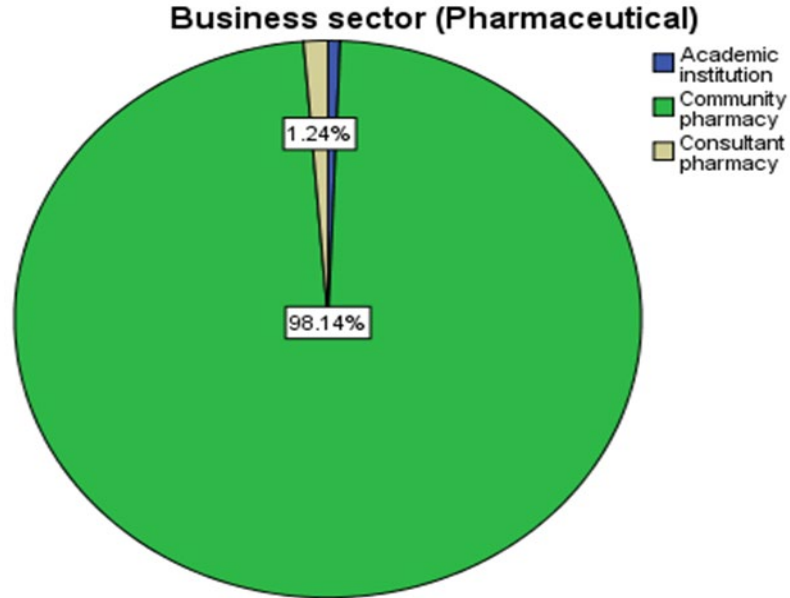


Table 5.7.2 and Figure 5.7.3 show that there is a moderately positive relationship between age, experience and ownership, with age having a Pearson correlation of  $.795^{**}$  experience  $.172^{**}$  and ownership  $-.030$ . Some points are close to the line, but other points are far from it, which indicates only a moderate linear relationship between the variables. The reason for this moderate linear relation is necessarily caused by ownership, which is at a Pearson correlation of  $-.030$ , necessarily because there is no relationship between ownership when compared to age and experience. The graph also indicates that there is a positive relationship between age and experience because as one variable increases age/ time one has been attached to the industry, the other variable also increases, which leads to experience from industry participants. Therefore, with positive P-value for both age and experience, the correlation is statistically significant.

Figure 5.5: Business sector



The business sector distribution of the sample is reflected in Figure 5.10. Out of a total of 322 respondents, 98.14% were community pharmacy, a small fraction of 1.24% was consultant pharmacy, and the remaining 0.6% were academic institution.

Figure 5.6: Form of business

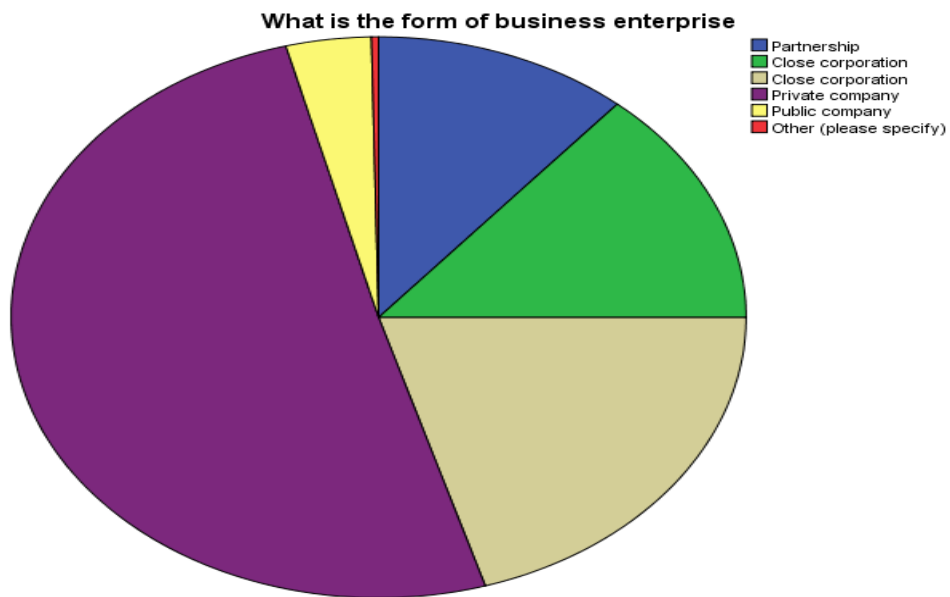


Figure 5.6 above depicts the forms of business information about the businesses that participated. Most businesses were private companies with (50.3%; n=162), followed by sole traders with (20.2%; n=65). Close corporations had (13.7%; n=44), while partnerships had (11.2%; n=36). Participants who worked at the public company were the least with (3.7%; n=12). One participant did not disclose their form of business with (0.6%; n=1).

Table 5.8: Franchise status

**Is your business a franchise?**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	318	98,8	98,8	98,8
	No	4	1,2	1,2	100,0
	Total	322	100,0	100,0	

The franchise distribution of the sample is reflected in Table 5.8. Out of the total 322 respondents, 98.8% were not franchise business, a small fraction of 1.2% was franchise business.

Table 5.9: Family business status

**Is it a family business?**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	88	27,3	28,5	28,5
	No	221	68,6	71,5	100,0
	Total	309	96,0	100,0	
Missing	System	13	4,0		
Total		322	100,0		

The family business status distribution of the sample is reflected in Table 5.9. Out of the total respondents, 71.5% were not family business, while 28.5% were family business.

### Business age

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1994 and below	24	7.5	7.5	7.5
	1995-1999	62	19.3	19.3	26.7
	2000-2004	68	21.1	21.1	47.8
	2005-2009	97	30.1	30.1	78.0
	2010-2014	57	17.7	17.7	95.7
	2015 and above	14	4.3	4.3	100.0
	Total	322	100.0	100.0	

Figure 5.7: Business age

Figure 5.7 revealed that 24(7.5%) of participants were with pharmacies that have operated between 1994 and previous years, 62(19.3%) started operating business between 1994-1999. Those that started operating their business between 2000-2004 were 68(21.1%), followed by those that operated between 2005-2009 97(30.1%). The remaining groups were those that started in 2010-2014(17.7%) and 2015 and above, which is made up of 14(4.3).

Figure 5.8: Employees when the business started

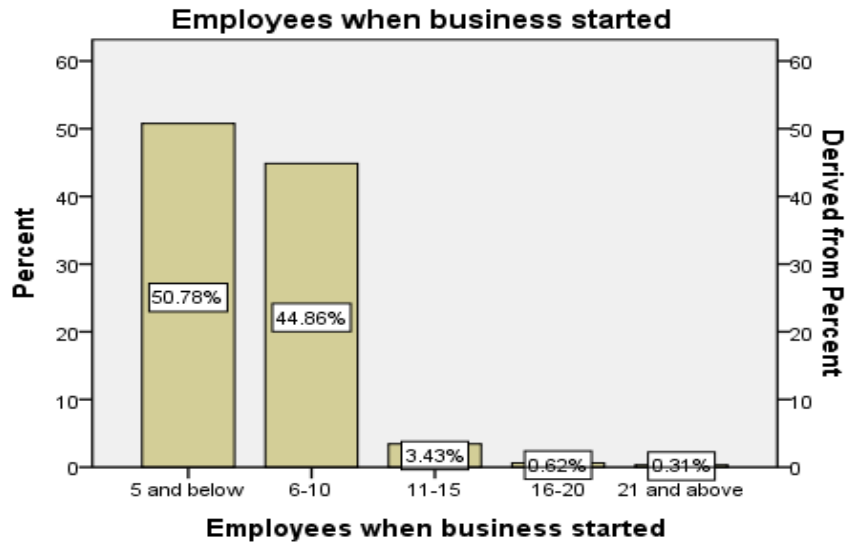
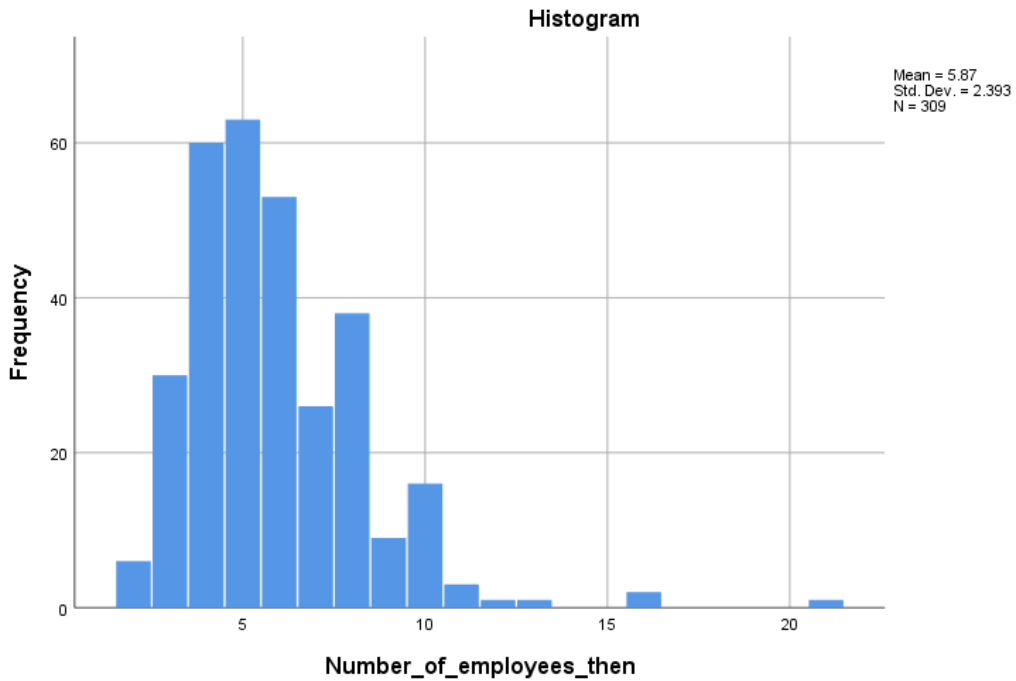


Figure 5.8 revealed that 163(50.6%) of participants started operating with 5 or less employees, about 144(44.9%) started with between 6 and 10 employees. Pharmacies that started with 11, but not more than 15 were 11(3.43%), followed by those that appointed over 16-20, which comprised 2(0.6%), and lastly, those that started with 21 and above employees were 1(0.3%).

Figure 5.8.2: Normality test



The average mean of the number of employees then when the business was established to be 5.87. This was the central tendency of the study when it comes to number of employees then, followed by a standard deviation of 2.393, which measures the spread of data distribution that is between the data and the mean. In the probability plot above, the data form a right-skewed data. This indicates that the data does not follow a normal distribution.

Figure 5.9: Employees currently

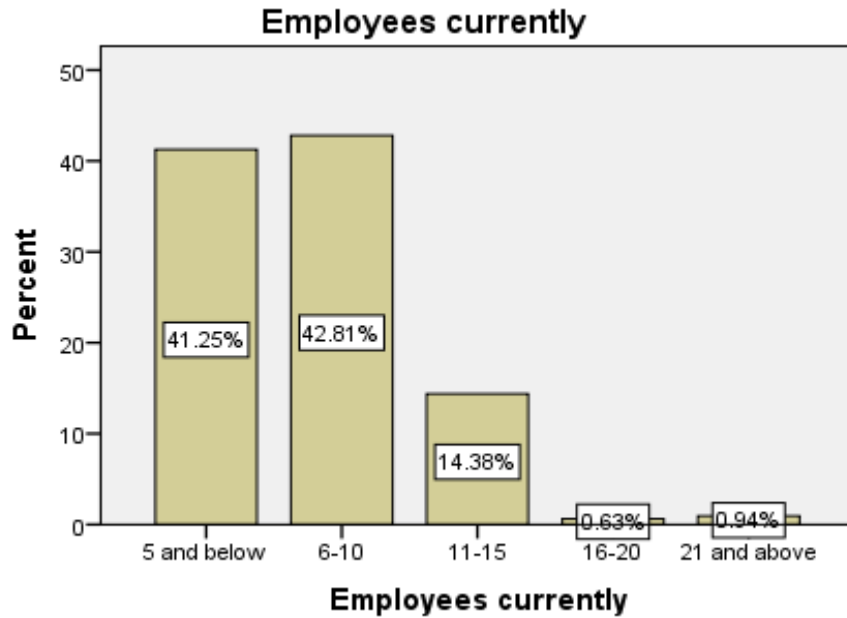


Figure 5.9 revealed that 132(41,25%) of participants currently had staff compliments operating with 5 or less employees, about 137(42.81%) are currently with employees between 6 and 10. Pharmacies that were operating with 11 employees, but not more than 15 were 46(14.38%), followed by those that appointed over 16-20, which comprised 2(0.63%) and lastly those that were operating with 21 and above employees were 3(0.94%).

Figure 5.9.2: Normality test

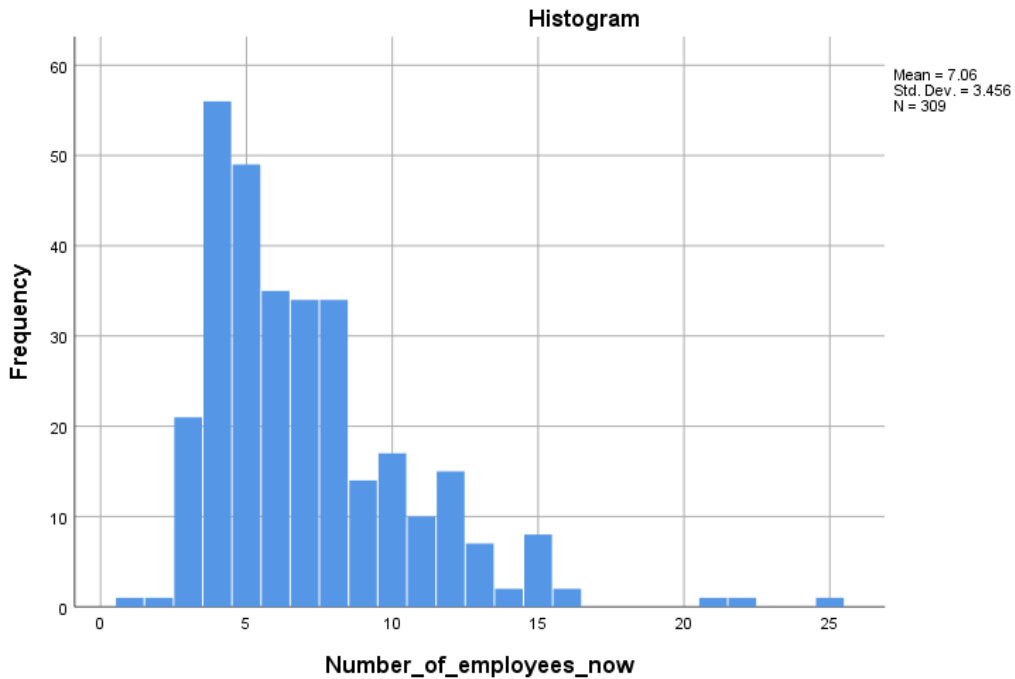


Figure 5.9.3: Normal Q-Q plot numbers of employees then

The average mean of the number of employees currently within business that participated was 7.06. This was the central tendency of the study when it comes to number of employees currently, followed by a standard deviation of 3.456, which measures the spread of data distribution that is between the data and the mean. In the probability plot above, the data form a right-skewed data. This indicates that the data does not follow a normal distribution. Comparing the two sets of data in Figure 5.8 and Figure 5.9 it is evident that there has been growth of  $(5.87 - 7.06 = 1.19)$  though this is not significant and mostly encouraged by employees who do locums and other part-time duties within pharmaceutical SMEs that participated in the study.

### 5.3 SECTION B SUSTAINABILITY FACTORS

Table 5.10: Business affiliation with SAPC

**Are you registered/ affiliated with the South African Pharmacy Council (SAPC)?**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	233	72.4	72.4	72.4
	No	89	27.6	27.6	100.0
	Total	322	100.0	100.0	

Table 5.10 shows that of the 322 participants, 233(72.4%) were affiliated with the South African Pharmacy Council (SAPC), while 89(27.6%) were not.

Table 5.11: Business affiliation with ICPA

**Are you affiliated with the Independent Community Pharmacy Association?**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	278	86.3	86.3	86.3
	No	44	13.7	13.7	100.0
	Total	322	100.0	100.0	

Table 5.11 shows that of the 322 participants, 278(86.3%) were affiliated with the Independent Community Pharmacy Association (ICPA), while 44(13.7%) were not.

Figure 5.10: Net profit

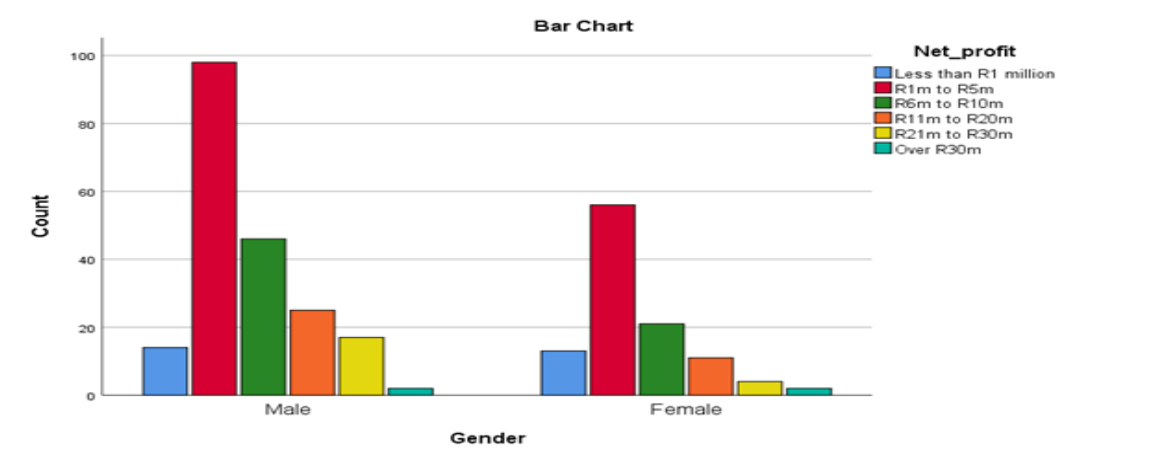


Figure 5.10 shows that of the 322 participants, 28 (8.7%) were making a net profit of less than one million, community pharmacies which were making between R1m to R5m made up 48.14%, followed by R6m-R10m who made up 20.81%. Community pharmacies which made between R11-R20m were 11.80% followed by the group that made between R11 – 20 million (7.45%) The last group made over 30 million (3.11%).

## B. Sustainability factor

Table 5.11: Sustainability factor status

### Are you aware of factors considered critical for business sustainability?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	136	42,2	42,4	42,4
	No	185	57,5	57,6	100,0
	Total	321	99,7	100,0	
Missing	System	1	0,3		
Total		322	100,0		

Table 5.11 shows that of the 321 participants, 136(42.2%) were aware of the factors considered critical for sustainability of business, and 185(57,5%) were not aware of such factors.

Table 5.12: Factors considered critical for business sustainability

		Need for achievement	Creativity and innovation	Business risk minded manager	Leadership of the business	Customer relations	Positive attitude	Perseverance
N	Valid	321	321	320	321	320	321	311
	Missing	1	1	2	1	2	1	11
Mean		1.53	1.61	1.7	1.92	2.08	2.09	2.05
Median		1	2	2	2	2	2	2
Mode		1	1	2	2	2	2	2
Std. Deviation		0.671	0.623	0.655	0.689	0.708	0.741	0.779
Minimum		1	1	1	1	1	1	1
Maximum		3	3	3	3	3	3	3
Percentiles	25	1	1	1	1	2	2	1
	50	1	2	2	2	2	2	2
	75	2	2	2	2	3	3	3
t		40.766	46.295	46.524	49.904	52.588	50.488	46.349

There is significant agreement amongst participants that these were factors considered critical sustainability factors. Need for achievement ( $M=1.53$ ,  $SD=0.671$ ,  $t(321) = 40.766$ ,  $p < 0.0005$ ); creativity and innovation also plays a role in sustaining community pharmacies ( $M=1.61$ ,  $SD=0.623$ ,  $t(321) = 46.295$ ,  $p < 0.0005$ ). Because it is expected of managers to take calculated risks and be business risk minded ( $M=1.7$ ,  $SD=0.655$ ,  $t(320) = 46.524$ ,  $p < 0.0005$ ); this also encourages and enhances leadership within the business ( $M=1.92$ ,  $SD=0.689$ ,  $t(321) = 49.904$ ,  $p < 0.0005$ ). The necessary support and enhancement of customer relations have the potential of increasing profitability ( $M=2.08$ ,  $SD=0.708$ ,  $t(320) = 52.588$ ,  $p < 0.0005$ ) When all factors above are in place and being practiced, they result in a positive attitude which contributes significantly towards the sustainability of the business ( $M=2.09$ ,  $SD=0.741$ ,  $t(321) = 50.488$ ,  $p < 0.0005$ ). Any other industry need managers and owners who are fuelled with perseverance in order to make it through difficult times ( $M=2.05$ ,  $SD=0.779$ ,  $t(311) = 46.349$ ,  $p < 0.0005$ ).

Kellogg and Nie (1995), in support of the above sample, highlights that community pharmaceutical SMEs can have a propensity to generate reasonable profitability to stay afloat and be sustainable. There is a moderate positive agreement that these are

sustainability factors with a weighted average of 1.775 over 3. Cronbach's alpha is 0.772 which indicates a good level of internal consistency for our scale with this specific sample of 7 items above.

### Reliability Statistics Cronbach Alpha

Cronbach's Alpha	Cronbach's Alpha Based on Standardised Items	N of Items
.772	.769	7

Figure 5.11: Characteristics for need for achievement

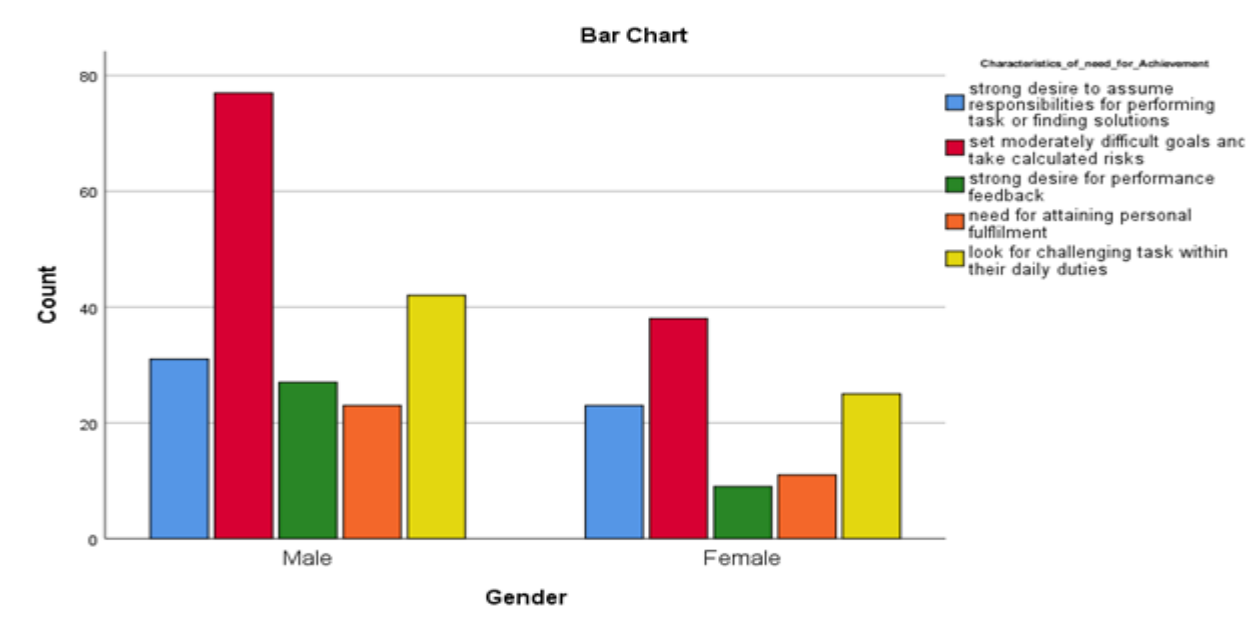


Figure 5.11 shows that of the 320 participants, 37.6% said that high achievers tend to set moderately difficult goals and take calculated risks, while 21.9% stated that high need achievers look for challenging tasks within their daily duties at work. High need achievers who have a strong desire to assume responsibilities for performing tasks or finding solutions to the problems were 17.6%, followed by those that believed that high achievers have a strong desire for performance feedback. The lowest group of respondent at 11.1% believed that high achievers have the need for attaining personal fulfilment, and lastly they had strong desires for performance feedback 11.8%. No

association was found between gender and characteristics of need for achievement ( $X^2(2) > = 3.406, p = 0.492$ ).

Table 11.2: Cross-tabulation Characteristics of need for achievement

			strong desire to assume responsibilities for performing task or finding solutions	set moderately difficult goals and take calculated risks	strong desire for performance feedback	need for attaining personal fulfilment	look for challenging task within their daily duties	Total
Gender	Male	Count	31	77	27	23	42	200
		% within Gender	15.50%	38.50%	13.50%	11.50%	21.00%	100.00%
Gender	Female	Count	23	38	9	11	25	106
		% within Gender	21.70%	35.80%	8.50%	10.40%	23.60%	100.00%
Total		Count	54	115	36	34	67	306
		% within Gender	17.60%	37.60%	11.80%	11.10%	21.90%	100.00%

#### Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	3.406 <sup>a</sup>	4	0.492
Likelihood Ratio	3.441	4	0.487
Linear-by-Linear Association	0.11	1	0.74
N of Valid Cases	306		

a. 0 cells (0.0%) have expected count less than 5. The minimum expected count is 11.78.

Table 5.13: Characteristics of creativity

#### Creativity Frequencies

Question 24 <sup>a</sup>		Responses		Percent of Cases
		N	Percent	
Question 24 <sup>a</sup>	Associative orientation	170	17,9%	60,7%
	Need for originality	172	18,1%	61,4%
	Motivation	230	24,2%	82,1%
	Ambition	193	20,3%	68,9%
	Flexibility	186	19,6%	66,4%
Total		951	100,0%	339,6%

a. Dichotomy group tabulated at value 1.

Table 5.13 shows that of the 322 participants 24.2% said that they were best resembled by motivation 20.3% indicated that they were driven by ambition, 19.6% responded that flexibility was the 3<sup>rd</sup> most important characteristic of creativity, followed by need for originality 18.1%. Participants said that the least characteristic was associative orientation.

Figure 5.12: Characteristics for need for innovation

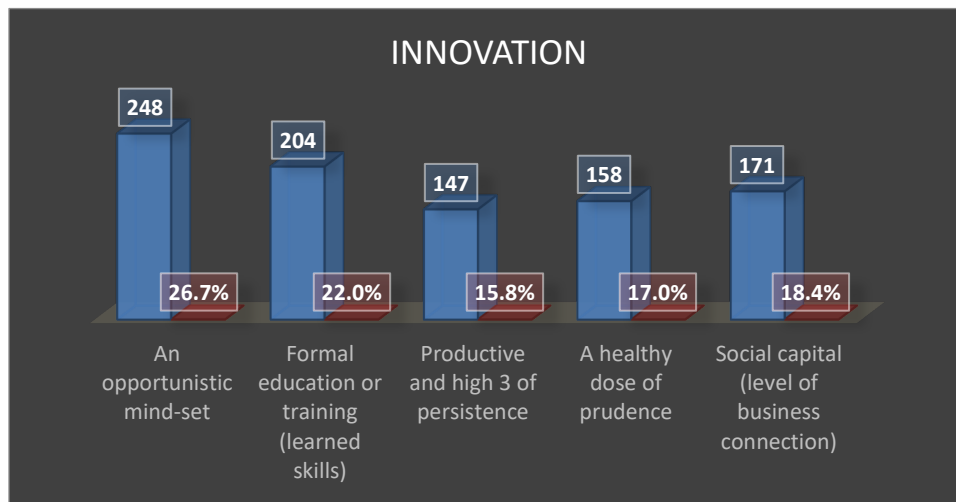


Figure 5.12 shows that 322 respondents said that an opportunistic mindset 26.7% was the major characteristic of innovation, followed by formal education or training 22%. Social capital 18.4% and a healthy dose of prudence 17% were rated 4<sup>th</sup> and 3<sup>rd</sup> followed by the least, which was productive and high degree of persistence 15.8%.

Table 5.14: Characteristics of leadership

### Leadership Frequencies

Question		Responses		Percent of Cases
		N	Percent	
26a	Honesty and empathy	249	36.9%	86.2%
	Consistency and direction	206	30.5%	71.3%
	Communication and confidence	220	32.6%	76.1%
Total		675	100.0%	233.6%

a. Dichotomy group tabulated at value 1.

Table 5.14 shows that of the 322 participants believed that honesty and empathy 36.9% were the best character traits that resembled a good leader, followed by communication and confidence 32.6%. Over 30.5% said that consistency and direction were basic character traits of a leader.

Figure 5.13: Risk assessment



The responses indicated that the majority believe that they were quite cautious when they make business plans and how they acted on those at 37%, followed by those who set small goals so that they can achieve them without any difficulty at 19%. Some respondents said that they hardly make adventurous decisions, and preferred simplicity 17%, it is evident that 15% said that they do not like to put something at stake and would rather be safe, the least group of participants said that if a task seems interesting they will choose to do it even if they are not sure whether results will be favourable or not.

Table 5.13.2: T-test and statistical mean for risk assessment

		<b>Risk Assessment</b>				
		Cautious decisions	Not adventurous	Risk-taker	I would rather be safe	Small target per time
N	Valid	319	319	318	318	319
	Missing	3	3	4	4	3
Mean		2.01	1.42	1.79	2.01	1.93
Median		2	1	2	2	2
Mode		2	1	2	2	2
Std. Deviation		0.659	0.609	0.581	0.715	0.755
Minimum		1	1	1	1	1
Maximum		3	3	3	3	3
Percentiles	25	2	1	1	1.75	1
	50	2	1	2	2	2
	75	2	2	2	3	3
t		54.397	41.752	54.951	50.212	45.598

There is moderate positive agreement amongst participants that these were indicators of risk assessment and managers had to consider than as measures when it comes to risk-taking. Managers who were quite cautious when making decisions and attachment of risk (M=2.01, SD=0.659,  $t(319) = 54.397$ ,  $p < 0.0005$ ). This statistics was also backed up by participants who indicated that they hardly make adventurous decision and preferred simplicity over risk (M=1.42, SD=0.609,  $t(319) = 41.752$ ,  $p < 0.0005$ ) because numerous researches have indicated that risk is associated with profit; as the saying goes, the higher the risk the higher the return, (M=1.79, SD=0.581,  $t(318) = 54.951$ ,  $p < 0.0005$ ). This is also encouraged and enhanced by the fact that most managers were not prepared to take as much risk as this industry is capital intensive and most managers would rather be safe (M=2.01, SD=0.715,  $t(318) = 50.212$ ,  $p < 0.0005$ ). Because of the necessary support and enhancement of these businesses to be sustainable 6f, some participants would prefer to set small goals so that they can achieve these goals without a hustle (M=1.93, SD=0.755,  $t(319) = 45.598$ ,  $p < 0.0005$ ).

Hoorn, Crone and Leijenhorst (2017), highlighted that hanging out with the right crowd has always been a good or bad influence when it comes to risk appetite. They further added that the more risk a business takes, the higher the chances of earning a good return. Brown (2013), however, indicated that community pharmaceutical SMEs stand a high chance of surviving and being sustainable if they take calculated risks. There is a moderate positive agreement that this industry is not that much vested in taking adverse risks with a weighted average of 1.832 over 3.

Table 5.13.3: Cronbach's Alpha risk analysis

**Reliability Statistics**

Cronbach's Alpha	Cronbach's Alpha Based on Standardised Items	N of Items
.737	.741	6

Cronbach's alpha is 0.737, which indicates a good level of internal consistency for our scale with this specific sample of 5 items above.

Table 5.15: Good human relation in business

**Good human relation Frequencies**

Question 27 <sup>a</sup>	Responses		Percent of Cases
	N	Percent	
Do you believe that a customer is always right?	198	28,6%	66,7%
Do you have a client response time?	141	20,3%	47,5%
Do you have a client base/regular customers?	78	11,3%	26,3%
Do you believe that good client relations increase business goodwill?	125	18,0%	42,1%
Do you believe that it increases revenue and profitability?	151	21,8%	50,8%
<b>Total</b>	<b>693</b>	<b>100,0%</b>	<b>233,3%</b>

a. Dichotomy group tabulated at value 1.

Table 5.15 shows that of the good human relation is the way to be relevant even to this day, over 28.6% said that they believed in the golden custom business rule that a customer is always right, 21.8% believed that good human relationships have the potential to increase revenue and profitability. Participants also showed that they have a good client response time at 20.3%, followed by 18% who believed that good client relations increase business goodwill. The least group 11.3% said that they have a client base or regular customers.

Table 5.16: Positive attitude

**Positive Attitude Frequencies**

		Responses		Percent of Cases
		N	Percent	
Question 29a	Less stress and happy peers	254	37.5%	89.1%
	Job security and empowerment	201	29.7%	70.5%
	Positive working environment	222	32.8%	77.9%
Total		677	100.0%	237.5%

a. Dichotomy group tabulated at value 1.

Table 5.21 shows that 70.3% of the respondents believed that a positive attitude helped employees to have less stress and were happier at work and mostly contributed to a positive environment. 1/3 said that it gave them job security and felt empowered.

Figure 5.14: Difficulty status

			Yes	No	
Class of location	Rural	Count	24	18	42
		% within Class_of_location	57.10%	42.90%	100.00%
	Semi-rural	Count	62	50	112
		% within Class_of_location	55.40%	44.60%	100.00%
	Semi-urban	Count	88	24	112
		% within Class_of_location	78.60%	21.40%	100.00%
	Urban	Count	47	7	54
		% within Class_of_location	87.00%	13.00%	100.00%
Total	Count	221	99	320	
	% within Class_of_location	69.10%	30.90%	100.00%	

### Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	25.544 <sup>a</sup>	3	.000
Likelihood Ratio	26.523	3	0
Linear-by-Linear Association	21.174	1	0
N of Valid Cases	320		

From Figure 5.14, it can be observed that over 69.1% of pharmaceutical small medium enterprises have experienced difficulties, with only 30.90% that said that they have been faced with difficulties. From the table above its clear that pharmacies situated in the rural and semi-rural were more challenged and facing difficulties.

Table 5.17: Risk Appetite

#### Do you believe that for a business to succeed, one has to take risks?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	237	73.6	74.1	74.1
	No	83	25.8	25.9	100.0
	Total	320	99.4	100.0	
Missing	99	2	0.6		
Total		322	100.0		

#### Crosstab risk appetite

		Yes	No	Total	
Gender	Male	Count	57	145	202
		% within Gender	28.20%	71.80%	100.00%
Female	Count	26	80	106	
	% within Gender	24.50%	75.50%	100.00%	
Total	Count	83	225	308	
	% within Gender	26.90%	73.10%	100.00%	

### Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	.481 <sup>a</sup>	1	0.488		

Continuity Correction <sup>b</sup>	0.312	1	0.577		
Likelihood Ratio	0.485	1	0.486		
Fisher's Exact Test				0.503	0.29
Linear-by-Linear Association	0.479	1	0.489		
N of Valid Cases	308				

In Table 5.17 above, the majority of respondents 73.1% do not believe that for a business to succeed, one has to take a risk. No association was found between gender and risk appetite ( $\chi^2(2) = 0.481, p = 0.488$ ).

Figure 5.15: Benefits of perseverance

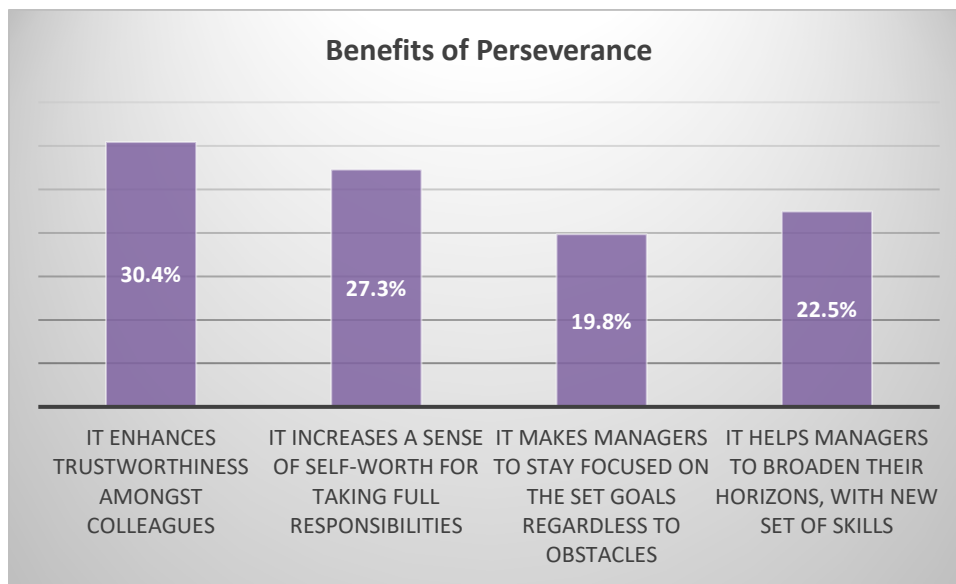


Figure 5.15 indicates that over 30.4% of the participants indicated that the benefits of perseverance were that it enhanced trustworthiness amongst colleagues, while over 27% said that it increases a sense of self-worth for one to take full responsibilities. 22.5% said that it helps managers to broaden their horizons, with new sets of skills, with the least group at 19.8% that indicated that it makes managers stay focused on the set goals regardless of obstacles ahead.

Figure 5.16: Business drivers and commitments

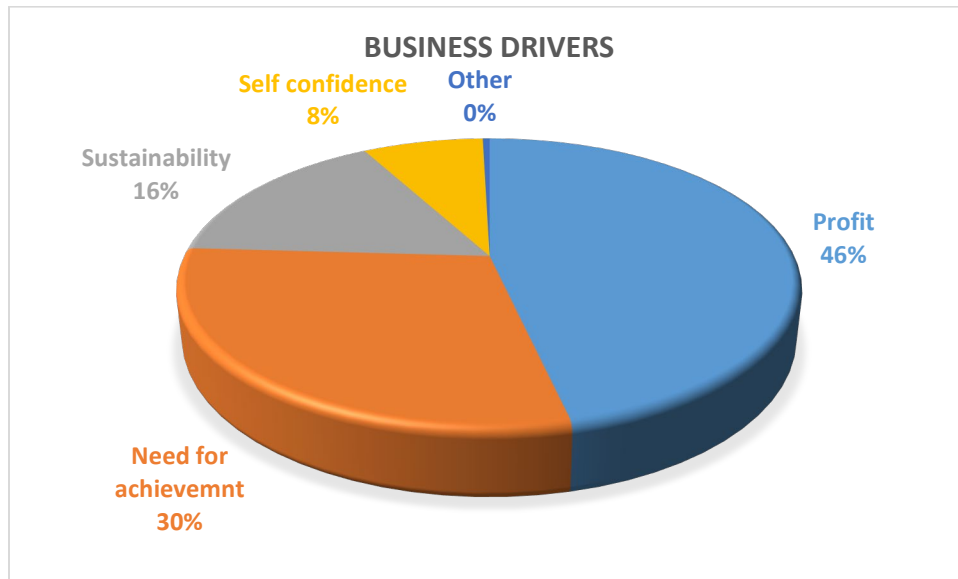


Figure 5.16 indicates that the majority of the participants 76% were driven by profit and need for achievement as business drivers, while 16% were driven by sustaining the business and the least group 8% was in business for self-confidence.

Table 5.17: Rotated Component Matrix for sustainability factors internal stimuli

<b>Rotated Component Matrix<sup>a</sup></b>				
<b>Sustainability factors internal stimuli</b>	<b>Component</b>			
	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>
A healthy dose of prudence	0.847			
Social capital (level of business connection)	0.764			
Productive and high moral of persistence	0.538	0.389		0.327
Communication and confidence amongst professional within the enterprise	0.463		0.436	
Need for originality		0.851		
Flexibility		0.733		
Associative orientation		0.691		
Honesty and empathy			0.773	
Motivation			0.669	
An opportunistic mind-set			0.621	
Formal education or training (learned skills)				0.744
Lack of entrepreneurial mbition to run a community pharmacy				0.703
Consistency and direction				0.691
Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization.				
a. Rotation converged in 6 iterations.				

<b>KMO and Bartlett's Test</b>		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		0.739
Bartlett's Test of Sphericity	Approx. Chi-Square	970.967
	df	78
	Sig.	0.000

**Source:** (Analysis of Survey Data, SPSS output 2020)

The results of the Varimax rotated matrix are given above in Table 5.17. According to factor analysis results, the 13 internal sustainability factors stimuli are grouped under four dimensions: - Factor 1 relates to the issues of business ethos of trade. The variable of “a healthy dose of prudence” has the second highest variance score (.847), subsequent variables have the following variance scores “social capital and level of business connection” (.764), “Productive and high moral presence” (.538), “communication and confidence amongst professional within the enterprise” (.463).

four items in the second factor are related to personal intuition which is an internal factor that helps to measure the interest of the entrepreneur to the business venture that they are operating in this case the community pharmaceutical SMEs. The variable “product and high moral of persistence” has the lowest variance score (.389) followed by “the need for originality” with the highest variance score (.851) which is the highest score in the whole rotated components matrix, subsequent variables showed the following variance scores “flexibility” (.733), “and lastly the ‘associative association” (.691),

Factor 3 labelled as “socio-personal integrity” consisting four internal personal stimuli related variables. The variable “communication and confidence amongst professionals” has the lowest variance score amongst the four variables (.436), subsequent variables have the following variance scores “honesty and empathy” (.773) which is the highest variable in the in factor 3, “an opportunist mind set” (.669), and lastly the “formal education and learned skills” (.621).

The final factor was labelled as “personal barriers” consisting of four internal personal intuition challenges related variables. The variable “Product and high moral persistence” has the lowest variance score (.327), while the variable “formal education or training (learned skill)” has the highest variance score of .744. The other two variables lack of entrepreneurial ambition to run a community pharmacy and consistency and direction had the following variables respectively (.703) and (.691). The variable had a Kaiser-Meyer-Olkin Measure of Sampling Adequacy of 0.739 in general anything above 0.5 is acceptable although a value of .6 is preferred.

## 5.4 GOVERNMENT AND SUPPORT TOOLS

Table 5.18: Non-financial government support

			Yes	No	Total
Class of location	Rural	Count	11	31	42
		% within Class_of_location	26.20%	73.80%	100.00%
	Semi-rural	Count	28	84	112
		% within Class_of_location	25.00%	75.00%	100.00%
	Semi-urban	Count	35	79	114
		% within Class_of_location	30.70%	69.30%	100.00%
	Urban	Count	24	30	54
		% within Class_of_location	44.40%	55.60%	100.00%
	Total	Count	98	224	322
		% within Class_of_location	30.40%	69.60%	100.00%

### Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	6.930 <sup>a</sup>	3	0.074
Likelihood Ratio	6.676	3	0.083
Linear-by-Linear Association	5.143	1	0.023
N of Valid Cases	322		

a. 0 cells (0.0%) have expected count less than 5. The minimum expected count is 12.78.

Table 5.18 indicates that the majority of participants (69.6%) were not aware of any non-financial government programs which were available for pharmaceutical pharmacies. It also come out clear that of the few participants who were aware of any support from the government were based in the semi-urban and urban areas as indicated in the table above. No association was found between class of location and governmental support ( $X^2(2) = 6.930, p = 0.074$ ).

Table 5.19: Support from SAPC

### Do you get support from the South African Pharmacy Council?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	129	40.1	40.2	40.2
	No	192	59.6	59.8	100.0
	Total	321	99.7	100.0	
Missing	99	1	0.3		
Total		322	100.0		

Table 5.19 indicates that the majority of participants were not receiving support from South African Pharmacy Council.

Table 5.20: Support from ICPA

**Do you get support from the Independent Community Pharmacy Association?**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	145	45.0	45.0	45.0
	No	177	55.0	55.0	100.0
	Total	322	100.0	100.0	

In Table 5.20 above, it can be observed that the majority of the participants said that they were not getting support from ICPA.

Table 5.21: Government initiative

			Lowering of taxes	Simplification of regulations and policies	Government loans	Subsidies to keep employees on payroll	Government initiatives others	Total
Class of location	Rural	Count	0	6	26	10	0	42
		% within location	0.00%	14.30%	61.90%	23.80%	0.00%	100.00%
	Semi-rural	Count	12	19	60	21	0	112
		% within location	10.70%	17.00%	53.60%	18.80%	0.00%	100.00%
	Semi-urban	Count	14	23	54	23	0	114
		% within location	12.30%	20.20%	47.40%	20.20%	0.00%	100.00%
	Urban	Count	7	19	11	15	2	54
		% within location	13.00%	35.20%	20.40%	27.80%	3.70%	100.00%
Total	Count	33	67	151	69	2	322	
	% within location	10.20%	20.80%	46.90%	21.40%	0.60%	100.00%	

**Chi-Square Tests**

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	34.917 <sup>a</sup>	12	.001
Likelihood Ratio	37.504	12	0
Linear-by-Linear Association	3.127	1	0.077
N of Valid Cases	322		

Table 5.21 illustrates the desires of participants on what they wished the government could contribute to their pharmaceutical SMEs to make them sustainable. The majority

said that the government should provide government loans 46.9%, followed by those who said that the government should provide subsidies to keep employees on the payroll. The other group (20.8%) felt that the government should simplify the regulations and policies within the pharmaceutical industry to boost sustainability and growth. And the least group at 10.2% said that they would like the government to lower taxes to pharmaceutical SMEs. From the table above it can also be observed that most community pharmacies which are situated in the semi-rural and rural areas are indicated that they needed government loans with good regulated interest to keep their businesses afloat and sustainable. From the above analysis, the Chi-square statistic was computed to be 34.917, with a *p*-value of 0.001. The latter being less than the critical normative value of 0.05, the finding calls for the rejection of the null hypothesis.

Table 5.22: BEE status

**What is your Black Economic Empowerment (BEE) status?**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Compliance	100	31.1	31.3	31.3
	Non-compliance	123	38.2	38.4	69.7
	Not applicable (N/A)	97	30.1	30.3	100.0
	Total	320	99.4	100.0	
Missing	99	2	0.6		
Total		322	100.0		

Table 5.22 indicates that the majority of participants were not complying, or BBE status was not applicable to their business.

Figure 5.17: Pharmacy ownership

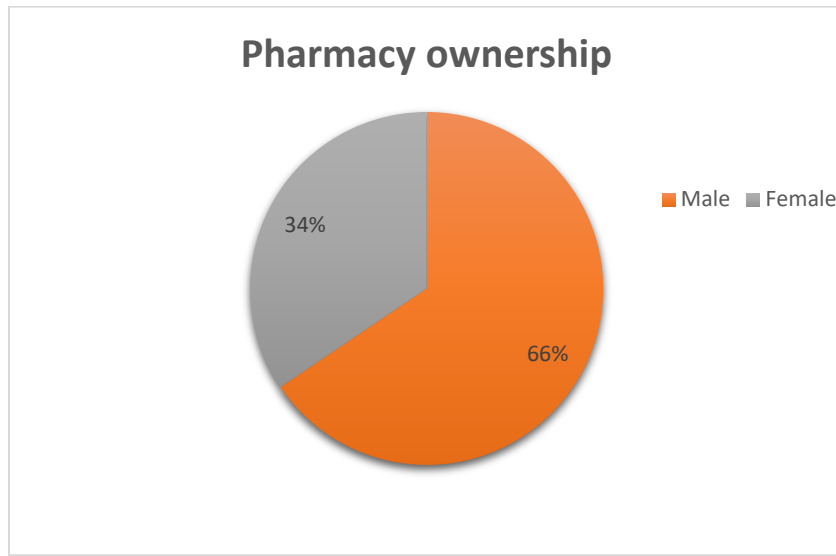


Figure 5.17 indicated that the majority of pharmacy owners 66% were males followed the females who had over 34%.

Table 5.23: Government financial support

**Are you aware of any financial support service from government that could benefit your pharmacy?**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	98	30.4	30.4	30.4
	No	224	69.6	69.6	100.0
	Total	322	100.0	100.0	

Table 5.23 indicates that the majority of pharmaceutical SMEs 69.6% were not aware of financial support services from the government that could benefit their pharmacies and enhance sustainability.

Table 5.24: Department of Trade and industry support

**Do you know of any support offered by the Department of Trade and Industry (DTI) to pharmacies?**

	Frequency	Percent	Valid Percent	Cumulative Percent
--	-----------	---------	---------------	--------------------

Valid	Yes	36	11.2	11.3	11.3
	No	283	87.9	88.7	100.0
	Total	319	99.1	100.0	
Missing	99	3	0.9		
Total		322	100.0		

Table 5.25: Government financial support

**Are you aware of any financial support service from government that could benefit your pharmacy?**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	98	30.4	30.4	30.4
	No	224	69.6	69.6	100.0
	Total	322	100.0	100.0	

Table 5.25 indicates that the majority of pharmaceutical SMEs were not aware of any form of support services from the Department of Trade and Industry.

Table 5.26: Small Enterprise Development Agency (SEDA)

**Are you aware of any services offered by the Small Enterprise Development Agency (SEDA) to pharmacies?**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	66	20.5	20.7	20.7
	No	253	78.6	79.3	100.0
	Total	319	99.1	100.0	
Missing	99	3	0.9		
Total		322	100.0		

Table 5.26 indicates that the majority of pharmaceutical SMEs were not aware of any form of support offered by Small Enterprise Development Agency (SEDA).

Table 5.27: Rotated Component Matrix for internal and external factors affecting sustainability of pharmaceutical SMEs

Rotated Component Matrix <sup>a</sup>					
	Component				
	1	2	3	4	5
Difficulties in developing new trade traits given the change and need of pharmacies and how they should operate. When it comes to service and product offering.	0.845				
Lack of support from the Independent Community Pharmacy Association	0.768				
Lack of Managerial knowledge on managing community pharmaceutical SMEs	0.675				
Lack support from the South African Pharmacy Council ?	0.626				
Taking risks and the equation of succeeding	0.436	0.716			
Lack of support offered by the Department of Trade and Industry (DTI) to pharmacy ?		0.679			
Difficulties in gaining access to credit via credit facilities such as banks and other lending facilities			0.937		
How useful are non financial performance measures in effective decision making for your pharmacy?			0.849		
Are you aware of any services offered by Small Enterprise Development Agency ( SEDA), pharmacy?			0.730		
Are you currently satisfied with the efforts made by the Gauteng Provincial Government to support the growth and sustainability of your organisation?				0.842	
Lack of financial background knowleged to capacitate the enterprise with a well ground steering of financial respobilities enough to sustain a community pharmaceutical SMEs				0.834	
Are you aware from any financial support service from government that could benefit your pharmacy?	0,345			0.677	
Do you have any technology in your business which might help sustain and grow your pharmacy?					0.743
Making use of media company houses to advertise to attract new customers with the product offerings					0.544
Lack government initiative that may assist community pharmaceutical SMES during this current economic situation					0.458
Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization. a. Rotation converged in 15 iterations.					

KMO and Bartlett's Test	
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	0.631
Bartlett's Test of Sphericity	Approx. Chi-Square 172.131
	df 55
	Sig. 0.000

Source: (Analysis of Survey Data, SPSS output 2020)

The results of the Varimax rotation are given above in Table 5.27. According to factor analysis results, the 15 external and internal factors/barriers affecting sustainability of pharmaceutical SMEs are grouped under five dimensions: - Factor 1 relates to the issues of support from both south African Pharmacy Council and Independent Community Pharmacy Association and trade related support barriers and was labelled as Pharmacy institution barriers. The variable of “Difficulties in developing new trade traits given the change and need of pharmacies and how they should operate. When it comes to service and product offering.” has the highest variance score (.845), subsequent variables have the following variance scores “Lack of support from the Independent Community Pharmacy Association” (.768), “Lack of Managerial knowledge on managing community pharmaceutical SMEs” (.675), “Taking risks and the equation of succeeding” (.436).

Two items in the second factor are related to risk appetite, these are challenges pharmaceutical SMEs are faced with when it comes to taking risking as most of these community pharmaceutical SMEs are faced with challenges when it comes to trade changes that are associated with how pharmacies operate from just dispensing medicine to now being consulting and also offering other related brands. The variable “Taking risks and the equation of succeeding” has the highest variance score (.716), subsequent variable showed the following variance score “Lack of support offered by the Department of Trade and Industry (DTI) to pharmacy” (.679)

Factor three labelled as “socio-financial barriers” consisting the following three variables. The variable “Difficulties in gaining access to credit via credit facilities such as banks and other lending facilities” has the highest variance score (.937), subsequent variables have the following variance scores “The usefulness of non-financial performance measures in effective decision making for your pharmacy” (.849), and “Lack of knowledge for services offered by Small Enterprise Development Agency (SEDA), pharmacy and interventions” (.730),.

Four variables were highly associated with the managerial awareness in terms of skills and awareness of support that could be available to help steer the community pharmaceutical SMEs out of hardship and enhance sustainability and labelled as material orientation. It consisted of the following three variables “Are you currently satisfied with the efforts made by the Gauteng Provincial Government to support the growth and sustainability of your organization” and accounted for(.842) which was the highest amongst the group, subsequent variables have the following variance scores “Lack of financial background knowledge to capacitate the enterprise with a well ground steering of financial responsibilities enough to sustain a community pharmaceutical SMEs” (.834) and “Are you aware from any financial support service from government that could benefit your pharmacy” (.677).

The final factor was labelled as “marketing orientation” consisting of three barriers that has to do with marketing through the use of media and barrier to assist these community pharmacies through means of media and other external exposure measures that might help enhance sustainability amongst these pharmacies. The variable “Do you have any technology in your business which might help sustain and grow your pharmacy” has the highest variance score (.743). The other two variable Making use of media company houses to advertise to attract new customers with the product offerings and Lack government initiative that may assist community pharmaceutical SMES during this current economic situation have variance scores values of .544 and .458 consecutively. The variable had a Kaiser-Meyer-Olkin Measure of Sampling Adequacy of 0.631 in general anything above 0.5 is acceptable although a value of .6 is preferred.

Table 5.27: Gauteng Government support

**Are you currently satisfied with the efforts made by the Gauteng Provincial Government to support the growth and sustainability of your organisation?**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	105	32.6	32.8	32.8
	No	215	66.8	67.2	100.0
	Total	320	99.4	100.0	
Missing	99	2	0.6		
Total		322	100.0		

Table 5.27 indicates that the majority of pharmaceutical SMEs who participated in the study were not satisfied with the effort made by the Gauteng Provincial government to support the growth and sustainability of their enterprises.

Table 5.28: Media Company

		Yes	No	Total	
Class of location	Rural	Count	15	27	42
		% within Class_of_location	35.70%	64.30%	100.00%
	Semi-rural	Count	29	83	112
		% within Class_of_location	25.90%	74.10%	100.00%
	Semi-urban	Count	43	71	114
		% within Class_of_location	37.70%	62.30%	100.00%
	Urban	Count	25	29	54
		% within Class_of_location	46.30%	53.70%	100.00%
Total	Count	112	210	322	
	% within Class_of_location	34.80%	65.20%	100.00%	

**Chi-Square Tests**

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	7.507 <sup>a</sup>	3	0.05
Likelihood Ratio	7.569	3	0.056
Linear-by-Linear Association	3.836	1	0.05
N of Valid Cases	322		

a. 0 cells (0.0%) have expected count less than 5. The minimum expected count is 14.61.

Table 5.28 indicates that the majority of pharmaceutical SMEs 65.2% were not making use of the media company houses to advertise. It also clear that of those companies that indicated that they advertised most of them are based within the semi-urban and urban areas. From the above analysis, the Chi-square statistic was computed to be 7.507, with a *p*-value of 0.05. The latter being equivalent to the critical normative value of 0.05, the finding calls for the acceptance of the hypothesis.

Table 5.29: Media types used to advertise

**If the answer is YES, which type of media do you use?**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	News paper	27	8.4	24.1	24.1
	TV	14	4.3	12.5	36.6
	Internet	25	7.8	22.3	58.9
	Social network e.g. Facebook or Twitter account	46	14.3	41.1	100.0
	Total	112	34.8	100.0	
Missing	99	210	65.2		
Total		322	100.0		

Table 5.29 indicates of the 112 participants who make use of media houses indicated that they were mostly using social networks such as Facebook or Twitter accounts 41.1%. Over 24.1% used newspapers to advertise, followed by those who use the internet 22.3%, the least group indicated that they were using television to advertise 12.5%.

Table 5.30: Technology

**Do you have any technology in your business which might help sustain and grow your pharmacy?**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	103	32.0	32.0	32.0
	No	219	68.0	68.0	100.0
	Total	322	100.0	100.0	

Table 5.30 indicates that the majority of pharmaceutical SMEs 68% did not have any technology in their business, which might help sustain and grow the business.

## 5.5 PERFORMANCE SKILLS – INTERNAL AND EXTERNAL

Table 5.31: Key performance indicators

		Yes	No	Total	
Ethnicity	Black	Count	33	50	83
		% within Ethnicity	39.80%	60.20%	100.00%
	White	Count	56	74	130
		% within Ethnicity	43.10%	56.90%	100.00%
	Coloured	Count	15	54	69
		% within Ethnicity	21.70%	78.30%	100.00%
	Asian	Count	14	14	28
		% within Ethnicity	50.00%	50.00%	100.00%
Total	Count	118	192	310	
	% within Ethnicity	38.10%	61.90%	100.00%	

### Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	10.979 <sup>a</sup>	3	0.012
Likelihood Ratio	11.57	3	0.009
Linear-by-Linear Association	0.587	1	0.444
N of Valid Cases	310		

Table 5.31 indicates that the majority of pharmaceutical SMEs 61.9% did not have key performance indicators to use in measuring their business objectives and goals. Participants who indicated that they had some form of performance indicators were mostly white and situated in the urban areas. From the above analysis, the Chi-square statistic was computed to be 10.979, with a *p*-value of 0.012. The latter being less than the critical normative value of 0.05, the finding calls for the rejection of the null hypothesis.

Table 5.32: Usefulness of financial indicators

### How useful are non-financial performance measures in effective decision making for your pharmacy?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Very important	131	40.7	40.7	40.7
	Moderately Important	116	36.0	36.0	76.7

Not important	75	23.3	23.3	100.0
Total	322	100.0	100.0	

Table 5.32 indicates that 40.7% of pharmaceutical SMEs who participated found non-financial performance to be useful, followed by 36% who found it to be moderately important and 23.3% who said it was not important at all.

Table 5.33: Evaluation of non-financial performance

**How often do you evaluate non-financial performance measures in your pharmacy?**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	less than 1 year	76	23.6	24.0	24.0
	1 to 2 years	108	33.5	34.1	58.0
	3 to 5 years	91	28.3	28.7	86.8
	6 to 10 years	42	13.0	13.2	100.0
	Total	317	98.4	100.0	
Missing	99	5	1.6		
Total		322	100.0		

Table 5.33 shows that of the 317 participants who responded to this question, 58.1% evaluated their non-financial performance measures between two years, 28.7 reviewed between 3 – 5 years, with the least group that evaluated between 6 to 10 years.

Table 5.34: Customer satisfaction

**Are your customers happy with your goods and services?**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	199	61.8	62.6	62.6
	No	119	37.0	37.4	100.0
	Total	318	98.8	100.0	
Missing	99	4	1.2		
Total		322	100.0		

Table 5.34 indicates that the majority of pharmaceutical SMEs 62.6% said that their customers were happy with their goods and services.

Table 5.35: Customer turn around

**Do you respond quickly to customer's queues and queries?**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	204	63.4	65.6	65.6
	No	107	33.2	34.4	100.0
	Total	311	96.6	100.0	
Missing	99	11	3.4		
Total		322	100.0		

Table 5.35 indicates that the majority of pharmaceutical SMEs (65.6%) stated that they respond quickly to customers' queues and queries.

Table 5.36: Review of business mission and vision

**How often do you review your business vision and mission?**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	less than 1 year	41	12.7	13.0	13.0
	1 to 2 years	169	52.5	53.5	66.5
	3 to 5 years	88	27.3	27.8	94.3
	6 to 10 years	18	5.6	5.7	100.0
	Total	316	98.1	100.0	
Missing	99	6	1.9		
Total		322	100.0		

Table 5.36 shows that of the 316 participants who responded to this question, the majority (64.5%) reviewed their business vision and mission between two years, 27.8 reviewed between 3 – 5 years, with the least group 5.7% that evaluated between 6 to 10 years.

Table 5.37: Strategic analysis

			less than 1 year	1 to 2 years	3 to 5 years	6 to 10 years	Total
Education	Diploma	Count	3	0	0	0	3
		% within Education	100.00%	0.00%	0.00%	0.00%	100.00%
	Degree	Count	33	121	60	19	233
		% within Education	14.20%	51.90%	25.80%	8.20%	100.00%
	Honours	Count	1	11	11	1	24
		% within Education	4.20%	45.80%	45.80%	4.20%	100.00%
	Masters	Count	7	17	14	5	43
		% within Education	16.30%	39.50%	32.60%	11.60%	100.00%
	PHD	Count	3	5	2	2	12
		% within Education	25.00%	41.70%	16.70%	16.70%	100.00%
	Total	Count	47	154	87	27	315
		% within Education	14.90%	48.90%	27.60%	8.60%	100.00%

### Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	27.366 <sup>a</sup>	12	0.007
Likelihood Ratio	21.81	12	0.04
Linear-by-Linear Association	1.424	1	0.233
N of Valid Cases	315		

Table 5.37 indicates that the majority of participants (48.9%) performed strategic reviews of their pharmaceutical SMEs between one to two years, 27.6% reviewed between 3 - 5 years, with the least group 8.6% that evaluated between 6 to 10 years, 14.9% indicated that they reviewed their strategic analysis within a year. From the above analysis, the Chi-square statistic was computed to be 27.366, with a *p*-value of 0.007. The latter being less than the critical normative value of 0.05, the finding calls for the rejection of the null hypothesis, and the conclusion that there was sufficient evidence to suggest that review of strategic analysis was significantly dependent on the highest level of education of the respondents. The results show that managers in the community pharmaceutical SMEs have high-level qualifications suggesting that to a large extent they are adequately qualified for their roles. However, this had nothing to do with their strategic appetite.

Table 5.38: The use of SWOT analysis

**Do you use the Strength, Weakness, Opportunity and Threats(SWOT) analysis when you perform strategic analysis?**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	199	61.8	63.0	63.0
	No	117	36.3	37.0	100.0
	Total	316	98.1	100.0	
Missing	99	6	1.9		
Total		322	100.0		

Table 5.38 indicates that majority of pharmaceutical SMEs 63% said that they use the SWOT analysis to measure their strength, weakness, threats and opportunities analysis.

Table 5.39: SWOT analysis

**SWOT\_ANALYSIS Frequencies**

Question 58a		Responses		Percent of Cases
		N	Percent	
	Location where the business is situated	125	27.4%	46.6%
	Competition from other or similar organisations in your area	111	24.3%	41.4%
	Extending services to new audiences and funding opportunity	75	16.4%	28.0%
	Local authority and government policies within the area you operate your business at.	46	10.1%	17.2%
	Health and social services policies	99	21.7%	36.9%
Total		456	100.0%	170.1%

a. Dichotomy group tabulated at value 1.

		SWOT_58_1	SWOT_58_2	SWOT_58_3	SWOT_58_4	SWOT_58_5
N	Valid	322	319	322	319	319
	Missing	0	3	0	3	3
Mean		1.94	1.92	2.14	2.75	2.63
Median		2	2	2	3	3
Mode		1	2	3	3	3
Std. Deviation		0.884	0.866	0.896	0.956	1.077
Minimum		1	1	1	1	1
Maximum		4	4	4	4	4
Percentiles	25	1	1	1	2	2
	50	2	2	2	3	3
	75	3	2	3	3	3

Table 5.39 shows that 27.4% of the participants indicated that location of the business was their greatest strength, followed by 24.3%, who indicated that competition was important. While 21.7% indicated that their SWOT analysis was more on health and social services policies, 16.4% stated that they focused on keeping the business funding opportunities and extending services to new customers. The least group said that they had awareness of local and government policies within the area they operate in. The majority of participants who completed the question indicated that location and policies were either their strength, weakness, opportunity or threat.

**Table 5.43: PESTEL**

		Political	Economical	Social	Technological	Environmental	Legal
N	Valid	321	322	321	321	321	319
	Missing	1	0	1	1	1	3
Mean		1.62	1.62	1.81	1.93	1.89	1.91
Median		2	2	2	2	2	2
Mode		2	1	2	2	2	2
Std. Deviation		0.591	0.64	0.561	0.624	0.678	0.74
Minimum		1	1	1	1	1	1
Maximum		3	3	3	3	3	3
Percentiles	25	1	1	1	2	1	1
	50	2	2	2	2	2	2
	75	2	2	2	2	2	2

There is significant agreement that the information and advice provided by participants who completed the questionnaire. There was a significant agreement that the economic situation of South Africa was a contributing factor which was making it difficult for these community pharmacies to be unsustainable ( $M=1.93$ ,  $SD=0.624$ ,  $t(322) = 55.481$ ,  $p < 0.0005$ ). This was necessarily because the politics of the country also plays a role in its economy ( $M=1.62$ ,  $SD=0.591$ ,  $t(321) = 49.139$ ,  $p < 0.0005$ ). Although most of these pharmacies are established to serve a social interest through provision of medication and associated services ( $M=1.63$ ,  $SD=0.640$ ,  $t(319) = 45.532$ ,  $p < 0.0005$ ), it is also clear that this industry does not heavily rely on technology. However, it is faced with having to change and relook into how best they can utilise technology to enhance sustainability and performance ( $M=1.81$ ,  $SD=0.561$ ,  $t(319) = 57.883$ ,  $p < 0.0005$ ).

There is significant disagreement that legality plays a significant role on community pharmacies, especially the ones that do not have consulting room/ triage ( $M=1.89$ ,  $SD=0.678$ ,  $t(321) = 49.955$ ,  $p < 0.0005$ ); There was a significant agreement that environment played a significant role in sustainability of community pharmacies ( $M=1.91$ ,  $SD=0.736$ ,  $t(319) = 46.314$ ,  $p < 0.0005$ ); the reason for this was because environment is not regulated and this causes competition which leads to big companies bullying small ones out of business through price-fixing.

Naldi *et al.* (2007), in line with the above sample findings noted that community pharmaceutical SMEs are mainly challenged by economics of the country as it affects lending of creating and economic performance, followed by environment as South Africa was not doing very well in managing locations and distances, businesses are supposed to operate in with the sole intention of managing competition.

There is a significant agreement that PESTEL measures external challenges that businesses are faced with daily, with a weighted average of 1.8 over 3.

Table 5.18.2: Cronbach Alpha PESTEL

<b>Reliability Statistics</b>		
Cronbach's Alpha	Cronbach's Alpha Based on Standardised Items	N of Items
.737	.741	6

Cronbach's alpha is 0,737 which indicates a good level of internal consistency for our scale with this specific sample.

## 5.6 MANAGERIAL SUCCESS FACTORS

Table 5.40: Managers of the business

		Self-managed	Appointed manager	Total	
Gender	Male	Count	124	78	202
		% within Gender	61.40%	38.60%	100.00%
	Female	Count	68	39	107
		% within Gender	63.60%	36.40%	100.00%
Total	Count	192	117	309	
	% within Gender	62.10%	37.90%	100.00%	

### Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	.139 <sup>a</sup>	1	0.709		
Continuity Correction <sup>b</sup>	0.063	1	0.803		
Likelihood Ratio	0.14	1	0.709		
Fisher's Exact Test				0.805	0.402
Linear-by-Linear Association	0.139	1	0.709		
N of Valid Cases	309				

Table 5.40 indicates that the majority of pharmaceutical SMEs (62.1%) said that they were self-managed, with 37.9% that indicated that they had some form of arrangement that looks into the management of their business. These findings are confirmed by Kellogg and Nie (1995) who observed that most of small business enterprises were self-managed and self-funded as they cannot afford to pay financial managers with expertise. No association was found between gender and who manages the business ( $\chi^2(2) = 0.139, p = 0.709$ ).

Table 5.41: Managerial Criteria

### Importance of Managerial Criteria Frequencies

Question 61a		Responses		Percent of Cases
		N	Percent	
Question 61a	Planning and experience	227	37.7%	79.1%
	Knowing business competition	154	25.6%	53.7%
	Mainly market oriented	63	10.5%	22.0%
	Financial insights and management	76	12.6%	26.5%
	Knowledge and skills with regards to the business	82	13.6%	28.6%
Total		602	100.0%	209.8%

a. Dichotomy group tabulated at value 1.

		Planning and experience	Knowing business competition	Market-oriented	Financial insights and management	Knowledge and skills with regards to the business
N	Valid	322	321	321	321	322
	Missing	0	1	1	1	0
Mean		1.39	1.59	1.96	2.05	2.14
Median		1	2	2	2	2
Mode		1	1	2	2	3
Std. Deviation		0.647	0.621	0.593	0.723	0.795
Minimum		1	1	1	1	1
Maximum		3	3	3	3	3
Percentiles	25	1	1	2	2	1

	50	1	2	2	2	2
	75	2	2	2	3	3
t		38.433	45.903	59.217	50.807	48.318

### Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardised Items	N of Items
.776	.778	5

There is significant agreement that these managerial criteria are important for the success and sustainability of community pharmaceutical SMEs with planning and experience as one the important factors ( $M=1.39$ ,  $SD=0.0678$ ,  $t(321) = 38.433$ ,  $p < 0.0005$ ). Participants also felt ready to lead their businesses and enhance business competition as this was one of the major challenges in this business sector ( $M=1.59$ ,  $SD=0.621$ ,  $t(321) = 45.903$ ,  $p < 0.0005$ ). They also felt that it is inevitable for managers and owners to sustain their businesses if they are not market-oriented ( $M=1.96$ ,  $SD=0.593$ ,  $t(321) = 59.217$ ,  $p < 0.0005$ ).

There is significant agreement that these managers should also have financial insights in order to succeed and sustain their pharmacies, ( $M=2.05$ ,  $SD=0.723$ ,  $t(321) = 50.807$ ,  $p < 0.0005$ ). Knowledge and business skills with regards to the industry and the business are also fundamental factors that enhance sustainability of community pharmaceutical SMES, ( $M=2.14$ ,  $SD=0.795$ ,  $t(322) = 48.319$ ,  $p < 0.0005$ ).

The single reliable measure for this construct of the table above suggests that there is a significant agreement that these were suitable managerial criteria that help sustain a business, with a weighted average of 1.926 over 3. Cronbach's alpha is 0,776, which indicates a good level of internal consistency for our scale with this specific sample of five items.

Awaritoma *et al.*, (2011) asserted that managers of pharmaceutical industry should take financial short courses or some form of education that assists them to be up to speed with

financial insight of the industry, because most of these pharmaceutical SMEs were managed and owned by pharmacists who did not have financial background and this could be a contributing factor to unsustainability.

Figure 5.19: Product and Service features

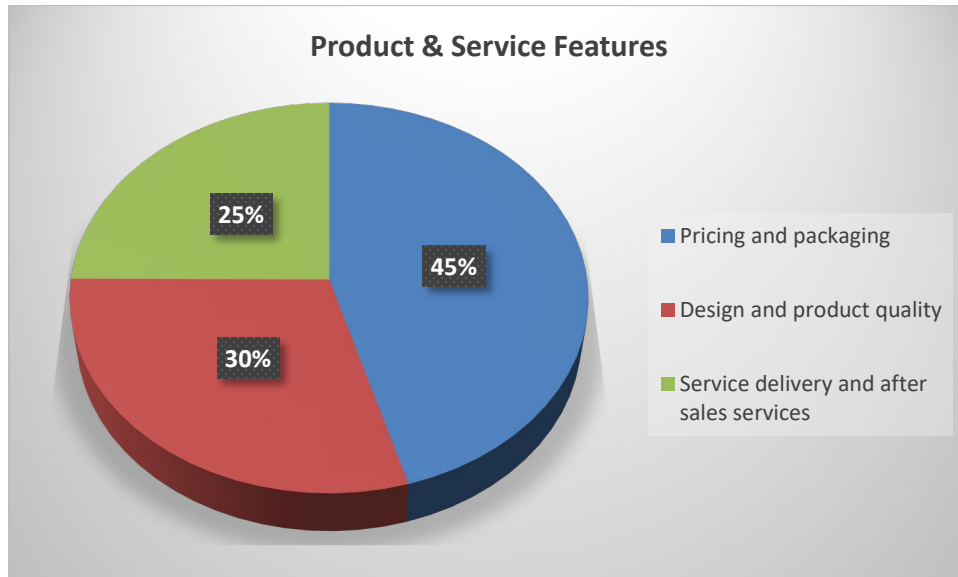


Figure 5.19 depicts that most pharmacies who participated (45%) said that product pricing and packing were the most important one when it comes to the products they sell, followed by those that indicated that design and product quality 30% were important, with the least group that indicated that service delivery and after sale were necessary at 25%.

Table 5.42: Product and service features

		Pricing and packaging	Design & product design	Service delivery
N	Valid	322	321	322
	Missing	0	1	0
Mean		1.95	1.79	1.62
Median		2	2	2
Mode		2	2	1
Std. Deviation		0.695	0.624	0.678
Minimum		1	1	1
Maximum		3	3	3
Percentiles	25	1	1	1
	50	2	2	2

	75	2	2	2
t		50.331	51.556	42.992

### Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardised Items	N of Items
.638	.645	3

There is significant agreement that the information and advice provided by participants indicate that pricing and packaging were essential to enhance how customers viewed the business, ( $M=1.95$ ,  $SD=0.695$ ,  $t(322) = 50.331$ ,  $p < 0.0005$ ). It is also evident that managers and owners indicated that the design and how they package the product they offer to the customer was also necessary ( $M=1.79$ ,  $SD=0.678$ ,  $t(321) = 51.556$ ,  $p < 0.0005$ ). There was a slight agreement that service delivery, especially after-sales services were that crucial if not essential, necessarily because this is a small item value industry and it will be costly to do after-sales services such as contacting clients about experience they have had with the product ( $M=1.62$ ,  $SD=0.678$ ,  $t(322) = 42.992$ ,  $p < 0.0005$ ).

The Cronbach Alpha is 0.638, which reflects a poor internal consistency of the scale within this specific sample of three items that deal with pricing and product packaging. Jones *et al.* (2011) argued that composite reliability of between 0.60 – 0.70 is acceptable in exploratory research where mixed methods are used, while a value between 0.70 – 0.90 can be regarded as satisfactory.

Table 5.43: Best business practice

		Honesty and trust	Client orientated	Ethics and integrity
N	Valid	322	322	318
	Missing	0	0	4
Mean		1.79	1.58	1.71
Median		2	1.5	2
Mode		2	1	2
Std. Deviation		0.661	0.633	0.593
Minimum		1	1	1
Maximum		3	3	3

	25	1	1	1
Percentiles	50	2	1.5	2
	75	2	2	2
t		48.484	44.734	51.464

Table 5.43 indicates what participants said when they were asked which was the best practice of doing business. From the characteristics which are list above, most participants indicated that honesty and trust were the best possible ways of doing business, (M=1.79, SD=0.661, t(322) = 48.484, p< 0.0005). There was also a significant agreement that ethics and integrity were essential as well when it comes to doing business (M=1.71, SD=0.593, t(318) = 51.556, p< 0.0005). Client-oriented got the last preferences as participants felt that clients' needs will always vary from one client to the next and this needed a vigilant owner or manager to stay focused and manage change efficiently and effectively (M=1.58, SD=0.633, t(322) = 44.734, p< 0.0005).

Cronbach's Alpha	Cronbach's Alpha Based on Standardised Items	N of Items
.678	.683	3

The Cronbach Alpha is 0.678, which reflects a good internal consistency of the scale within this specific sample of three items that deal with best business practice amongst entrepreneurs within the community pharmaceutical industry packaging. Jones *et al.* (2011) argued that composite reliability of between 0.60 – 0.70 is acceptable in exploratory research where mixed methods are used, while value between 0.70 – 0.90 can be regarded as satisfactory.

Table 5.44 Ethical code of conduct

**Does your pharmacy have a formulated ethical code of conduct?**

Frequency	Percent	Valid Percent	Cumulative Percent
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Valid	Yes	223	69.3	69.3	69.3
	No	99	30.7	30.7	100.0
	Total	322	100.0	100.0	

Table 5.44 indicates that the majority of pharmaceutical SMEs 69.3% said that they have a formulated ethical code of conduct.

Figure 5.20: Access to finance/capital

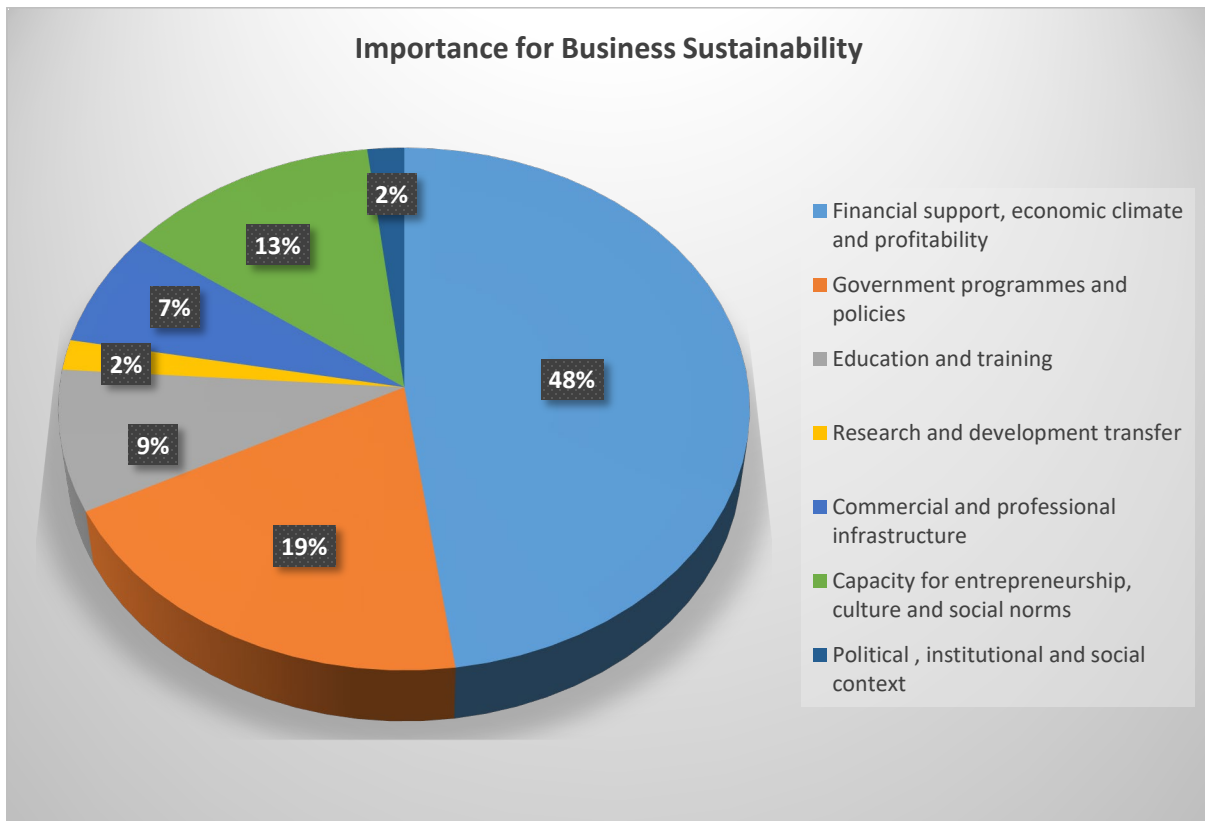
			Investors	Family loan	Business/bank loan	Private savings	Other	Total
Age Categories	20-29 years	Count	4	8	4	3	0	19
		% within Age Categories	21.10%	42.10%	21.10%	15.80%	0.00%	100.00%
	30-39 years	Count	22	24	25	10	0	81
		% within Age Categories	27.20%	29.60%	30.90%	12.30%	0.00%	100.00%
	40-49 years	Count	26	23	47	16	0	112
		% within Age Categories	23.20%	20.50%	42.00%	14.30%	0.00%	100.00%
	50-59 years	Count	39	18	25	8	1	91
		% within Age Categories	42.90%	19.80%	27.50%	8.80%	1.10%	100.00%
	60-69 years	Count	1	3	6	1	0	11
		% within Age Categories	9.10%	27.30%	54.50%	9.10%	0.00%	100.00%
	99	Count	0	5	2	1	0	5
		% within Age Categories	0.00%	100.00%	0.00%	0.00%	0.00%	100.00%
	Total	Count	92	81	109	39	1	319
		% within Age Categories	28.60%	25.20%	33.90%	12.10%	0.30%	100.00%

### Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	38.895 <sup>a</sup>	20	0.007
Likelihood Ratio	37.378	20	0.011
Linear-by-Linear Association	0.508	1	0.476
N of Valid Cases	319		

Figure 5.20 indicates that over 33.9% secured business loans to start up their pharmaceutical businesses, with 28.6%, which had investors and over 25.2 who used family loans or rather family schemes to raise enough capital to start their business. Notably, 12.1% used private savings. The majority of participants who were receiving business/bank loans were at the age of between 40 – 59 years, clearly because these individuals had collateral that the bank could use to recover whatever they borrowed if they failed to pay back the loan as opposed to participants who had no collateral. From the above analysis, the Chi-square statistic was computed to be 38.895, with a *p*-value of 0.007. The latter being less than the critical normative value of 0.05, the finding calls for the rejection of the null hypothesis.

Figure 5.21: Importance of Business Sustainability



As shown in Figure 5.21, 48% of participants indicated that financial support, harmonious economic climate and profitability were the most important aspects for business

sustainability, 19% indicated that government programmes and policies were the most integral part of their pharmaceutical sustainability, with 13% that capacity for entrepreneurial culture and social norms were the way to go. However, 9% said that industrial education and training were the most important factors for sustainability, while 7% said that commercial and professional infrastructure is essential. The least group (2%) said that political, institutional and social context together with research and development were important for business sustainability.

## 5.7 CHALLENGES FACED BY PHARMACIES

Table 5.45: Immediate sustainability challenges

		Lack of managerial training and experience	Lack of access to credit	Change in policies and regulations from SAPC and government	Patent subscription and price hikes of medicine	Technological change	Scanty Market information	Financial literacy and financial intelligence	Financial support	Other	Total	
Gender	Male	Count	62	65	25	3	2	5	18	5	1	186
		% within Gender	33.30%	34.90%	13.40%	1.60%	1.10%	2.70%	9.70%	2.70%	0.50%	100.00%
	Female	Count	24	36	11	10	1	1	6	7	0	96
		% within Gender	25.00%	37.50%	11.50%	10.40%	1.00%	1.00%	6.30%	7.30%	0.00%	100.00%
Total	Count	86	101	36	13	3	6	24	12	1	282	
	% within Gender	30.50%	35.80%	12.80%	4.60%	1.10%	2.10%	8.50%	4.30%	0.40%	100.00%	

### Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	17.749 <sup>a</sup>	8	0.023
Likelihood Ratio	17.416	8	0.026
Linear-by-Linear Association	0.798	1	0.372
N of Valid Cases	282		

Figure 5.22 and Table 5.45 indicated that most pharmacies had lack of access to credit 31.06% as their immediate challenge, 27.33% said that lack of managerial training and financial experience was their greatest challenge. However, 22.36% indicated that inadequate education and skills to adapt to financial market change, together with the change of regulation and policies from SAPS were challenges. Some of the participants (7.45%) indicated that financial literacy and financial intelligence to manage the business was a challenge. Others (4.66%) indicated that financial support was a challenge and 4.35% stated that patent subscription, which gives rise to medication price hikes was

another challenge. 2.79% indicated that scanty market information and technological change were their immediate challenges which led to unsustainability of their pharmacies. From the table above, it can also be noted that lack of access to credit was the most critical immediate challenge and females were mostly excluded from access to credit. From the above analysis, the Chi-square statistic was computed to be 17.749, with a  $p$ -value of 0.023. The latter being less than the critical normative value of 0.05, the finding calls for the rejection of the null hypothesis, and the conclusion that there was sufficient evidence to suggest that immediate sustainability challenges were significantly dependent on the gender of the respondents.

Figure 5.22: Immediate challenges faced by pharmaceutical SMEs

**Which of the following is an immediate challenge for your pharmacy sustainability? Please select the one most suitable to your pharmacy from the list below.**

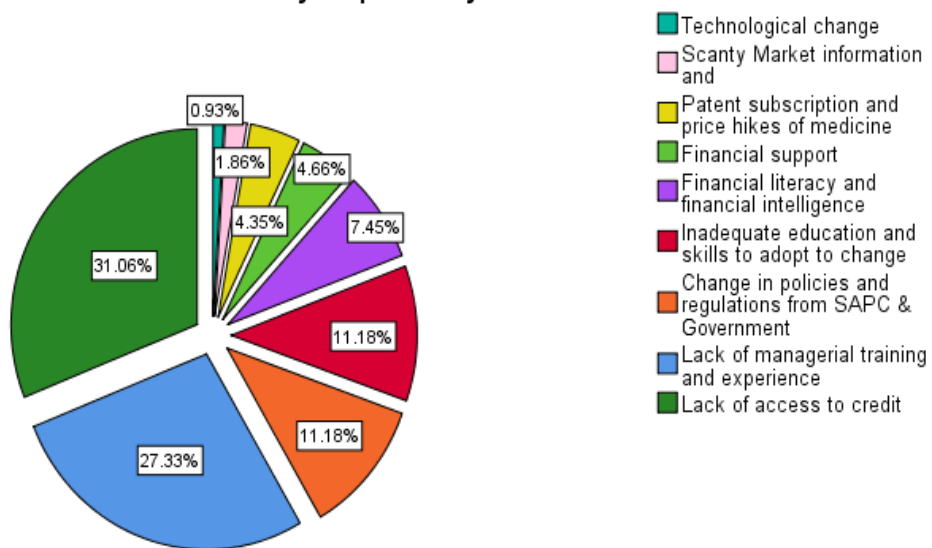


Table 5.46: Financial manager

**Do you have a financial manager?**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	102	31.7	31.7	31.7
	No	220	68.3	68.3	100.0
	Total	322	100.0	100.0	

Table 5.46 indicates that the majority of pharmaceutical SMEs (68.3%) do not have financial managers.

Table 5.47: Application of credit

**Has your company ever applied for credit/loan from a Bank?**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	171	53.1	53.1	53.1
	No	151	46.9	46.9	100.0
	Total	322	100.0	100.0	

Table 5.47 indicates that the majority of pharmaceutical SMEs (53.1%) have applied for credit or loan from financial institutions.

Table 5.48: Credit status (have you ever been refused loan?)

		Loan_refusal		Total	
		Yes	No		
Gender	Male	Count	69	49	118
		% within Gender	58.50%	41.50%	100.00%
	Female	Count	38	14	52
		% within Gender	73.10%	26.90%	100.00%
Total	Count	107	63	170	
	% within Gender	62.90%	37.10%	100.00%	

**Chi-Square Tests**

	Value	df	Asymptotic Significance (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	3.300 <sup>a</sup>	1	0.069		
Continuity Correction <sup>b</sup>	2.703	1	0.1		
Likelihood Ratio	3.395	1	0.065		
Fisher's Exact Test				0.085	0.049
Linear-by-Linear Association	3.28	1	0.07		
N of Valid Cases	170				

a. 0 cells (0.0%) have expected count less than 5. The minimum expected count is 19.27.

Table 5.48 indicates that of the 171 pharmaceutical SMEs that said that they have applied for credit on the question above, the majority (62.9%) have been denied credit from a financial institution. The majority of those participants who were refused loans were females. No association was found between gender and credit status behaviour by financial institutions ( $X^2(2) = 3.300, p = 0.069$ ).

Table 5.49: Major constraints for growth

		Lack of finance	Competition	High interest on bank loans	Taxes	Other	Total	
Class_of_location	Rural	Count	16	13	5	8	0	42
		% within Class_of_location	38.10%	31.00%	11.90%	19.00%	0.00%	100.00%
	Semi-rural	Count	39	39	17	17	0	112
		% within Class_of_location	34.80%	34.80%	15.20%	15.20%	0.00%	100.00%
	Semi-urban	Count	38	40	19	17	0	114
		% within Class_of_location	33.30%	35.10%	16.70%	14.90%	0.00%	100.00%
	Urban	Count	10	28	4	10	2	54
		% within Class_of_location	18.50%	51.90%	7.40%	18.50%	3.70%	100.00%
	Total	Count	103	120	45	52	2	322
		% within Class_of_location	32.00%	37.30%	14.00%	16.10%	0.60%	100.00%

### Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	20.763 <sup>a</sup>	12	0.054
Likelihood Ratio	18.492	12	0.102
Linear-by-Linear Association	1.418	1	0.234
N of Valid Cases	322		

a. 4 cells (20.0%) have expected count less than 5. The minimum expected count is .26.

Table 5.49 indicated that most pharmacies said that competition (37.3%) was the major constraint to growth of their business; lack of finance was the second major constraint 32%. 16.1% stated that government taxes and high bank interests on loans 14% were their constraints from business growth. From the table above, it is can be deduced that competition was mainly in urban areas where most of this pharmacies are located next to one another, while in rural areas, the greatest challenges had to do with lack of finance and access to finance. From the above analysis, the Chi-square statistic was computed to be 20.763, with a *p*-value of 0.054. The latter being an equivalent of the critical normative value of 0.05, the finding calls for the acceptance of the null hypothesis, and the conclusion that there was sufficient evidence to suggest that class locations of community pharmacies were significantly dependent on the major constraints for growth associated with sustainability of SMEs.

Table 5.50: Internal business drivers

		Profit	Growth(diversifying product offering)	Sustainable customer base	Total	
Class_of_location	Rural	Count	17	23	2	42
		% within Class_of_location	40.50%	54.80%	4.80%	100.00%
	Semi-rural	Count	50	61	1	112
		% within Class_of_location	44.60%	54.50%	0.90%	100.00%
	Semi-urban	Count	65	44	5	114
		% within Class_of_location	57.00%	38.60%	4.40%	100.00%
	Urban	Count	24	25	5	54
		% within Class_of_location	44.40%	46.30%	9.30%	100.00%
	Total	Count	156	153	13	322
		% within Class_of_location	48.40%	47.50%	4.00%	100.00%

### Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	12.799 <sup>a</sup>	6	0.046
Likelihood Ratio	13.104	6	0.041
Linear-by-Linear Association	0.105	1	0.746
N of Valid Cases	322		

a. 4 cells (33.3%) have expected count less than 5. The minimum expected count is 1.70.

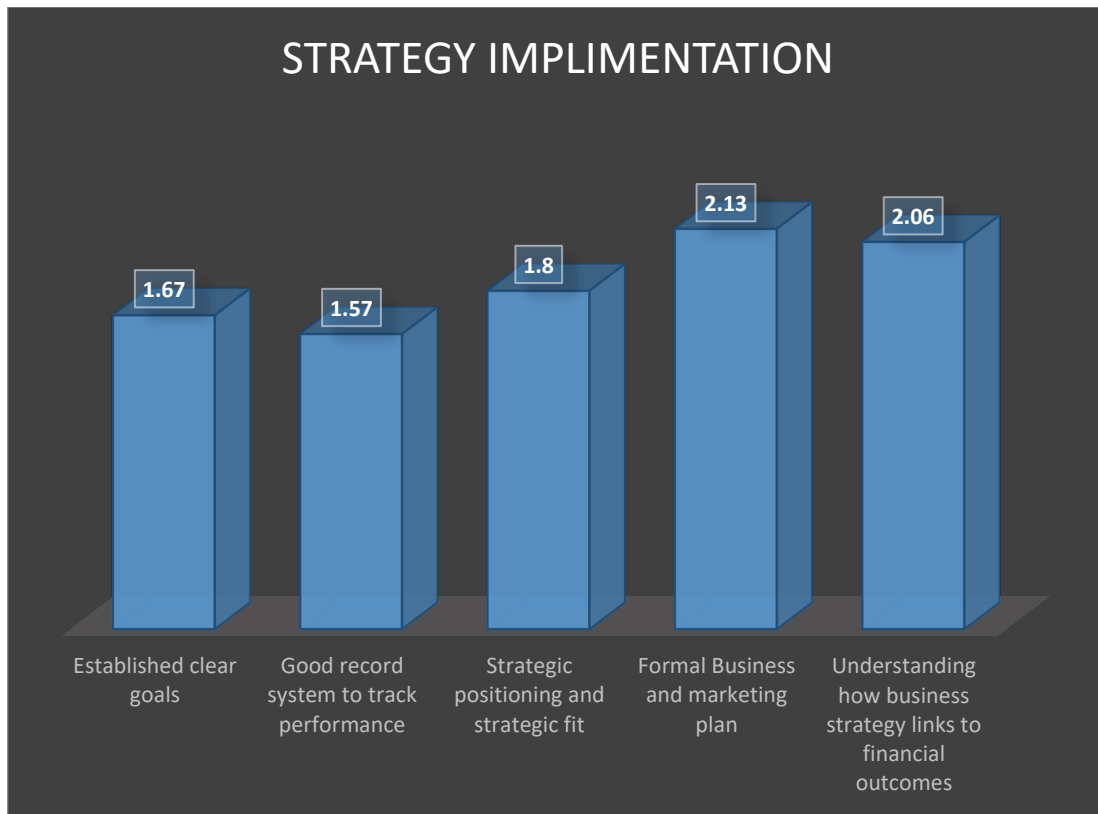
Table 5.50, indicates that 48.4% of pharmaceutical SMEs that took part in the survey said that their business was driven by profit, and 47.50% mentioned growth diversifying products and services offering. The least group (4%) stated that their business was driven by sustainable customer base. From the above analysis, the Chi-square statistic was computed to be 12.799, with a *p*-value of 0.046. The latter being closer to the critical normative value of 0.05, the finding calls for the acceptance of the hypothesis, and the conclusion that there was sufficient evidence to suggest that businesses located in the different class of location will continuously be driven by same internal business drivers which are profit and growth.

Figure 5.24: Strategy implementation

### Strategy implementation Frequencies

Question 74a		Responses		Percent of Cases
		N	Percent	
Question 74a	Established clear goals	143	25.2%	50.5%
	Good record system to track performance	155	27.3%	54.8%
	Strategic positioning and strategic fit	110	19.4%	38.9%
	Formal Business and marketing plan	65	11.5%	23.0%
	Understanding how business strategy links to financial outcomes	94	16.6%	33.2%
Total		567	100.0%	200.4%

a. Dichotomy group tabulated at value 1.



#### Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardised Items	N of Items
.588	.574	5

There is moderate agreement that strategy remains one of the most crucial factors that help and enhance the sustainability of community pharmacies. Managers and owners agreed that it was necessary to establish clear business goals ( $M=1.67$ ,  $SD=0.673$ ,  $t(322) = 30.051$ ,  $p < 0.0005$ ). A good track record system that tracks performance was a moderate agreement which is agreement with results that were presented on the SWOT analysis which revealed that most managers were not using this tool to measure internal

strength ( $M=1.57$ ,  $SD=0.600$ ,  $t(322) = 43.032$ ,  $p < 0.0005$ ) There was also a moderate agreement that strategic positioning and fitting of strategy to the desired output goal ( $M=1.8$ ,  $SD=0.672$ ,  $t(322) = 37.568$ ,  $p < 0.0005$ ).

There was a significant agreement that managers/ owners would rather prefer to have a well-formulated business plan and put necessary marketing strategies to enhance profitability and sustainability ( $M=2.13$ ,  $SD=0.726$ ,  $t(322) = 54.007$ ,  $p < 0.0005$ ) This further added to the last point which revealed that these managers/owners appreciate how their strategy is aligned to understanding how the business strategy links to financial outcomes, and this was heavily boosted by how participants linked formal business and marketing plans together to obtain clear business objectives of enhancing financial stability and profitability ( $M=2.06$ ,  $SD=0.802$ ,  $t(322) = 53.106$ ,  $p < 0.0005$ ).

Alene and Kassie (2017) also highlight that strategy formulation and alignment with the business mission and vision was one of the reasons why SMEs were not sustainable. They further asserted that SME development in Africa is hampered by limited access to finance. Cronbach's alpha is 0.588, which indicates a low level of internal consistency for our scale with this specific sample of 5 items.

Figure 5.25: Business survival status

**What are the chances that your business will survive into the future? Please tick below**

High chance of survival  
 Moderate chance of survival  
 Unlikely to survive

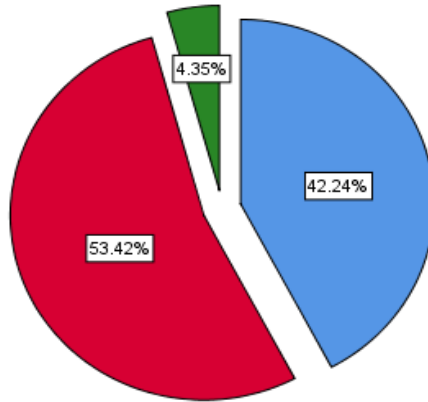


Table 5.51: Survival status cross tabulation

			High chance of survival	Moderate chance of survival	Unlikely to survive	Total
Class_of_location	Rural	Count	27	14	1	42
		% within Class_of_location	64.30%	33.30%	2.40%	100.00%
	Semi-rural	Count	20	74	7	112
		% within Class_of_location	37.00%	64.90%	6.30%	100.00%
	Semi-urban	Count	35	51	5	114
		% within Class_of_location	30.70%	45.50%	4.40%	100.00%
	Urban	Count	54	33	1	54
		% within Class_of_location	48.20%	61.10%	1.90%	100.00%
Total	Count	136	172	14	322	
	% within Class_of_location	42.20%	53.40%	4.30%	100.00%	

### Chi-Square Tests

	Value	df	Asymptotic Significance (2- sided)
Pearson Chi-Square	19.691 <sup>a</sup>	6	0.003
Likelihood Ratio	19.903	6	0.003
Linear-by-Linear Association	7.823	1	0.005
N of Valid Cases	322		

a. 4 cells (33.3%) have expected count less than 5. The minimum expected count is 1.83.

Figure 5.30 indicated that most pharmacies (53.42%) were moderately sustainable, and 4.35% stated that they were unlikely to survive into the next financial year. Notably, 42.24% stated that they had a high chance of survival. Most community pharmacies located in between semi-rural, rural and semi-urban were moderately sustainable. No association was found between gender and location of the community pharmaceutical SMEs behavior ( $X^2(2) > = 19.691, p = 0.003$ ).

## **5.8 SUMMARY OF CHAPTER**

The chapter has presented empirical evidence on the problems faced by community pharmaceutical SMEs in South Africa, Gauteng province. The greatest impact of community pharmacies over and above providing medication is on economic growth and development. It also stretches to employment generation, the effectiveness of the economic programmes on these pharmaceutical SMEs and mentorship programmes. The majority of the respondents in the survey for all the community pharmaceutical SMEs have indicated the greatest challenge as access to finance, financial literacy, lack of financial background and regulatory framework, followed by research, development and marketing skills, competition amongst one another which presented by location, difficulties associated with high borrowing interest rates. The least challenges presented in this chapter are entrepreneurial and management skills business structures, medication price hikes and tax.

There is also agreement with participants who responded to the survey that these community pharmaceutical SMEs have an important role in economic growth and development. Contrary to the above, there is disagreement that economic programmes aimed at community pharmaceutical SMEs have been effective. Chapter 6 which follows discusses the findings of the qualitative research design.

## **CHAPTER 6: DATA PRESENTATION ANALYSIS AND INTERPRETATION: QUALITATIVE DATA**

### **6.1 INTRODUCTION**

This chapter presents and discusses the findings of the interviews that were held in the country's economic hub Gauteng Province within its districts Johannesburg, Pretoria, Ekurhuleni, Sedibeng and West Rand. The primary data collected from the interviews were analysed, presented (some visually in the form of graphs, tables and charts so that it could be easily interpreted) and conclusions drawn from the results. The study results and findings are also discussed using thematic analysis in this chapter. The findings and discussions form the basis of the integrated Chapter 7: Discussion, Analysis and Interpretation: Mixed-method and the Proposed Model. The discussion of the results presented in this chapter was done with reference to the research objectives presented in the Introduction in Chapter 1, Literature Review in Chapter 2 and Theoretical and Literature Part B Chapter 3.

### **6.2 PRESENTATION OF DATA FROM INTERVIEWS**

This section presents findings drawn from data obtained during the interviews done in the five (5) districts in Gauteng province in South Africa. The interviewees comprised investors, general managers, pharmacists and chief executive officers (CEO) who were involved in the daily operations of pharmacies.

Participants had to confirm their attendance prior to the interview date (Appendix 11: Confirmation Letter: Focus Group Interview) and signed the Informed Consent Letter (Appendix 6). Pharmaceutical SME owners, management, non-management and managers were given semi-structured questionnaires to complete (Appendix 10: Semi-structured questionnaires: Interviews) and also participated in interviews that were conducted using semi-structured questionnaires (Appendix 11: Interview Guidelines: semi-structured questionnaires).

### 6.3 GENERAL SME AND BIOGRAPHICAL INFORMATION

This section discusses biographical and demographic information of the participants in the focus interviews who represented their community pharmaceutical SMEs. It presents information about gender, age, geographical location, education, level of education, number of employees, years of operation, designation in the business, form of business, and lastly the value of their total net profit.

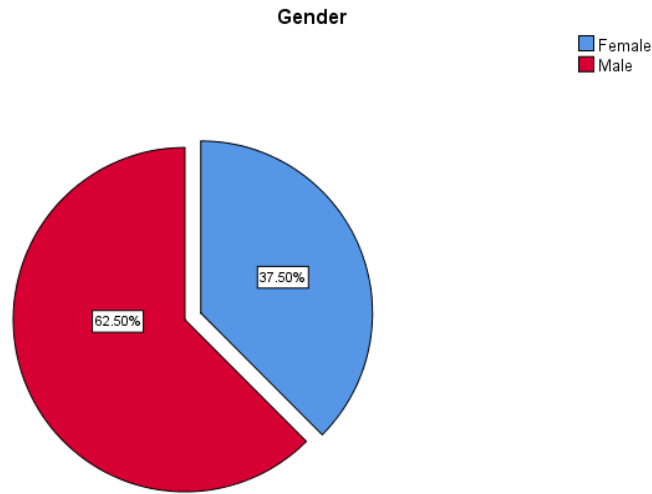
Ong *et al.*, (2018) indicated that previous studies on community pharmacy SMEs have shown that, demographic characteristics have significant influence on some of the challenges faced by community pharmacy SMEs as well as on the role of the sustainability within the pharmaceutical SMEs sector when it comes to employment generation, effectiveness of economic programmes and community build factor/ investment and role of informal manufacturing SMEs on economic growth and development.

#### 6.3.1 Gender Composition of the Sample

**Table 6.1: Gender of the participants**

		Gender			Cumulative
		Frequency	Percent	Valid Percent	Percent
Valid	Female	3	37.5	37.5	37.5
	Male	5	62.5	62.5	100.0
	Total	8	100.0	100.0	

**Figure 6.1: Respondents' gender**

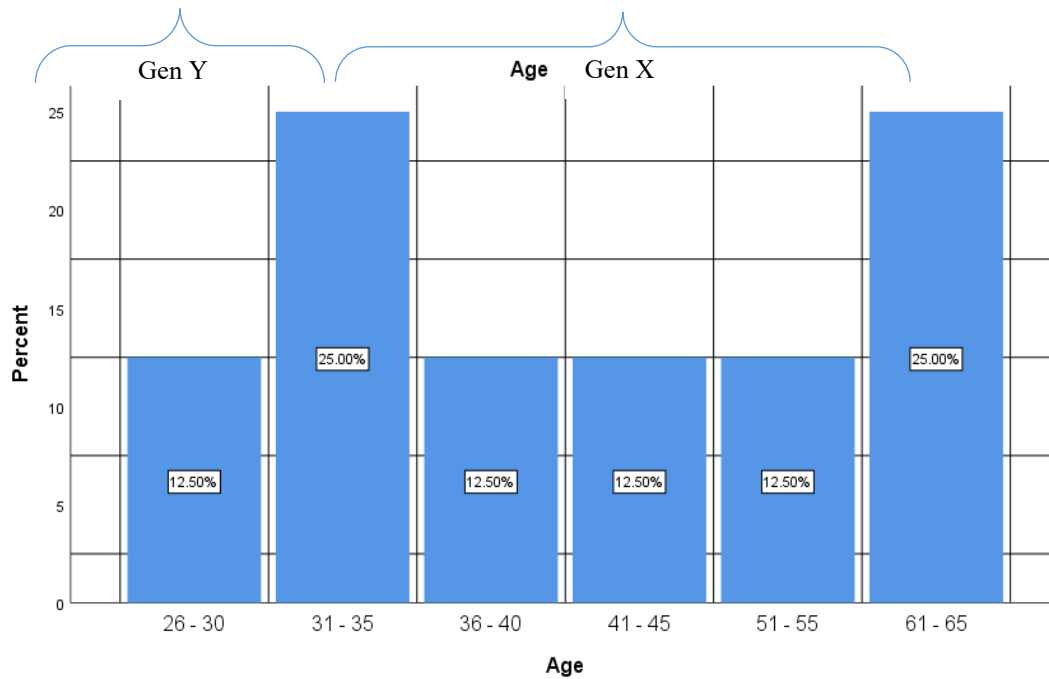


The gender distribution of the respondents who were interviewed is reflected in Figure 6.1. Of the 8 respondents in the sample, the majority (62.5%) were males, while females made the up balance (37.5%) of the sample.

### 6.3.2 Age analysis of participants

**Table 6.2: Frequencies and percentages regarding the age of the participants**

		Age			Cumulative
		Frequency	Percent	Valid Percent	Percent
Valid	26 - 30	1	12.5	12.5	12.5
	31 - 35	2	25.0	25.0	37.5
	36 - 40	1	12.5	12.5	50.0
	41 - 45	1	12.5	12.5	62.5
	51 - 55	1	12.5	12.5	75.0
	61 - 65	2	25.0	25.0	100.0
	Total	8	100.0	100.0	



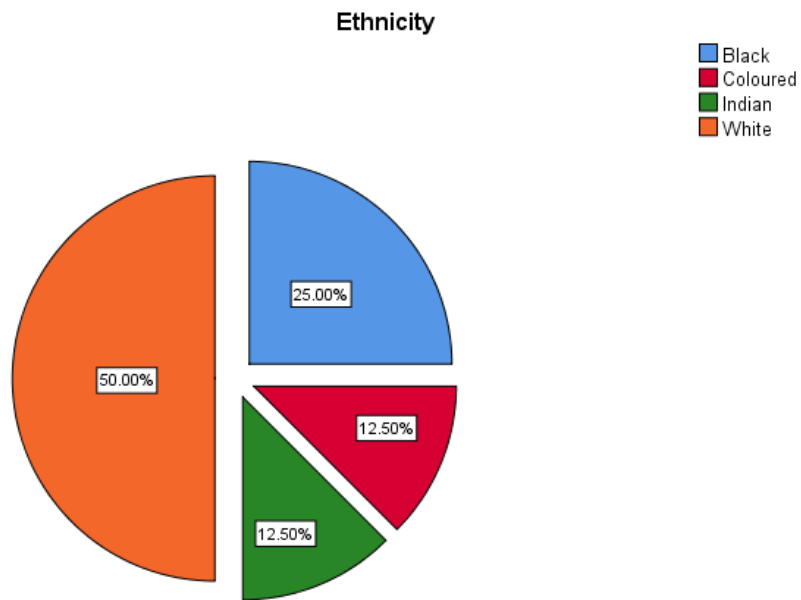
**Figure 6.2: Age analysis**

The participants were classified into five age groups as illustrated in Figure 6.2. Most the participants (25%) were aged between 31-35 years and 61 – 65 years. The age category 26 - 30 years comprised 12.5% of the sample; the age category of 36-40 years comprised 12.5% of the participants. Additionally, the age category of 41 – 45 years and 51 - 55 years of age comprised 12.5 %. In terms of age classifications, generation y comprised 37.5% of the participants, spread between ages 26-35; while 62.5% of the respondents comprised generation x respondents aged between 36-55 years.

### 6.3.3 Ethnicity group

Figure 6.3 reports the demographical information pertaining to the respondents' racial groups/ethnic groups. The majority of respondents were white with 50%, followed by those who identified themselves as black with 25%. Furthermore, the respondents who belonged to the last two racial groups, namely coloured and Indian represented a small portion of sample groups 12.5% and 12.5%, respectively.

**Figure 6.3: Ethnic group profile**

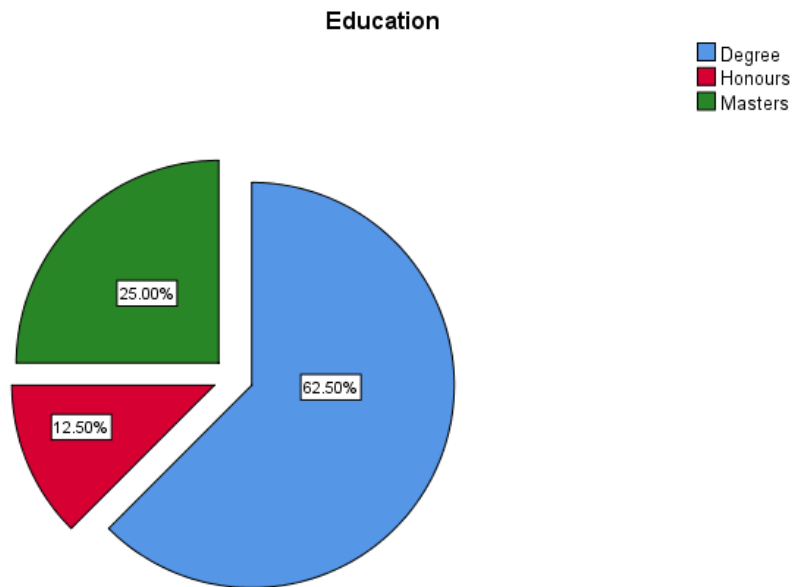


**6.3.4 Level of education**

**Table 6.3: Educational Level of Participants**

		Education			
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Degree	5	62.5	62.5	62.5
	Honours	1	12.5	12.5	75.0
	Masters	2	25.0	25.0	100.0
	Total	8	100.0	100.0	

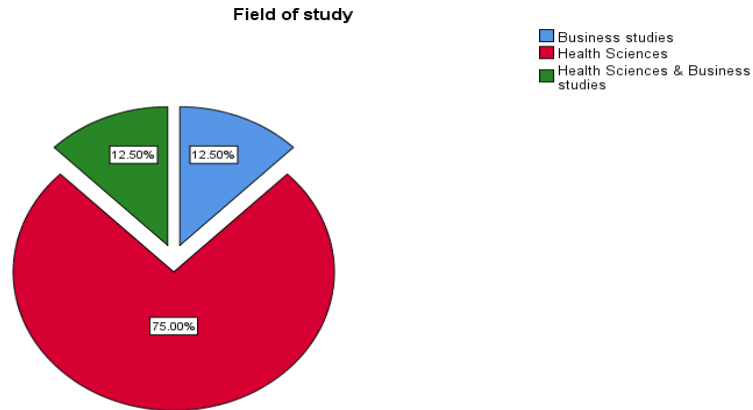
**Figure 6.4: Educational Level of Participants**



Guiu Segura *et al.* (2018) suggested that most pharmacies were owned by individuals who have completed at least a degree. In this study, the majority of participants (62.5%) had a degree, followed by 25% who had Master's degree and lastly those that had an Honours degree who comprised 12.5%.

### **6.3.5 Field of study**

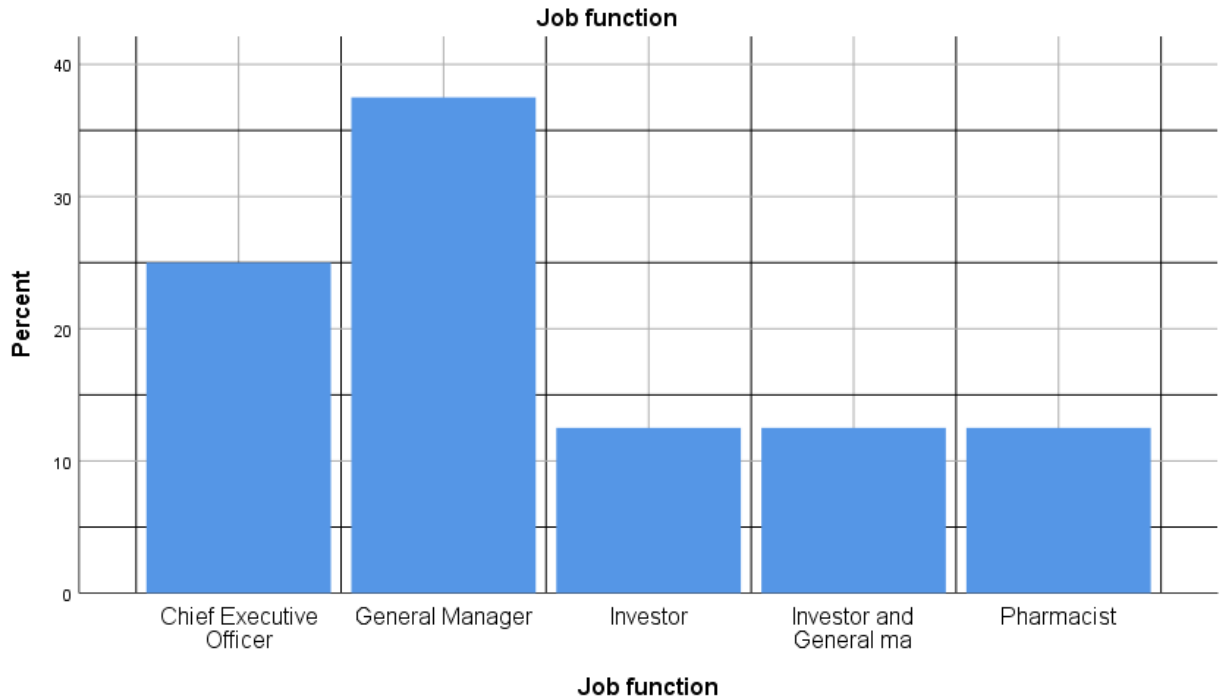
**Figure 6.5: Field of study of Participants**



The study sought to find the level of education together with the field of study of the participants so as to be sure that those who responded had basic level of intellectual capacity to understand issues related to sustainability factors of community pharmacies and in order to have an in-depth understanding of community pharmacies that might enhance the sustainability of these SMEs. Figure 6.5 shows the overall field of study of owners/managers of studied community pharmacy SMEs. As per the data, the majority of respondents, which is 75% studied health sciences (Bachelor of pharmacy), followed by 12.5% who did business studies, and lastly 12.5% who did both health sciences and business studies. This outcome confirms that the participants had intellectual qualifications and know-how to boost their ability to give informed responses concerning the factors that determine and hinder the sustainability of community pharmaceutical SMEs in Gauteng province, South Africa.

### **6.3.6 Job function**

**Figure 6.6: Job function of Participants**



With regards to the job function category in which participants fall, Figure 6.6 demonstrates that 37.5% of participants fall under general manager, 25% fall under investor/owner, 12.5% were investors, followed by 12.5% of those that were both investors and general manager, and lastly 12.5% were pharmacists. This is consistent with the fact that most SMEs were managed by the owner and some are managed by general managers.

### 6.3.7 Form of business

**Table 6.4: Form of business**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Close corporation	1	12.5	12.5	12.5
Partnership	1	12.5	12.5	25
Private company	4	50	50	75
Sole trader	2	25	25	100
Total	8	100	100	

**Figure 6.7: Form of business**

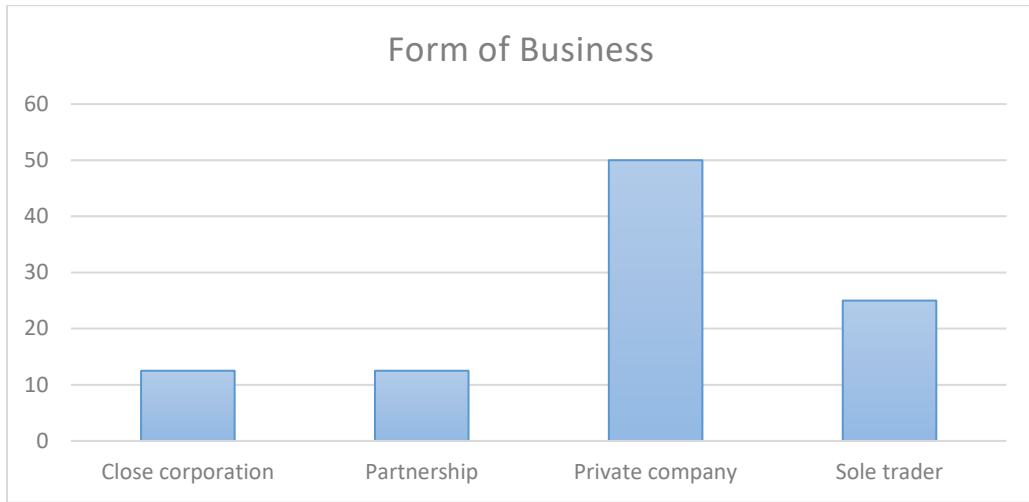


Figure 6.7, which indicates the form of business entity, depicts that 50% of community pharmaceutical SMEs that participated were private companies, followed by 25% of those that were sole traders. Close corporation and partnership were the least with 12.5%.

### 6.3.8 Year of operation

Figure 6.8: Years of operations

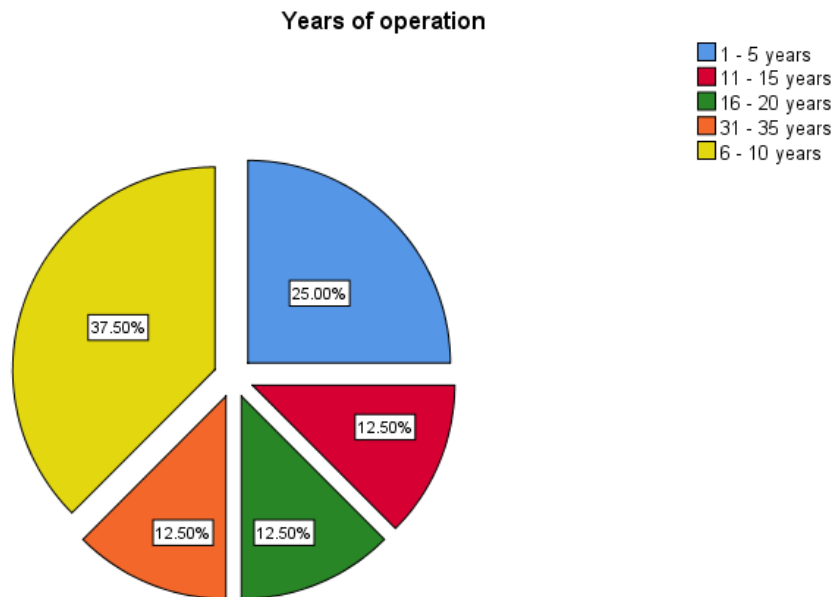


Figure 6.8 illustrates the length of time in years since SME owners/managers established their community pharmacy SMEs. Consequently, the data revealed that from the total sample of participants, 25% started their businesses between 1-5 years, 12.5% operated for 6-10 years, while 37.5% of respondents were found to have been in business for the company for more than 11-15 years and the rest 12.5% responded that their tenure period was between 16 – 35 years. The result shows a huge percentage (57.5%) of the participants has been operating in the community pharmacy industry between 1 – 10 years. This gives a clear picture of how most of the respondents' answers came from an informed position and this, in turn, gave credibility to the findings of the study given the background information the respondents might have had about factors and challenges influencing sustainability process of community SME pharmacies in South Africa, Gauteng Province.

### 6.3.9 Total net profit

**Table 6.5: Total net profit**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	R16m to R20m	1	12.5	12.5	12.5
	R1m to R5m	5	62.5	62.5	75.0
	R6m to R10m	2	25.0	25.0	100.0
	Total	8	100.0	100.0	

**Figure 6.9: Total net profit**

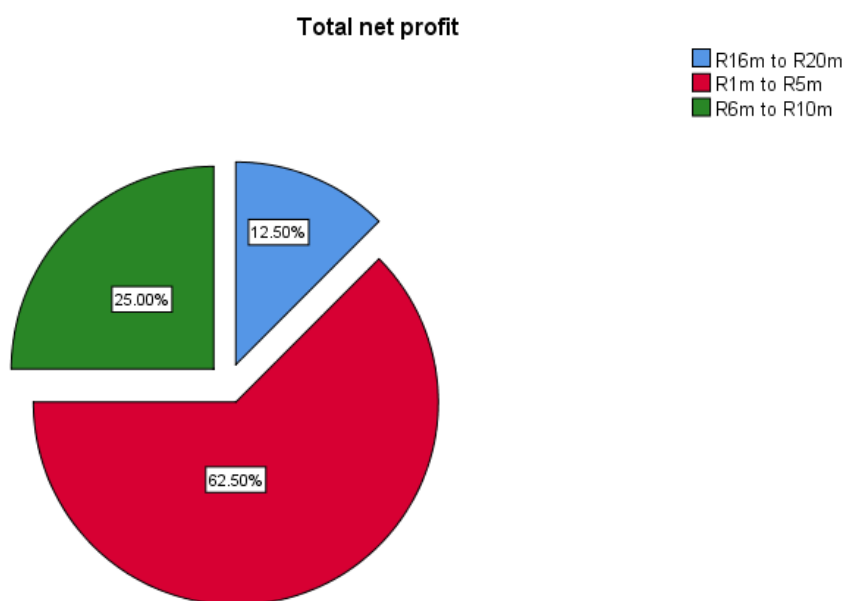


Figure 6.9 illustrates that most community pharmacies were making between R1 million – R5 million, which represented 62.5%, followed by 25% who were making a total net

profit of between R6 million – R10 million and lastly 12.5% were generating a total of between R16 million – R20 million per year.

### 6.3.10 Geographical location

**Table 6.6: Geographical location**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Johannesburg	4	50.0	50.0	50.0
	Pretoria	4	50.0	50.0	100.0
	Total	8	100.0	100.0	

Table 6.6 indicates that participants who accepted to be interviewed were representing equally both cities which are located in Gauteng province, with Pretoria at 50% together with representation from Johannesburg at 50%

### 6.3.11 Classification of location

**Table 6.8: Class of location**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Rural	1	12.5	12.5	12.5
	Semi-Rural	1	12.5	12.5	25
	Semi-Urban	2	25	25	50
	Urban	4	50	50	100
	Total	8	100	100	

**Figure 6.10: Class of location**

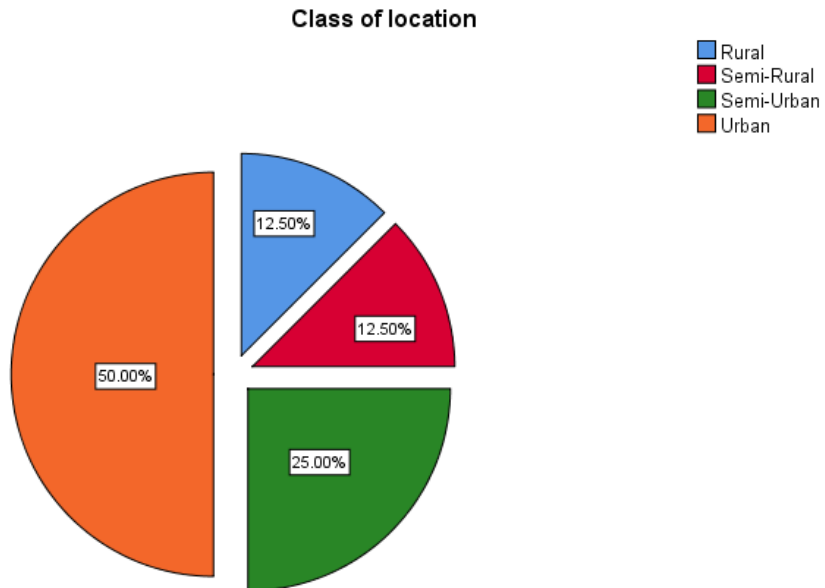


Table 6.8 and Figure 6.10 depict that most community pharmacies that took part in the interviews were mostly located in the urban area at 50%, followed by 25% who were located in semi-urban areas. Over 12.5% were located in rural areas, and lastly 12.5% were located in semi-rural areas. A total of 75% of participants were located in the urban area, regardless of urban and or semi-urban areas.

#### **6.4 CHALLENGES FACED BY COMMUNITY PHARMACEUTICAL SMEs**

This section presents findings from semi-structured interviews with eight pharmaceutical community pharmacies SMEs in Gauteng Province, South Africa. Interviews were conducted to further strengthen the result of quantitative survey presented in the previous sections. The collected data were organised and analysed qualitatively. The key findings are reported under four main sections: Challenges faced by community pharmacies, the role of pharmaceutical SMEs in economic growth and critical sustainability factors, the role of pharmaceutical SMEs in employment creation, use of technology and media houses to advertise, and lastly, government initiatives and tools to support pharmaceutical SMEs.

Prior to the presentation of the interview findings, the provision of analysis on the demographic characteristics of respondents was made. Respondents interviewed represented those community pharmacies. In line with the aims of the study, interviewed respondents were selected from one industry, in total, eight community pharmacies. To maintain ethical standards, for ease of reference and also to protect confidentiality of the interview as indicated under ethics consideration section of methodology chapter, the researcher used codes while addressing participants involved in the interview.

Accordingly, all participant SMEs were coded as Interview one to eight. The results that correspond to each respondent were converted to excel and uploaded on NVIVO, a qualitative software that is used for interpretation of interviews. Tables below provide a summary description of the interviews.

#### 6.4.1 Theme – Motivators for starting a business in community pharmaceutical SMEs

**TABLE 6.1: Motivation to start a business in a pharmaceutical industry**

	Theme	%
Community need and access to health	2	14%
Retrenchment and or company closed	1	7%
Inheritance and family business	1	7%
Unemployment after graduating	2	14%
Creation of wealth	4	29%
Intrinsic motivation or entrepreneur	4	29%
	<b>14</b>	<b>100%</b>

In Chapter 1, it was indicated that the unemployment rate in South Africa is 33.5% as at May 2018 (Statistics South Africa, 2018) which is considered very high and it is common knowledge that the vast majority of youth and adults of working age are not employed owing to the devastating economic decline and the recession that the country is currently faced with.

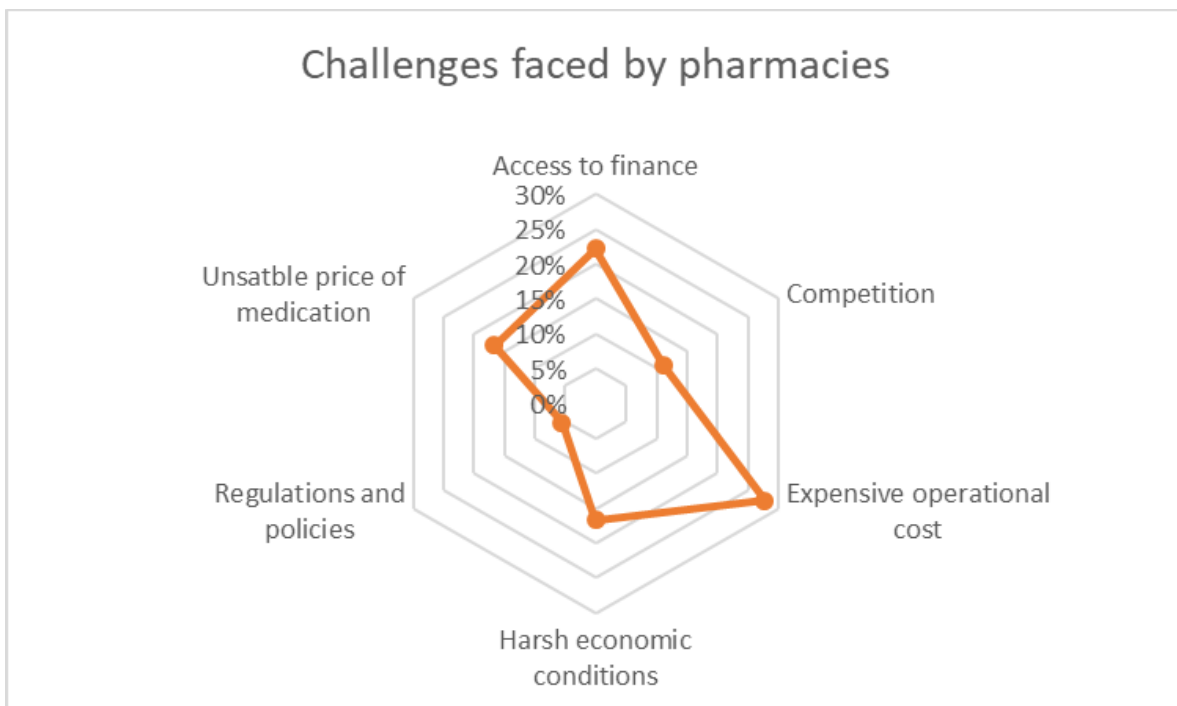
Participants were asked the primary reasons why they started their businesses in the pharmaceutical industry as community pharmacies. Few participants indicated that their previous employer had closed shop, and they were retrenched. Some participants cited that they were driven by family responsibilities and/or inherited family business. Other participants indicated that they saw a need in the community that people needed to have access to medication at their convenience, while some indicated that they were unemployed after graduating and they were motivated to start a business.

One participant said “I started the business necessarily because as soon as I finished my Bpharm degree, there was a gap within the community that I come from and that’s what drove/motivated me to open a community pharmacy business” The majority of participants indicated that they were in it for wealth creation and that intrinsic motivation to start their own business as entrepreneurs had led them to start a pharmaceutical business. The finding is consistent with Wanjau and Muthiani (2012) who asserted that most businesses in Africa were started by individuals who were unemployed as opposed

to those that were employed. One participant was asked a follow up question with regards to wealth creation and they said the following “That as much the netprofit looked financially stable one should not only look into the profit margins of the business but look into the strength of its balance sheet as these were challenges of sustainbality can be looked at, they further stated that what is the use of having a good profit margin when your liability ratio is greater that your current assets ?”

**6.4.2 Theme – Challenges Faced by community pharmacies**

**Figure 6.12: Challenges faced by pharmacies**



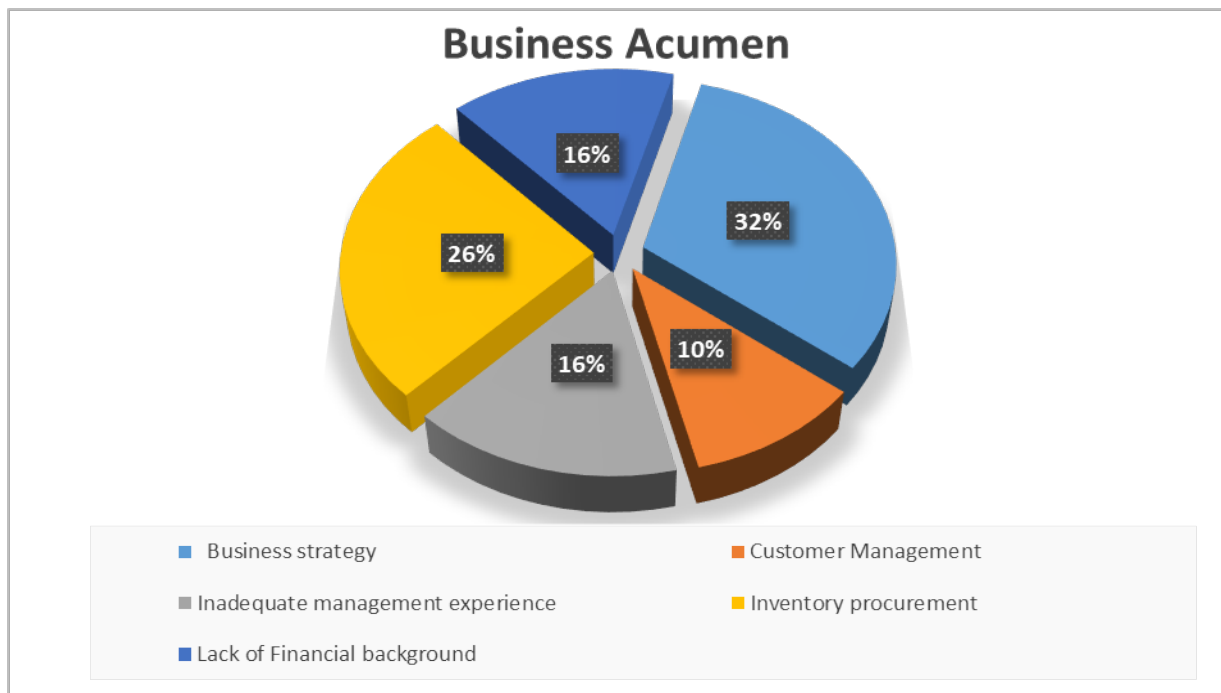
Interviewed participants revealed the challenges faced by their community pharmacies across Gauteng Province. They confirmed that with the current recession that South Africa is currently facing, pharmacies were expensive to operate (capital expenditures versus operational costs). Some participants indicated that access to finance either from the government or from the banks (private sector) was a challenge. Other participants cited harsh economic conditions, unstable prices of medication that made it difficult to stay afloat and in operation, and lack of finance from banking institutions. Some participants also indicated that competition due to location of pharmacies was a

challenge, coupled with the country regulations and policies. Al-Jaghoub, Al-Jedaya and Al-Yaseen (2007) indicated that community pharmacies were faced with many challenges and needed government interventions to be more sustainable and capacitated to manage all their challenges. Participant number 3 said the following “Lack of competition regulation is the reason why community pharmaceutical SMEs were under serious threat from sustainability, as most of these big corporate pharms sell their products at much cheaper rates than community pharmacies which then threatens their profitability and that of sustainability”.

They suggested that a government should also set aside a financial chamber that is looking into assisting pharmacies. Participants’ results confirmed that lack of finance from banking institutions and location of business which results in unhealthy competition was the main challenge faced by the community pharmacies. Another participant said that “The greatest challenge faced is to access credit facilities as there is no collateral to pledge as security and it is difficult to expand the business without accessing some form of credit”.

#### 6.4.3 Theme – Business knowledge and skills

Figure 6.13: Business knowledge and skills

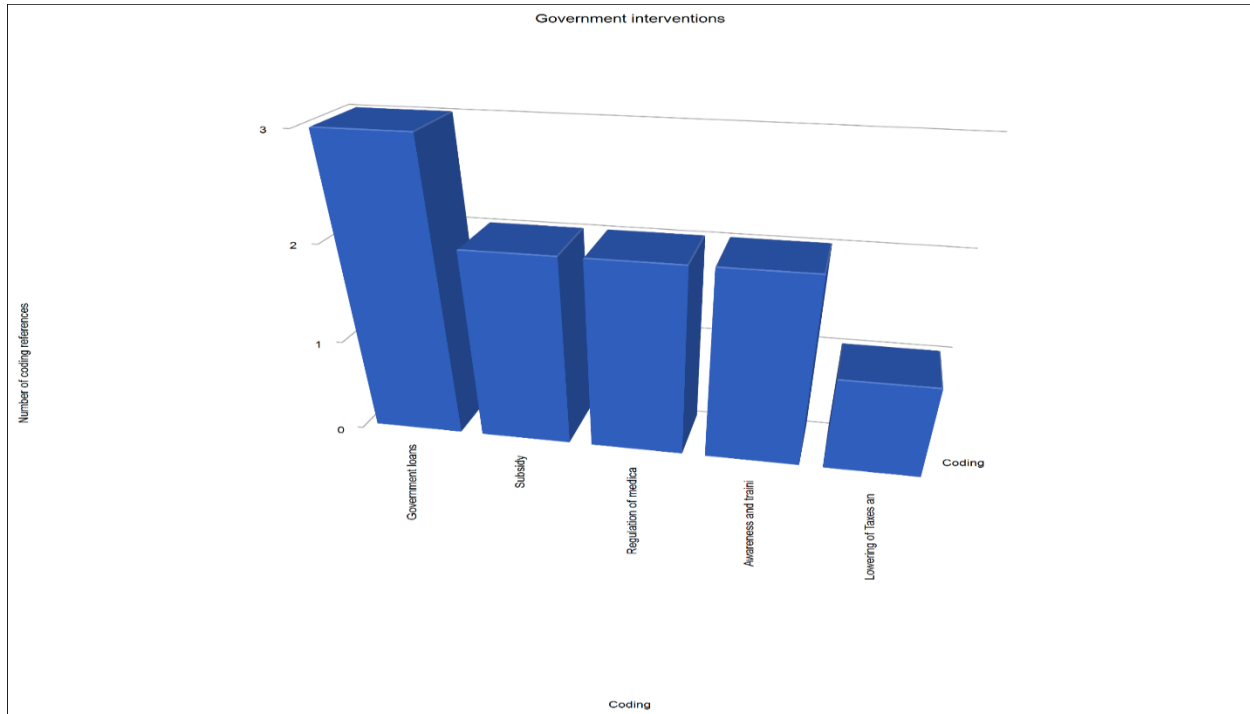


The interviewed participants of this study revealed that established business strategies was what was needed within this business in order to sustain them. Few participants indicated that they had developed strategies around procurement of medication/ inventory as they benefitted from the discounts they received from buying in bulk. Some indicated that they have inadequate management experience, which they have been trying to equip themselves with since the inception of their community pharmacies. Other participants revealed that they do not have financial background or financial education of some sort, and they have been learning.

Participant also indicated that “There is no financial background to most community pharmaceutical SMEs and these has been under serious discussion and conferences on best to capacitate pharmacists to have a bit of financial background, the further stated that it is almost impossible to have access to credit facilities when you don’t have audited financial statements which can only be prepared by financial literate personnel which is also not so easily affordable”. The last group indicated that customer management had lack of business acumen as shown in Figure 6.13 above. Participants results revealed that lack of financial background was one of the greatest challenges amongst community pharmacies as many were professionals who studied health tertiary related studies (Otchere, Senbet and Simbanegavi, 2017).

### 6.4.4 Theme – Government involvement and intervention

**Figure 6.14: Government interventions**



Awareness and training	2	20%
Government loans	3	30%
Lowering of Taxes and fines	1	10%
Regulation of medication prices	2	20%
Subsidy	2	20%
<b>10</b>	<b>100%</b>	

Participants were asked which of the challenges that they experienced on a daily basis could be addressed by government. The results indicated that participants felt that government could provide awareness and training to community SME pharmacies, with others who pointed out that government could create a special fund in the name of government loan and offer pharmaceutical SMEs loans with affordable interests. A few participants highlighted that government could lower taxes and fines and or give pharmacies that are not making significant profit tax rebates to create sustainability and

that government could reduce the price of medication from the manufacturers by introducing regulation of pricy medications, especially basic counter medication. The last group of participants pointed out that government could offer subsidies to these community pharmacies to keep them running and keeping employees on the payroll during harsh economic conditions. Some participants were quoted saying “As much as the government had so much potential in assisting them there is just too much corruption in the South African government and the focus was never on community pharmacies because most people who look at businesses within this sector would assume everybody is profitable”. The finding confirms that as much as the government could be trying to assist as much as they can, there is much that still needs to be done in order to sustain community pharmacies (Wanjau and Muthiani, 2012).

#### 6.4.5 Theme – Suggested government interventions

**Figure 6.15: Suggested government interventions**

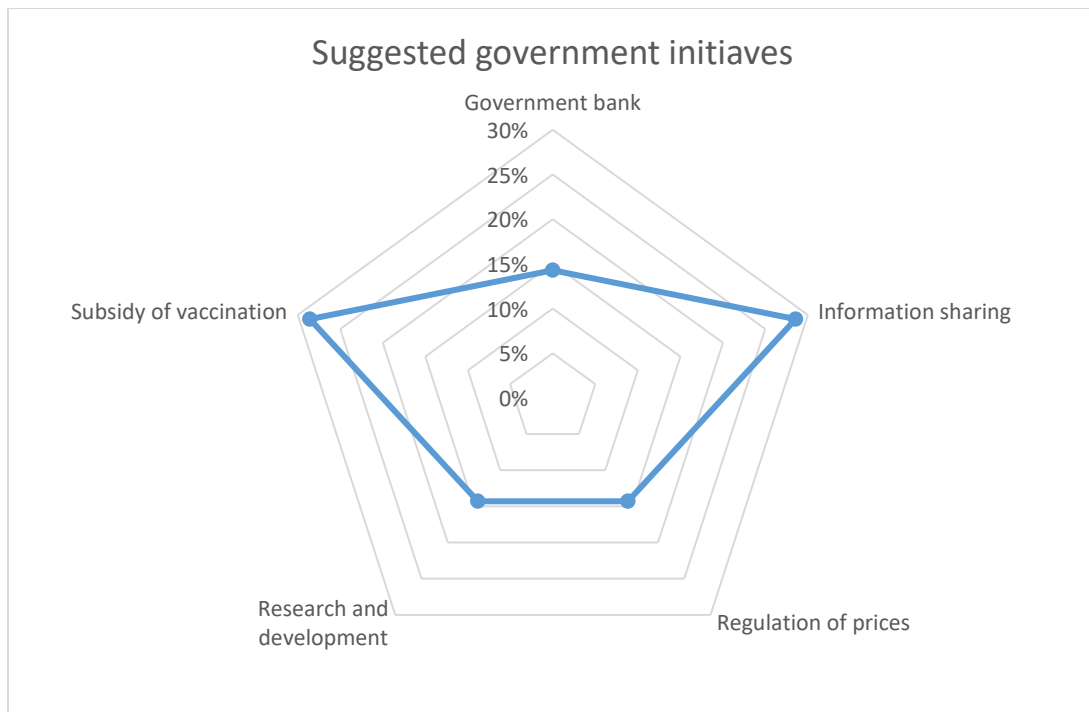


Figure 6.15 depicts that participants suggested that government could do better on information sharing, while others indicated that it would be great to have a regulation of

prices of medication. Other participants also revealed that government bank that is purposefully established to help SMEs will come in handy to help in sustainability of pharmaceutical SMEs. Participants further indicated that the government should help with subsidy of medication especially vaccination. One participant said that “price regulations with regards to medicine is actually the greatest challenge, wholesaler pharmacies such Deschem can afford to buy stock in bulk which then in term will reduce the price of goods from bulk discounts, this gives them the capacity to sell their goods and services at a cheaper rate than community pharmacies, they added that price of goods and services are what has been the primary dictator of where customers go to buy pharmaceutical supplies”.

Figure 6.15 also depicts that participants also suggested that government can help greatly by sharing information and having research and development initiatives that continuously keeps pharmacies informed with new trends and diseases so that it makes stocking relevant inventory easy. One participant also had the following to say “ A government bank with low affordable interest will do much great benefit that what we are subjected to when it comes to loans from credit facilities, the government is a greater facility that might be able to take a greater risk than banks” This study finding revealed that government could do more with information sharing and put up policies which help improve community pharmacies profitability and sustainability (Wanjau and Muthiani, 2012).

#### 6.4.6 Theme - Capital Source

Figure 6.16: Source of funding

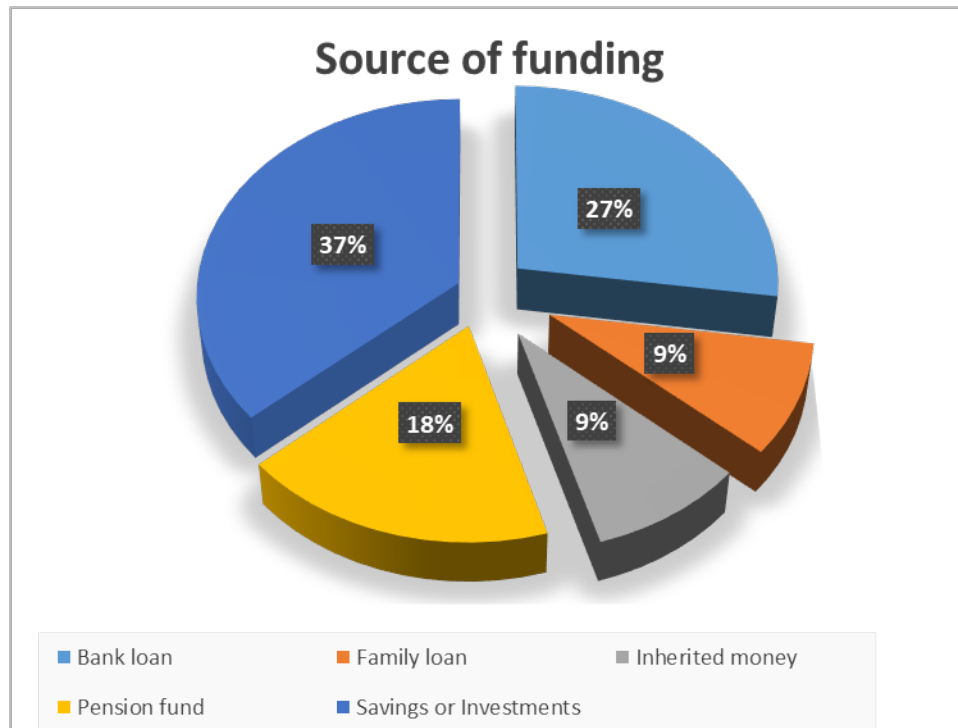


Figure 6.16 depicts what respondents were asked about how they financed their pharmaceutical SMEs from inception. The majority indicated that they had savings or investments. Some participants indicated that they borrowed from the bank. Others cited that they had a family loan. Some participants revealed that they used their pension funds or money received after the company they either worked for closed or retrenched them. Others indicated that they inherited money from their loved ones. The finding is in line with Kersten *et al.* (2017) who indicated that most SMEs are refused loans from the banks and are forced to either start their business with their own savings or investment, which includes borrowing from a family.

### 6.4.7 Theme – Access to credit and Government funding

Figure 6.17: Government funding and access to credit

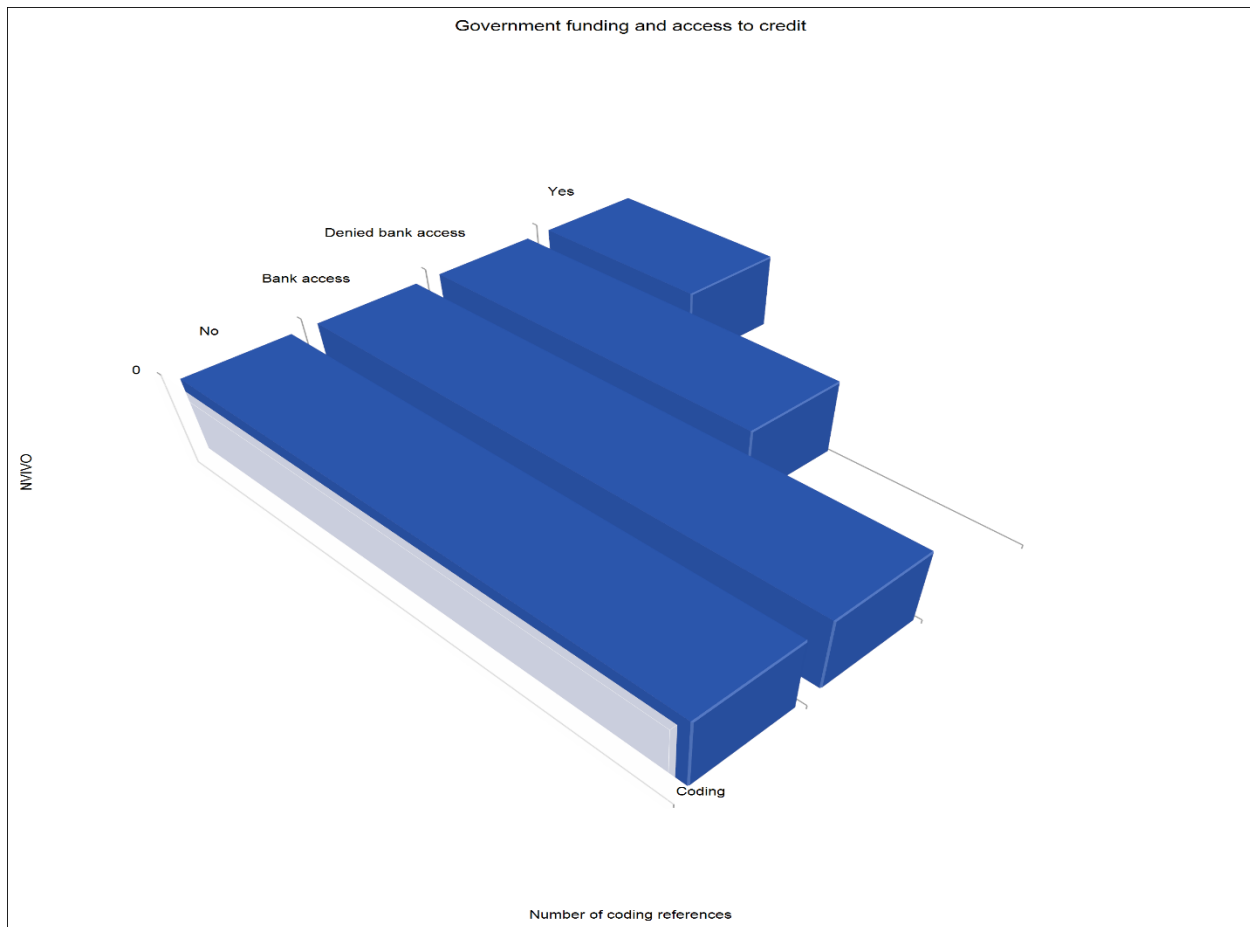


Figure 6.17 indicates government funding together with access to credit of participants who participated in the interviews. Participants were asked about the un/availability of funding from government together with access to the bank. Only one participant indicated that harsh economic conditions make it difficult to have access to government loans and have received some form of help from the government through a government rebate.

One participant indicated that “I wanted to get a loan from the bank to expand the operations of the business, as you can see that community pharmacies are no longer just dispensers of medication but offers much more when it comes to services as well but the loan was dinied right away because the bank views my business as unsustainable. The

majority indicated that they did not get any form of funds from the government to help or assist with the sustainability of business. Some participants revealed that over and above private savings or investment, they were denied access to credit by the bank. Most SMEs are denied loans and capital by banks, and there is less intervention by government with regards to funding (Bala Subrahmanya, 2015).

#### 6.4.8 Theme – experience accompanied by owing a business

**Figure 6.18: How business has impacted on the owners**

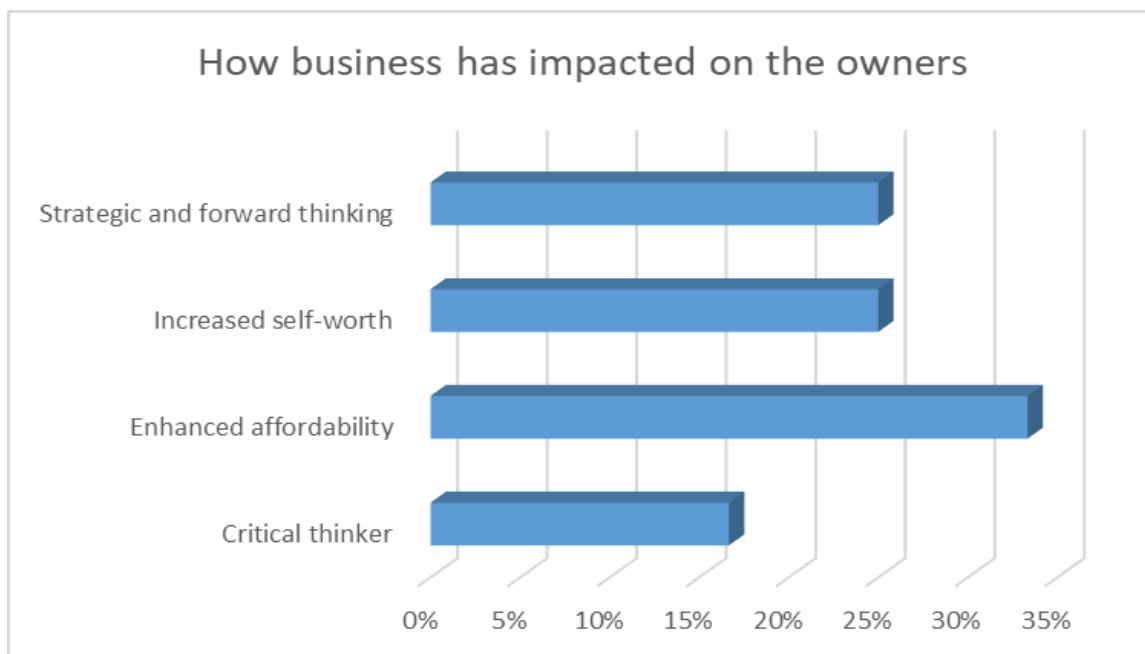


Figure 6.18 depicts themes that came out during the discussions. Respondents indicated that operating pharmaceutical SMEs had become a way of life and that such businesses positively impacted the lives of many people from a health perspective. They indicated that this business had enhanced their affordability. Others revealed that they are strategic and forward-thinking and that they have transformed from being average business people to critical thinkers. Participants also stated that their business had increased their self-worth, one way or another.

During discussions, respondent indicated that “running a community pharmaceutical SME had become a way of life and that such businesses positively impacted the lives of

many people”. Respondents felt disappointed by the lack of focus from government on the industry and requested that their challenges be brought before the government so that they can be informed about challenges faced with community pharmacies.

#### 6.4.8 Theme – Business and community

**Figure 6.19: How business benefited the community**

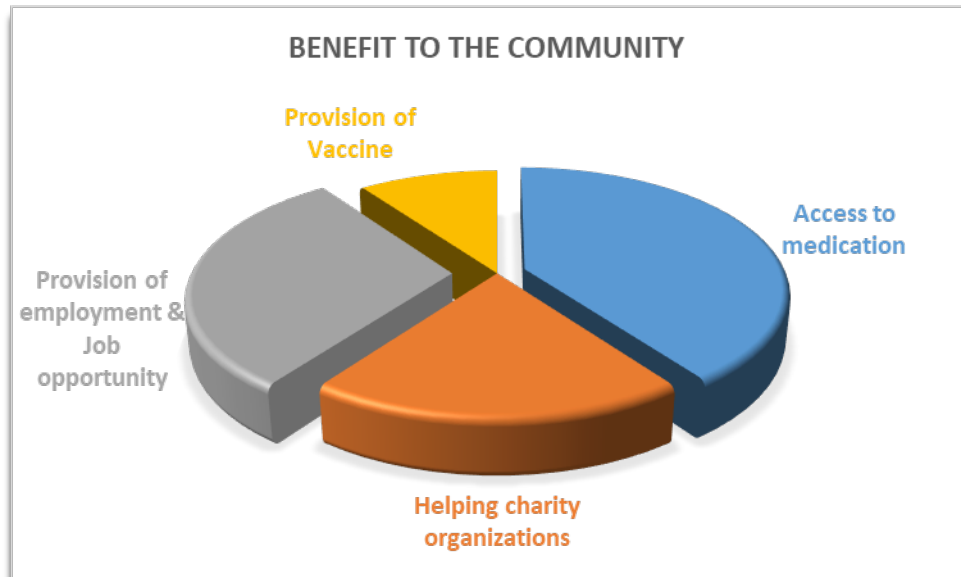


Figure 6.19 depicts what respondents were asked about how their businesses benefited the community. Participants indicated that the community benefit from them by an easy access to medication and also added that they assist the community by provision of employment and job opportunities. Some participants revealed that they help with charity organisations within the community they operate in. Others indicated that that they help the community with vaccination during winter periods.

The findings revealed that most organisations helped the community and created projects that can benefit the community. However, SMEs were faced with more financial challenges than any other already established and sustainable businesses (Breen and Crawford, 2005). One participants indicated that “there is no a greater feeling that servicing the community that my business is located in with medical goods and services that my business offer”

#### 6.4.9 Theme – Major obstacles faced by community pharmacies

Figure 6.20: Major obstacles faced by community pharmacies

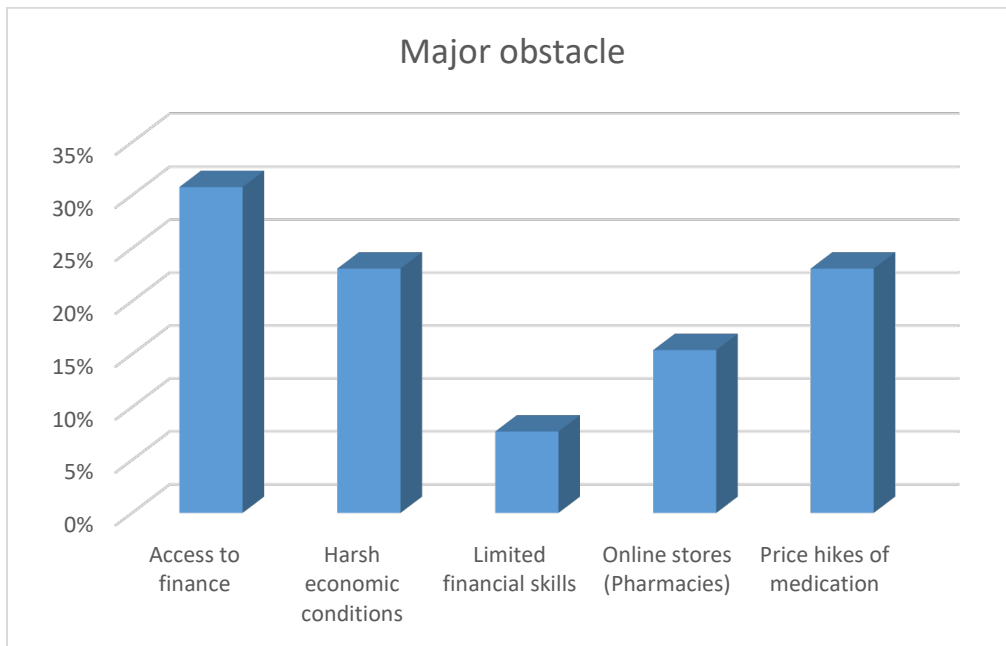


Figure 6.20 depicts what participants said about the major obstacles faced by their community pharmacies. The majority indicated that access to finance was the greatest challenge they were faced with. They also added that they had challenges with financial skills combined with management skills because most of them did not have any financial background education. Other participants cited harsh economic conditions, like the recession that South Africa is currently faced with as the reason why they were finding it difficult to sustain their businesses.

Participant added that “online drug stores were the greatest threat in the pharmaceutical industry because people can easily buy medication online, even the one that can only be issued out under prescription”. The last group indicated that price hikes of medication made it difficult to stay competitive in the current harsh economic conditions. Kersten *et al.* (2017) emphasised that banking institutions should ensure that accessibility of loans improves by coming up with concessionary lending interest rates for SMEs and considering other alternative sources/ways of securing lending to SMEs rather than

demanding collateral security which is always difficult to be available on SME owners and entrepreneurs who are beginners.

#### 6.4.10 Theme - Suggested solution to major obstacles

**Figure 6.21: Suggested solutions to the major obstacles**

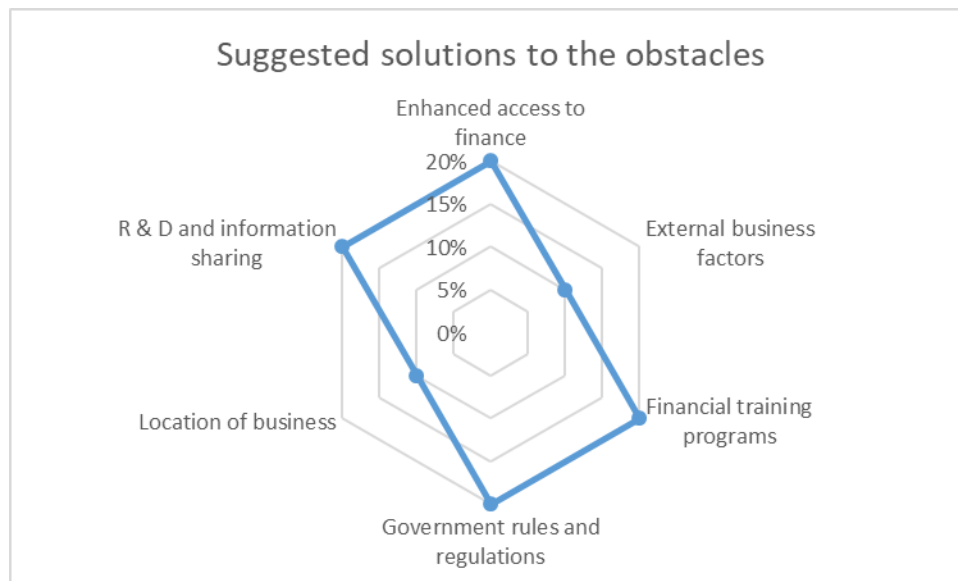


Figure 6.21 depicts suggestions that were made by participants with regards to the major obstacles that they are currently faced with. Some participants indicated that they would prefer to have enhanced access to finance so that they can expand their businesses and further indicated that most of the challenges were external such as harsh economic conditions, and had less to do with their internal measures. Other participants indicated that government rules and regulations needed to be revised to address online purchase of medication. Participants further added that financial training programs were essential since most of pharmaceutical managers were pharmacists and did not have some financial academic background. They further added that location of the business was one of the greatest obstacles militating against sustainable growth of their businesses. They suggested that maybe the government and SAPC and/or ICPA should look into the location of the pharmacies before granting access or license to operate. They went on to mention some of the biggest franchises in the country saying that it was a requirement to position those businesses within a particular distance in order to make sure they do not

end up competing with one another. Finally, 20% (2) indicated that government, SAPC and ICPA research and development together with information sharing, should always be priorities so that they can capacitate themselves with financial and medical knowledge of diseases within the community they operate in so as to enhance procurement of inventory or medication that they sell on a daily basis.

## 6.5 ROLE OF PHARMACEUTICAL SME'S IN ECONOMIC GROWTH AND CRITICAL SUSTAINABILITY FACTORS

### 6.5.1 Theme – The role of pharmaceutical SMEs in economic growth and development

Figure 6.22: Role of pharmaceutical SMEs in economic growth and development

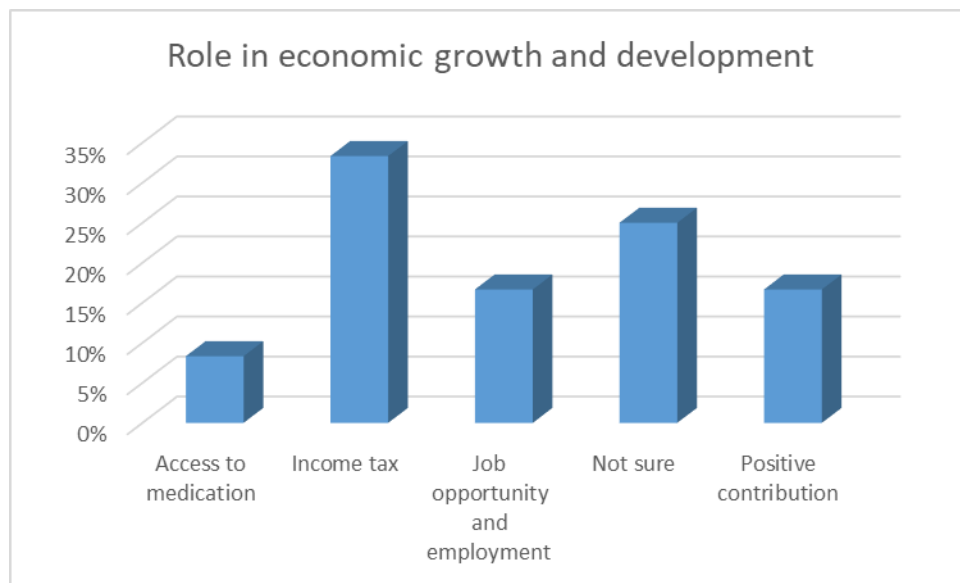


Figure 6.22 reveals what participants said when they were asked about the role of pharmaceutical SMEs in economic growth and development. The majority indicated that they contribute by paying income tax to the South African Revenue Services (SARS) and others stated that they had enhanced access to medication, which to them was an indication of development. However, a few participants stated that they had created job opportunities within the community they operate. Some participants indicated that they were not sure of what their contribution was, while others added that they were positively contributing to the economic growth and development though they did not specifically point how they did that.

One participant indicated that “ their greatest focus was mainly on making sure that there is greater availability in terms of the services and goods that are offered to the community when it comes medical supplier” They further added that I don’t the rest happens at the back ground and gave examples of financial implications. This further exposed that one of the main reasons why these community pharmaceutical SMEs are not that sustainable is because they are operated/ managed by pharmacists whom s main objective could be to fulfil health care distribution gap than to make a profit which in term makes their businesses unsustainable.

**6.5.2 Theme – Government initiatives to boost community pharmacies**

**Figure 6.23: What government can do to boost community pharmacy contribution towards economy**

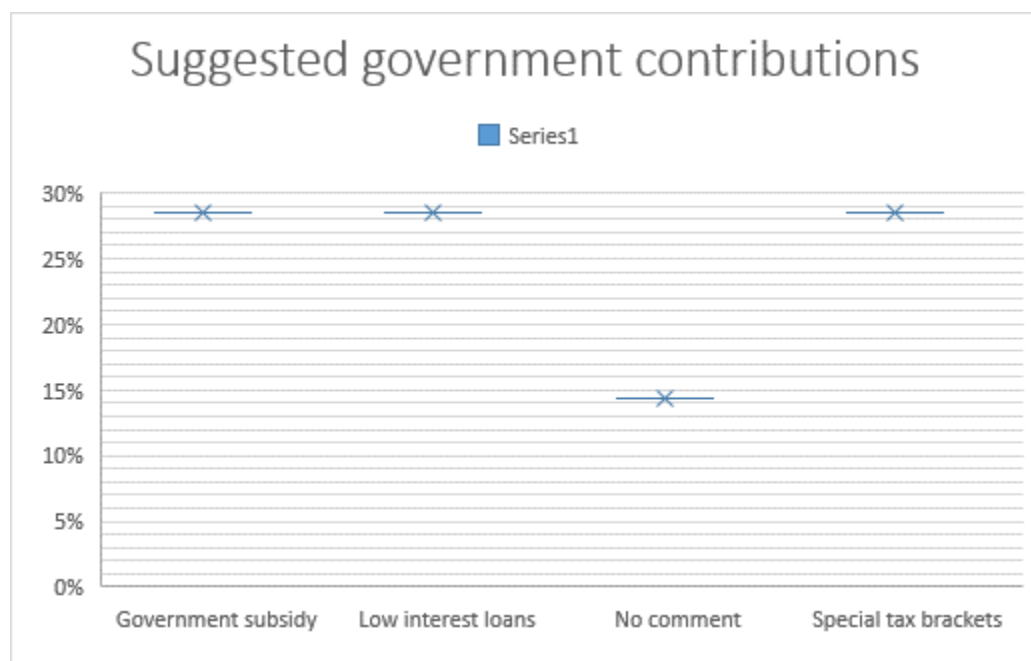


Figure 6.23 depicts what participants said when they were asked what they think government should do to keep their businesses sustained and continuously contribute to the economic growth and development. Participant indicated that “government subsidy would come in handy, the participant further revealed that government should ensure that banks issue out loans at affordable interests”. Some participants indicated that they had no comment on how government could contribute to the growth of their pharmacies. The

majority felt that the government should introduce special tax rebates for SMEs that are not making enough net profit per year as that would encourage sustainability on all community pharmaceutical SMEs. Participants indicated that special tax and government subsidy would be one of the greatest tools that might help relieve the sustainability challenges that they are currently faced with and also help unlock profitability potentials that are associated with sustaining their businesses. Participants indicate that “it is at times curial for the Government to look into certain community pharmaceutical SMEs especially their locations and give zone tax reliefs beauces profit that is made at the city centre is way too advanted by the location than one that is made from a remote area where affordability and access to medication is limited”.

### 6.5.3 Theme – Critical factors for sustainability

**Figure 6.24: Critical factors for sustainability**

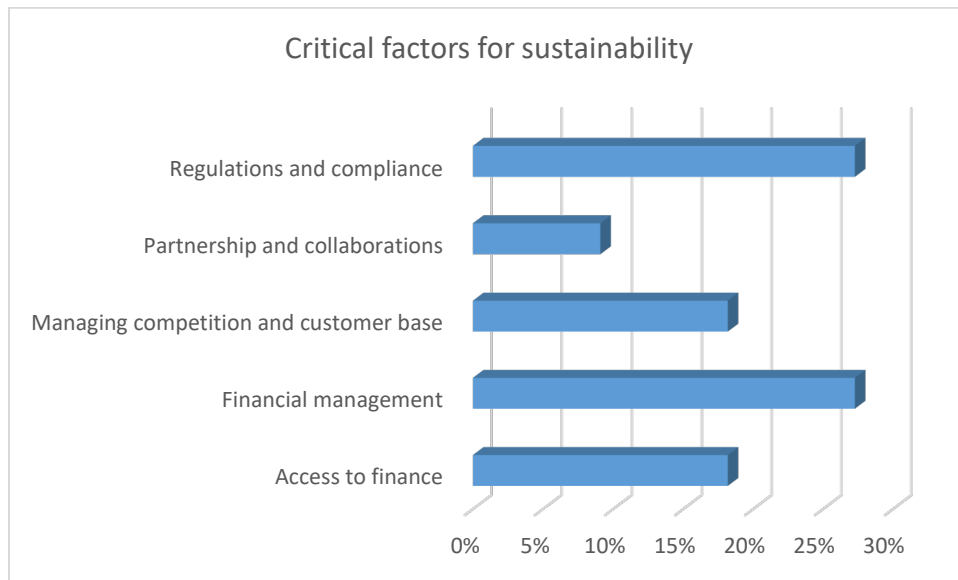


Figure 6.24 depicts what respondents said about what they considered to be critical business sustainability factors. Participants indicated that consistent regulations and compliance would be an added advantage to fulfil sustainability quest and revealed that one of the most critical sustainability factors was partnership and collaborations of pharmacy SMEs when it comes to buying of stock in bulk. That way, they will be able to buy in bulk and get more discounts. Participants also indicated that managing competition

and customer base was the way to go to achieve sustainability, with others that indicated that financial management and financial literacy of pharmacy managers was the key sustainability factor since it enhances financial accountability and managing of the business. The last group revealed that access to finance through both government and or banks would bring financial freedom, which might inspire business venture growth and sustainability. Boschmans *et al.* (2015) indicated that financial management and access to finance are critical sustainability factors that needed managers and owners of business to manage with clear strategy so that their business could operate into the foreseeable future and remain sustainable.

One participant said that “ it is beyond difficult to manage competition when your community pharmaceutical SME is located within the city centre where access to medical services is greatly available especially from wholesaler pharmaceutical SMEs who sells their goods and services and much cheaper price that I will usually sell them, over and above that its capital intensive to have the same set up that these wholesaler pharmacies have going on in their businesses because one will need to have a clinic and also be offering consultative screening, advice on diet and all that”.

#### 6.5.4 Theme – Anticipated future difficulties in pharmaceutical SMEs

Figure 6.25: Anticipated future difficulties in pharmaceutical SMEs

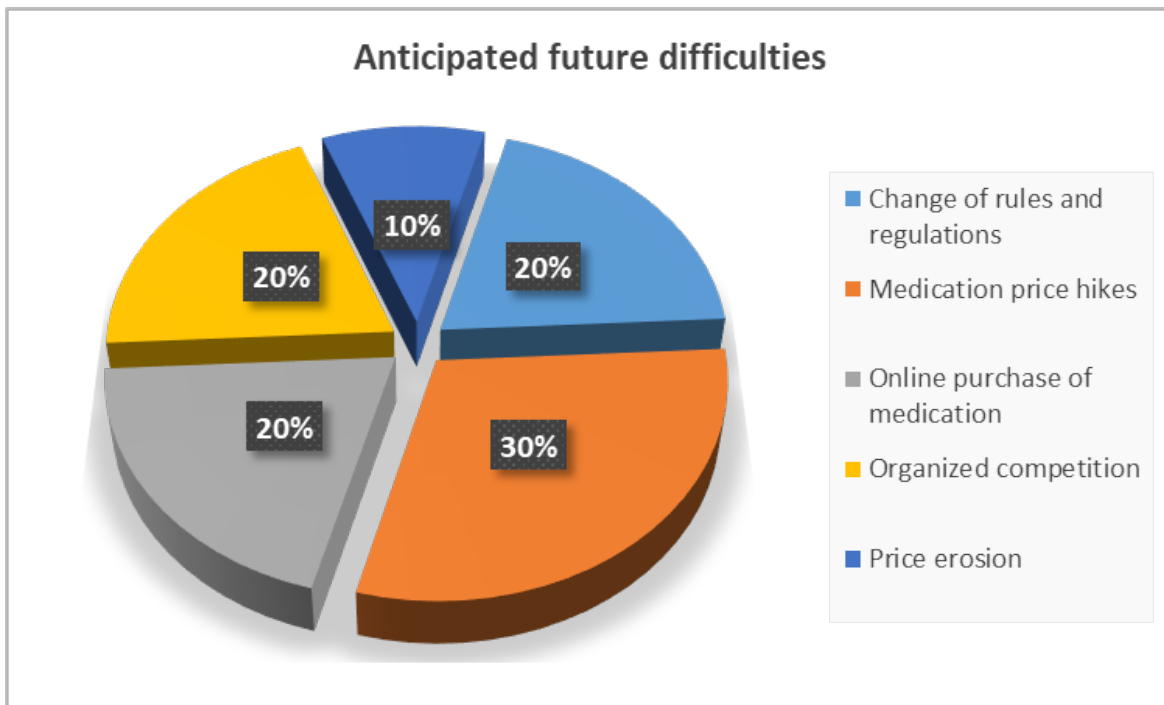


Figure 6.25 indicates what respondents said about anticipated future difficulties of community pharmaceutical SMEs. The majority of participants revealed that “continuous medication price hikes were some of the most anticipated future difficulties, and also added that uncertainty with regards to change of rules and regulations within the pharmacy industry was an anticipated future difficulty”. Some participants said that organised competition by big corporate franchise businesses was a challenge since these businesses were driving them out of business slowly but constantly. One participant indicated that there was price erosion within the industry and big companies were using price as a weapon to drive them out of business because they could afford to buy in bulk and sell on discounted mark up prices. Finally, they indicated that online purchase of medication was a feasible future threat since much medication could be bought online both legally and illegally, which will soon make on counter medication irrelevant. As such, participants added that it would be crucial that the government could intervene significantly with rules and regulations that help protect pharmacies from pirates online sellers.

### 6.5.5 Theme - Suggested solutions to difficulties

Figure 6.26 Suggested solutions to difficulties

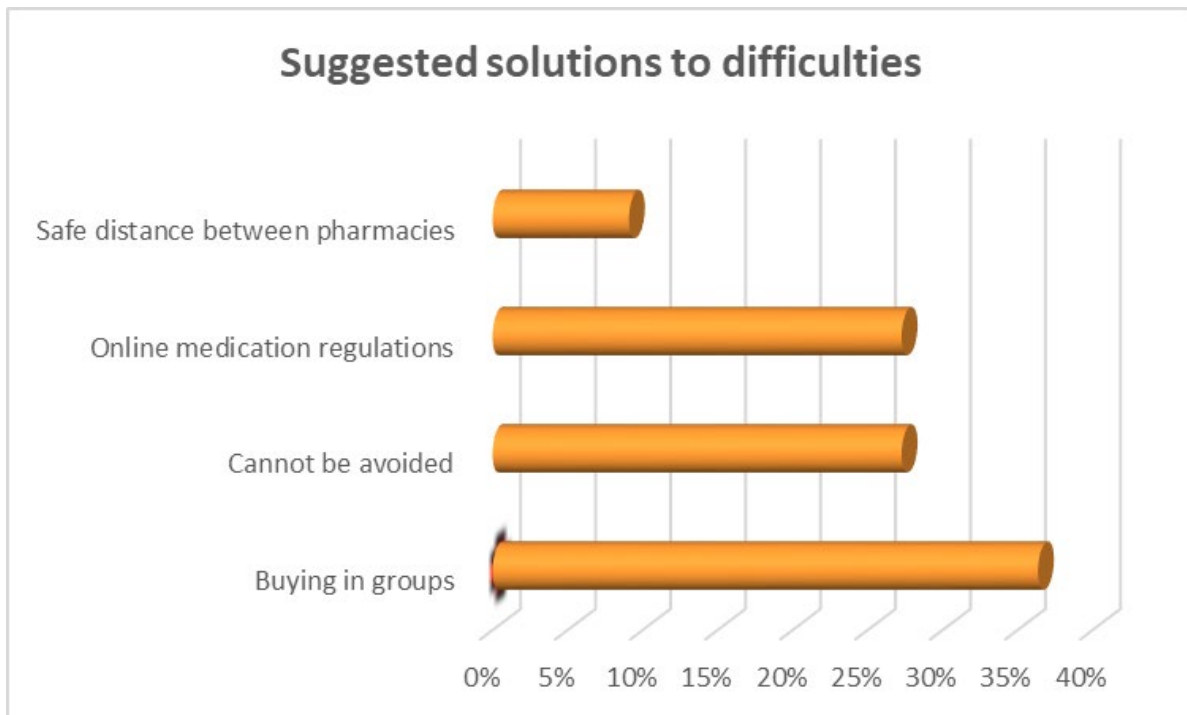


Figure 6.26 depicts themes that came out during the discussions about the suggested solutions to anticipated future difficulties. Respondents indicated that buying stock/inventory in bulk would be the best possible solution to the ever-increasing price of medication. Participants further indicated that the anticipated future difficulties could not be avoided at all. Some participants revealed “that there is a need for government presence when it comes to online medication buying rules and regulations; this will ensure that customers do not have access to illegal medication, and buying of medication can only be issued when one has a medical prescription from a doctor”.

Shabik *et al.* (2016) observed that online purchase of medication is the new revolutionary way of doing business as communities needed medication as soon as possible and will not tolerate stock outages from local pharmacies. They further added that pharmacies that do not take advantage of online facilities would continuously lose out on profit advantages that come with selling their goods online.

## 6.6 ROLE OF PHARMACEUTICAL SME'S IN EMPLOYMENT CREATION, USE OF TECHNOLOGY AND MEDIA HOUSES TO ADVERTISE

### 6.6.1 Theme – Business expansion from an employment perspective

Figure 6.27: Possibilities of expanding business from an employment perspective

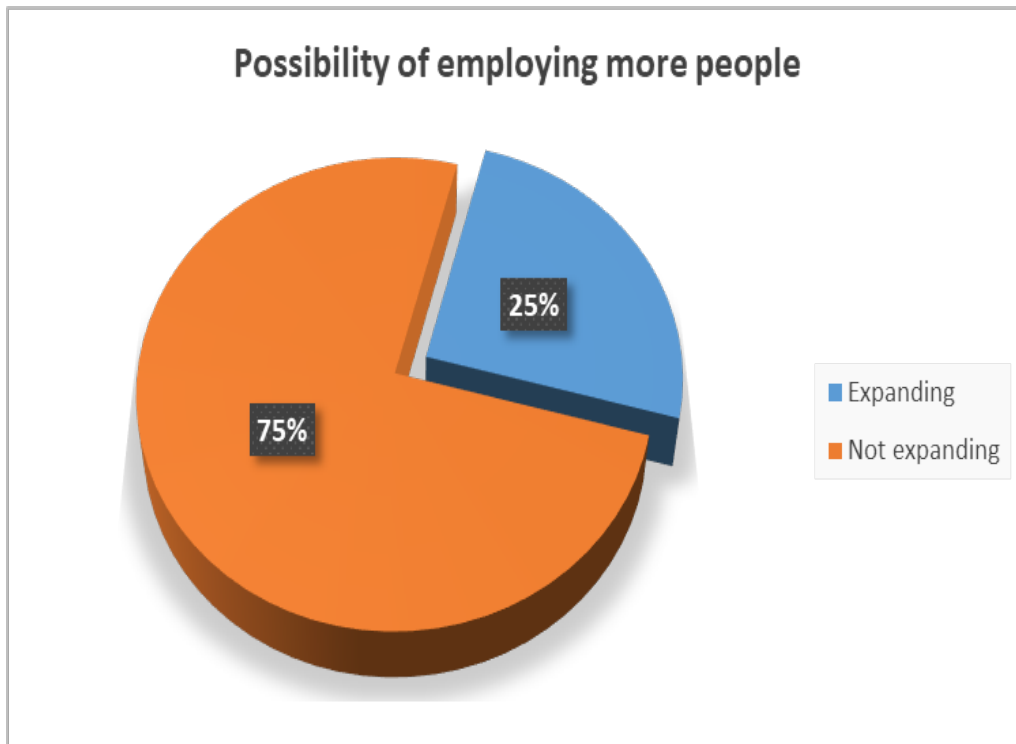


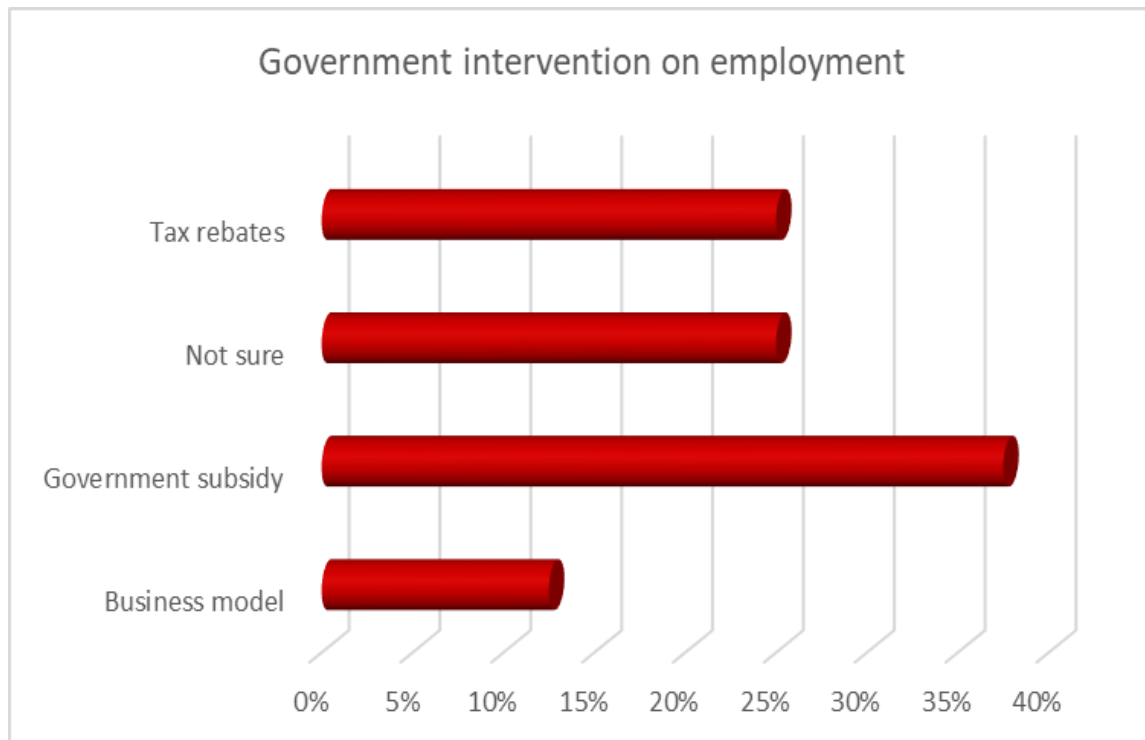
Figure 6.27 indicates possibilities of expanding business from an employment point of view. Initially, on interview question 3.1, participants were asked what their contribution as pharmaceutical SMEs was towards employment creation. On average, respondents appointed four to five people. The question further probed as to whether these pharmacists were keen on expanding their businesses with offering more employment opportunities. Participants indicated that they would not mind expanding by adding just one person and offer them a job opportunity.

One participant said that “At the rate things are going its beyond impossible to expand, in, there is lack of support from all corners where help can ever be received and at this state its even difficult to get access to credit”. The majority of participants indicated that there was no way under these harsh economic conditions they were going to consider to

open up for employment or make a job offer to anyone. Most participants indicated that they would rather have somebody who comes and offers locum services for the weekend or when the need that requires such services opens up than make a permanent job offer.

### 6.6.2 Theme – Government intervention on employment

**Figure 6.28: Government intervention on employment**



Individuals who participated in the interview were asked about the role government can play to ensure that people stay employed or rather to employ more employees. From the graph above one can easily see that there is little desire for a business model and perhaps even knowledge about sustainability and its benefits. Most participants indicated that they would prefer to have access to government subsidy, with participants who added that tax rebates would assist in keeping more money in the business, which might assist in keeping employees on the payroll during these harsh economic times”.

Others indicated that due to past experience with less involvement of the government they were not sure how the government intervention would assist in this case. The last

participant indicated that the government should come up with an open business model that protects the interests of SMEs. Participant added that “there is a need for government to give subsidy, this should also not be on the bases that my business stay afloat but that I also have to put in the work to keep the business afloat and sustainable during this economic harsh times”.

### 6.6.3 Theme – Use of media to attract customers

**Figure 6.29: Use of media to attract customers**

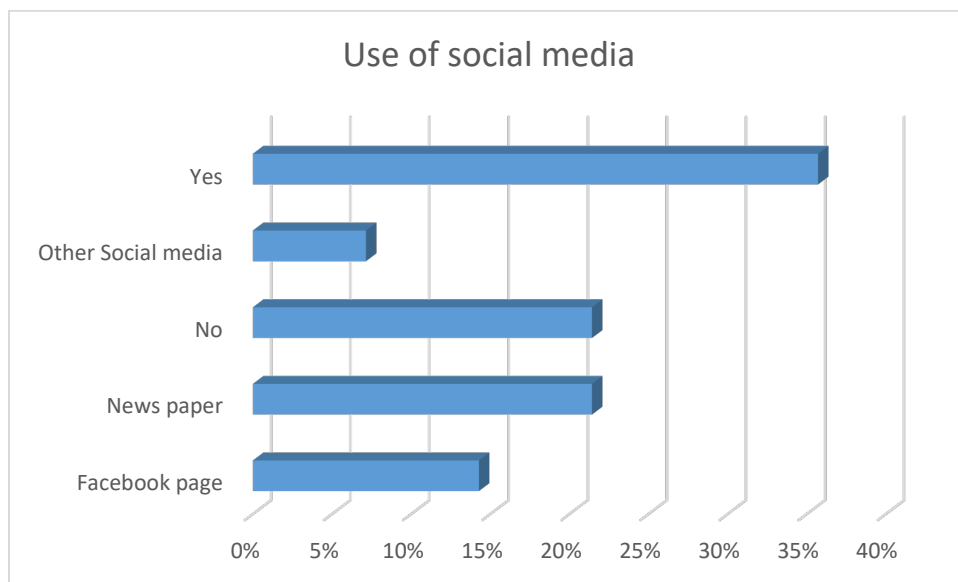


Figure 6.29 depicts responses that were gathered from participants with regards to the use of media houses to advertise, and if they think advertising can sustain their business from a profit perspective. Most respondents said that they make use of advertising, and others said they do not use media houses to advertise. Participants further indicated that they make use of Facebook to advertise their business more, especially their business location so that customers can find them with ease.

They also revealed that they were making use of local newspapers to advertise, and also indicated that they use other social media. Most of the participants indicated that they could not compute any scientific figure if advertising added any competitive financial gain because their businesses could only advertise over the counter medicine and at the same time their business model was a bit different since people will only come to their

pharmacies when they are sick or in need of medication unlike ordinary stores which deal with groceries. One participant who did not use social media said indicated that “if I advertise what will be the benefit, how much will I gain in revenue ? the reason why I am asking these questions is because whether I advertise or not I am still going to get customers, remember my business sells medical supplies which normally customers will only buy when they need them and not when they don’t need them”. Its quite evident that the narrative of this participant is that media exposure has no value, which is one of the problem that can affect revenue significantly because the more people in your local area that knows about your business the better chances of them buying in your community pharmaceutical SME.

**6.6.4 Theme - Affiliation with regulatory bodies SAPC & ICPA**

**Figure 6.30: Affiliation with the South African Pharmacy Council and Independent Community Pharmacy Association**

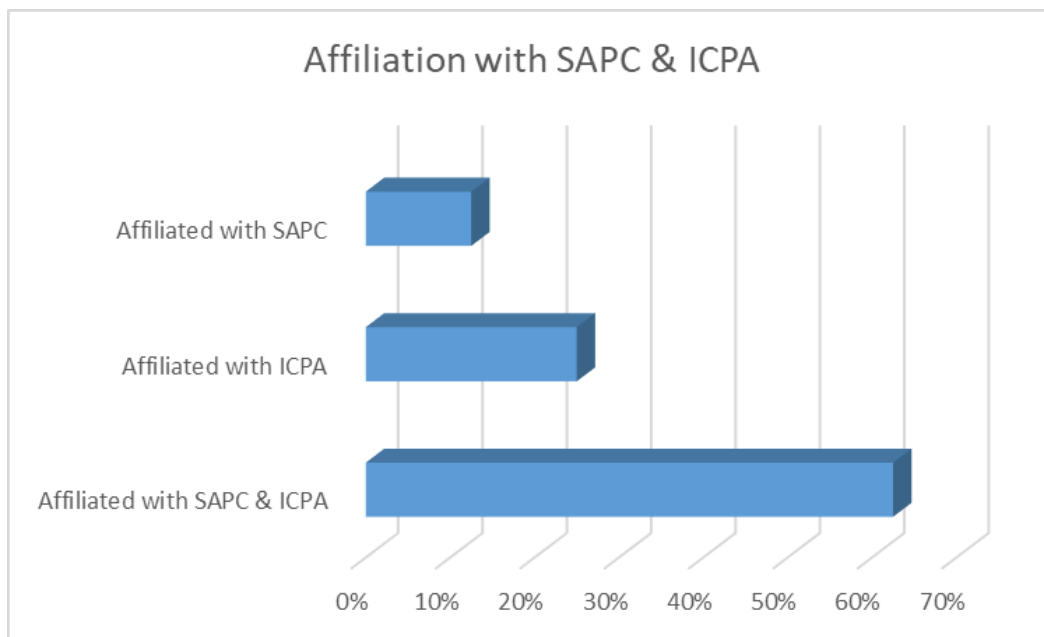


Figure 6.30 depicts the themes that came out during the discussions with participants about their status of affiliation and if they were satisfied with the assistance they are receiving from their affiliated bodies. The majority of participants were affiliated with both the South African Pharmacy Council and Independent Community Pharmacy

Association. Some of the participants indicated that they were only affiliated with the Independent Community Pharmacy Association and the South African Pharmacy Association.

It was difficult from the interviews to gather exactly the kind of assistance community pharmacies were getting from the professional bodies. Apart from making rules and regulations, and providing of training, it is not clear if the professional bodies assist pharmaceutical SMEs in accessing finance with low interests. Such assistance would aid the growth of pharmaceutical SMEs given that most SMEs struggle to access finance with low interest rates in South Africa.

### 6.6.5 Theme – internal business drivers

Figure 6.31: Internal business drivers

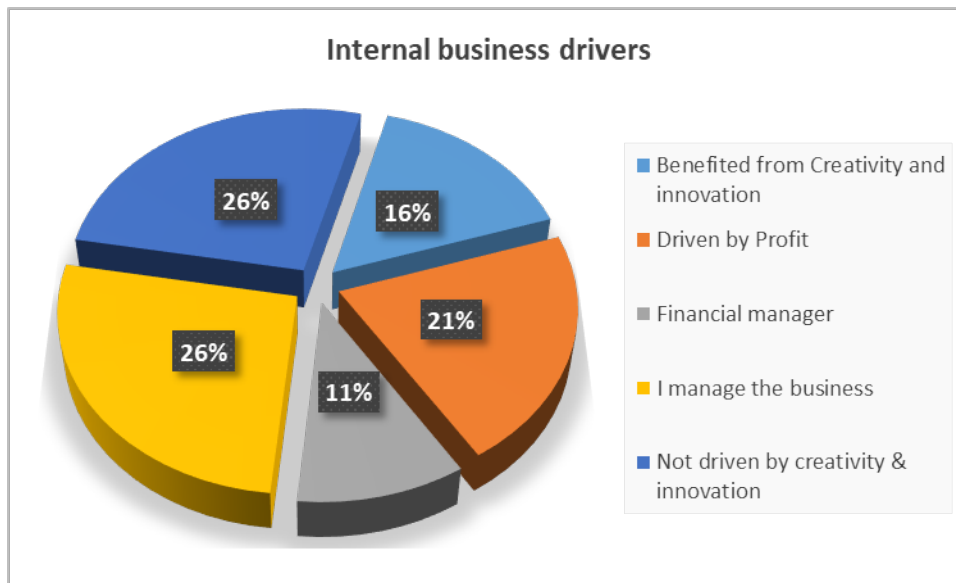


Figure 6.31 indicates what respondents said about internal business drivers. Participants were asked if creativity and innovation help sustain their business and if profit drove their business motives internally. The question also needed to find out who managed the business. Most participants indicated that their business model did not revolve around creativity and innovation. Others indicated that their business benefits from creativity and innovation through their product offerings and customer services which are tailor-made to suit every customer and to give them an experience. Participants further revealed that their businesses were driven by profit internally.

One participant was quoted saying that “I am most fascinated by money the more of it I make the greater feeling of fulfilment I get, if it was not for that I wont stay in business at all, besides that’s why everybody open a business right”. Most pharmacists indicated that they managed their business, while fewer indicated that they had a financial manager who consulted their businesses to handle financial matters. One of the participants was quoted saying “profit and unemployment were business drivers that encouraged me to start my community pharmaceutical business even though I lacked managerial skills”.

## 6.7 GOVERNMENT INITIATIVES AND TOOLS TO SUPPORT PHARMACEUTICAL SMEs

### 6.7.1 Theme – government support

Figure 6.32: Government support

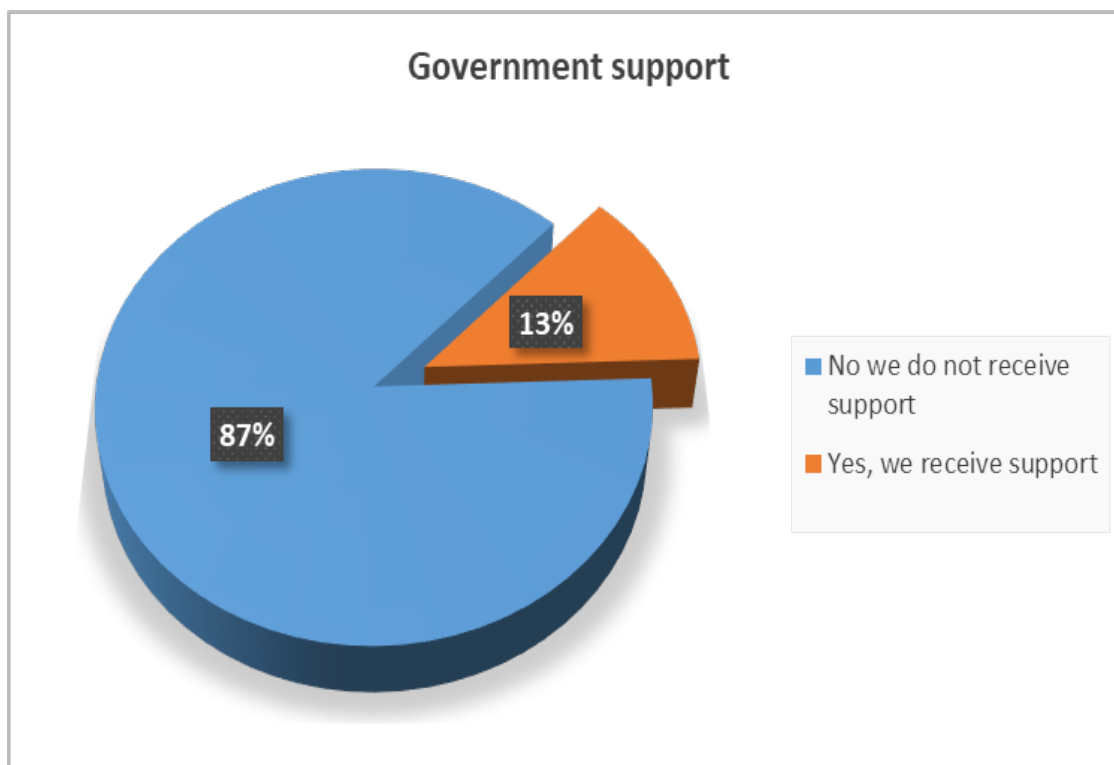


Figure 6.32 depicts what participants said about the kind of support they get from the government that can benefit their pharmacy. As indicated in the pie chart above participants indicated that they had received support from the government in the form of training. The majority of respondents indicated that they were not receiving any form of assistance from the government and suggested that the government could do more to protect owners and SME community pharmacies, through intervention and regulation of policies and tax rebates which might help and boost growth and sustainability within this community pharmacies especially those owned by single owners.

One participant said that “at times it is difficult to want but not know what can be wanted from the government, the truth of the matter is that if there was any form of help coming from the Government there should be perhaps a guide that says this is what the

government can help us with and then from that guide one can seek help that best suit their needs”. According to Raser, Bhaumik and Wright (2015), most pharmaceutical SMEs were not getting support from their government, and that was the reason why most of these community pharmacies were not sustainable.

### 6.7.2 Theme – Desired support from the government

**Figure 6.33: Desired support from the government**

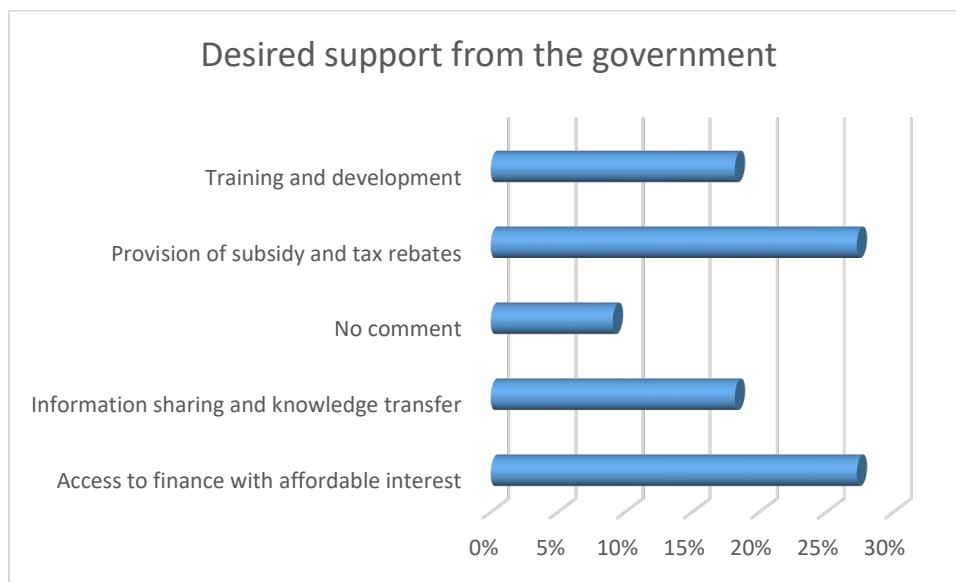


Figure 6.33 shows a bar chart that reveals what participants said when they were asked what they think the government should do to assist their SME community pharmacies with sustainability. Most participants said that the government should enhance access to finance with affordable interest. Furthermore, participants indicated that the government should get more involved and have much more needed awareness about community pharmacies. This will enhance information sharing and knowledge transfer between the government and pharmacies.

Others said that they had no comment, necessarily because they had reached a point of saturation and lost hope on the government getting involved or providing support. They further suggested that the government should at least provide subsidy and tax rebates. Participants also cited that the training and development from the government will come in handy as most managers of community pharmacies were health practitioners who did

not have any business skills and or financial background. Some participants were quoted saying “it will be of good assistance to get subsidy and training assistance as this would capacitate them on the best way to operate their businesses”.

### 6.7.3 Theme – Government programs to support community pharmaceutical SMEs

**Figure 6.34: Government programs to support community pharmaceutical SMEs**

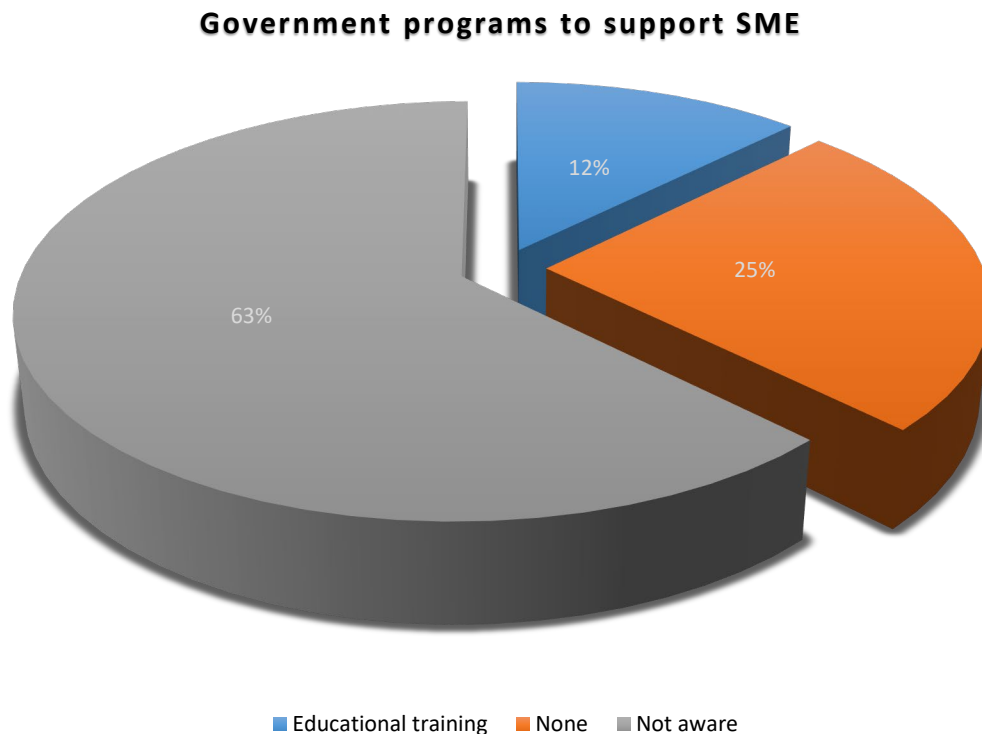


Figure 6.34 depicts themes that came out during the discussions about what programs have been created by the government to promote the development and sustainability of pharmaceutical SMEs. Participants indicated that they had benefitted from educational training and development programs provided by the government. Although the interview wanted to what exactly the training was all about, clarity was not provided. Participants also indicated that they are not aware of any government programs that are currently in existence which might promote sustainability amongst community pharmaceutical SMEs.

Participant said that “the most urgent need is business work shops which is niched in the pharmaceutical sector and mainly focused on enterprises, they further said that I believe

its just not financial background that one need to run a successful operation but also how to be a successful entrepreneur”. Furthermore, the majority indicated that they were not aware of any programs that have been set aside by the government specifically to enhance development and growth within the sector that they have been operating in. They further indicated that if those programs where there, perhaps they should be made known widely to the whole community of entrepreneurs who operate within the community pharmaceutical SMEs.

**6.7.4 Theme – Gauteng government and possibilities of improving service offering to enhance sustainability**

**Figure 6.35: How the Gauteng Provincial Government can improve service offering to enhance sustainability**

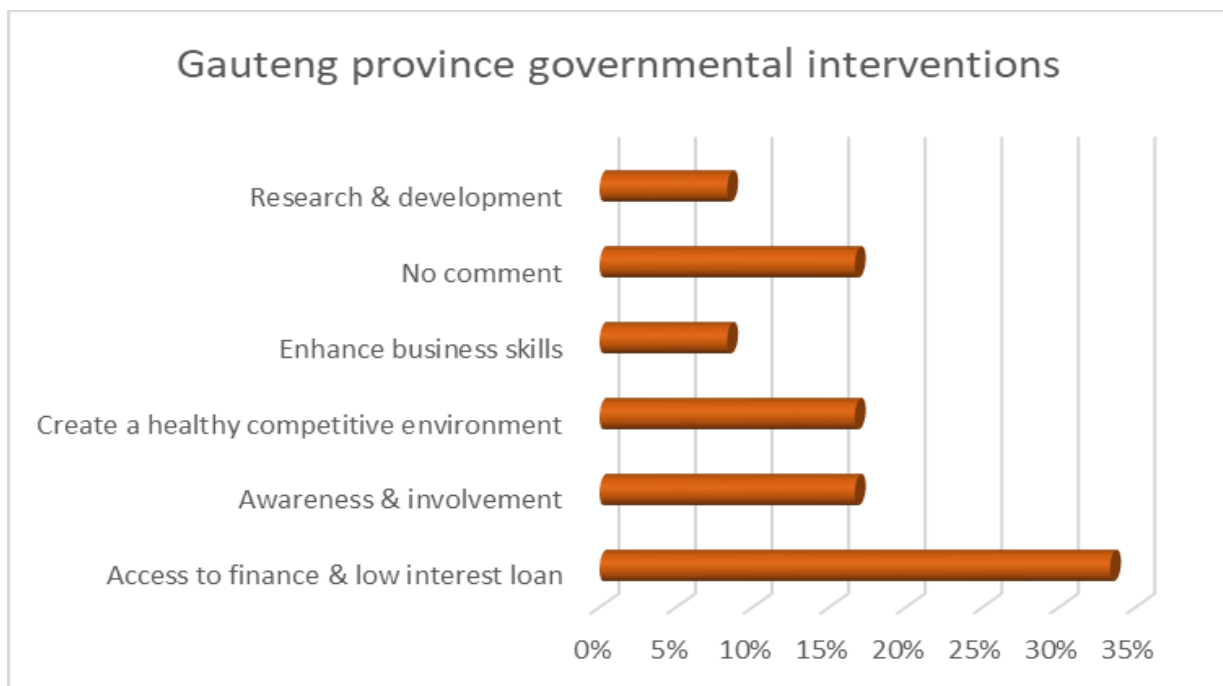


Figure 6.35 reveals what participants said when they were asked about how the Gauteng provincial government can improve its service offering with regards to development and sustaining their pharmacy establishments. Participants indicated that they have no comment because they have lost faith in government contribution and expectations. Others added that research and development were some of the things that they would

love to see the government doing. Some participants also indicated that they like to see the government sharing information with pharmaceutical SMEs. Participants suggested that the provincial government should be more involved and be aware of all the hustles and struggles that SMEs were going through, they believed that it is only then that the government will know exactly what they need to do and how best can they get involved and make necessary contributions. Some participants further revealed that they would appreciate it if the government enhanced their sense of business skills as these will help in sustaining and growing their businesses. Others indicated that the Gauteng provincial government should create a competitive environment. Furthermore, some participants suggested that good access to finance and low affordable interest loans either from the government or the private sector would open up opportunities for growth and enhancement of sustainability. One participant was quoted saying that “imagine what an access to affordable loan will do to enhance sustainability and offer opportunities to expand my retail pharmacy”



### 6.8.2 Theme – Word tree on access

Figure 6.37: Word tree on access

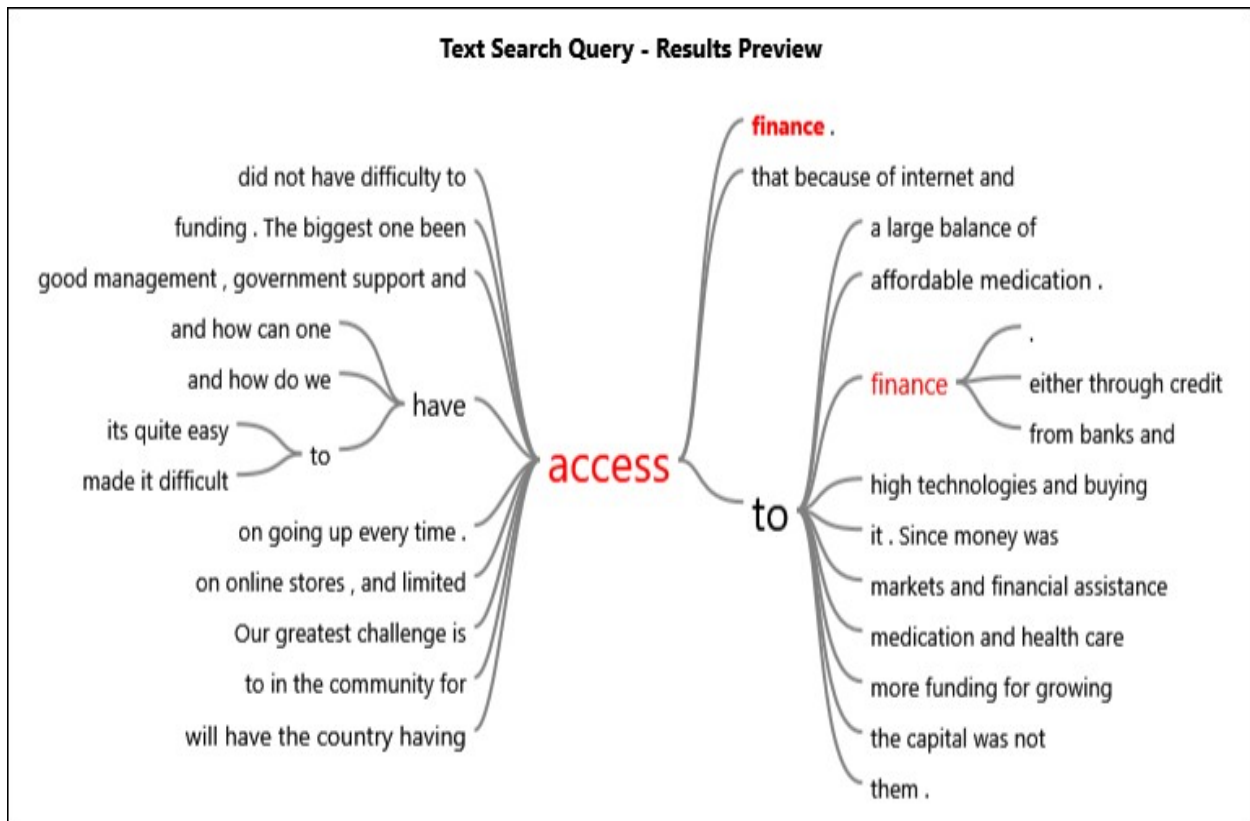


Figure 6.37 is an analysis on NVIVO on what individuals said about access. It indicates what respondents revealed about access to finance. The majority of participants said that they were having difficulties in accessing finance in the form of a loan with affordable interest from the bank or government., Some participants said that they also needed access to more funding in the form of capital because they wanted to grow their businesses because most pharmacies' business models of day to day operations have changed to having a triage and or a mini-clinic.

### 6.8.3 Theme – Word tree on access

Figure 6.38: Word tree on finance

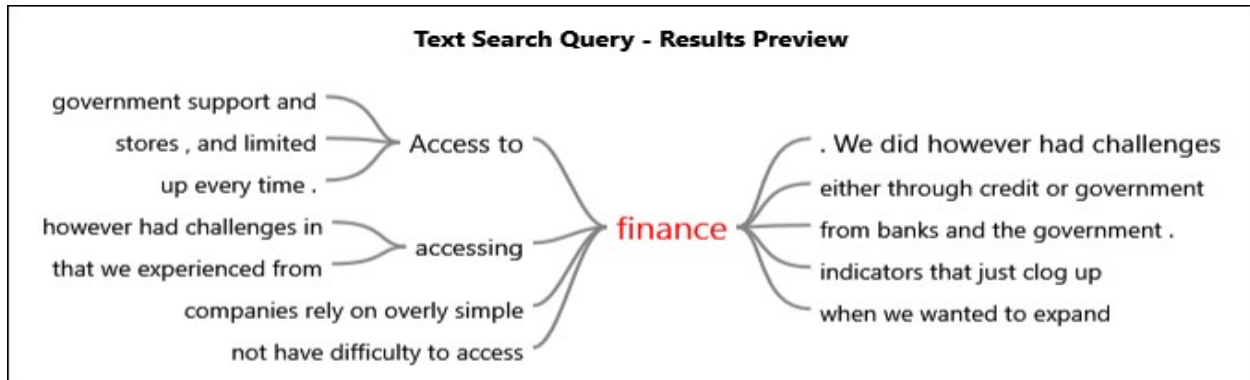


Figure 6.38 depicts what participants said about finance, and most of the issues which were raised in the word tree mirror what was highlighted or touched on in the previous word tree about access.

### 6.8.4 Theme – Word tree on sustainability

Figure 6.39: Word tree on Sustainability

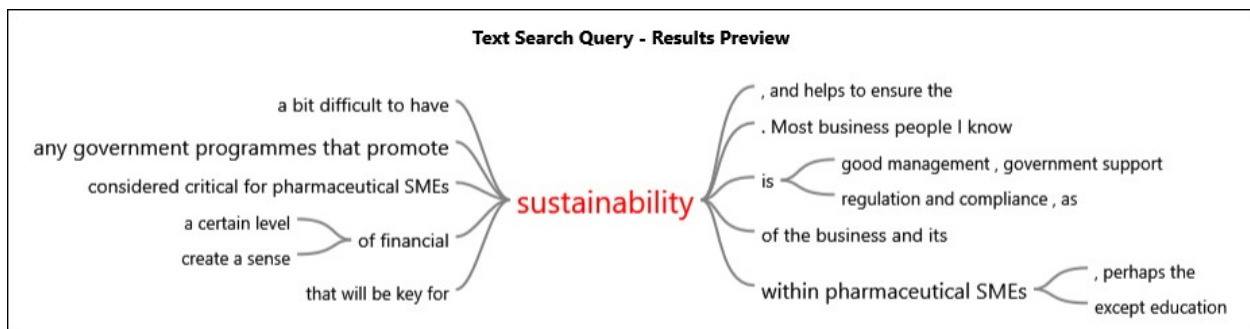


Figure 6.39 reveals what participants said about sustainability. Most individuals said that sustainability started with good management and adherence of rules and regulations. Some participants said that to a certain level sustainability meant making a sustainable profit and having financial independence. Respondents further stated that sustainability was both the responsibility of the government and themselves, and they went on to suggest that the government could do that through any government programs that seek to promote sustainability through creation of a healthy competitive space.

### 6.8.5 Theme – Word tree on government

Figure 6.40: Word tree on government

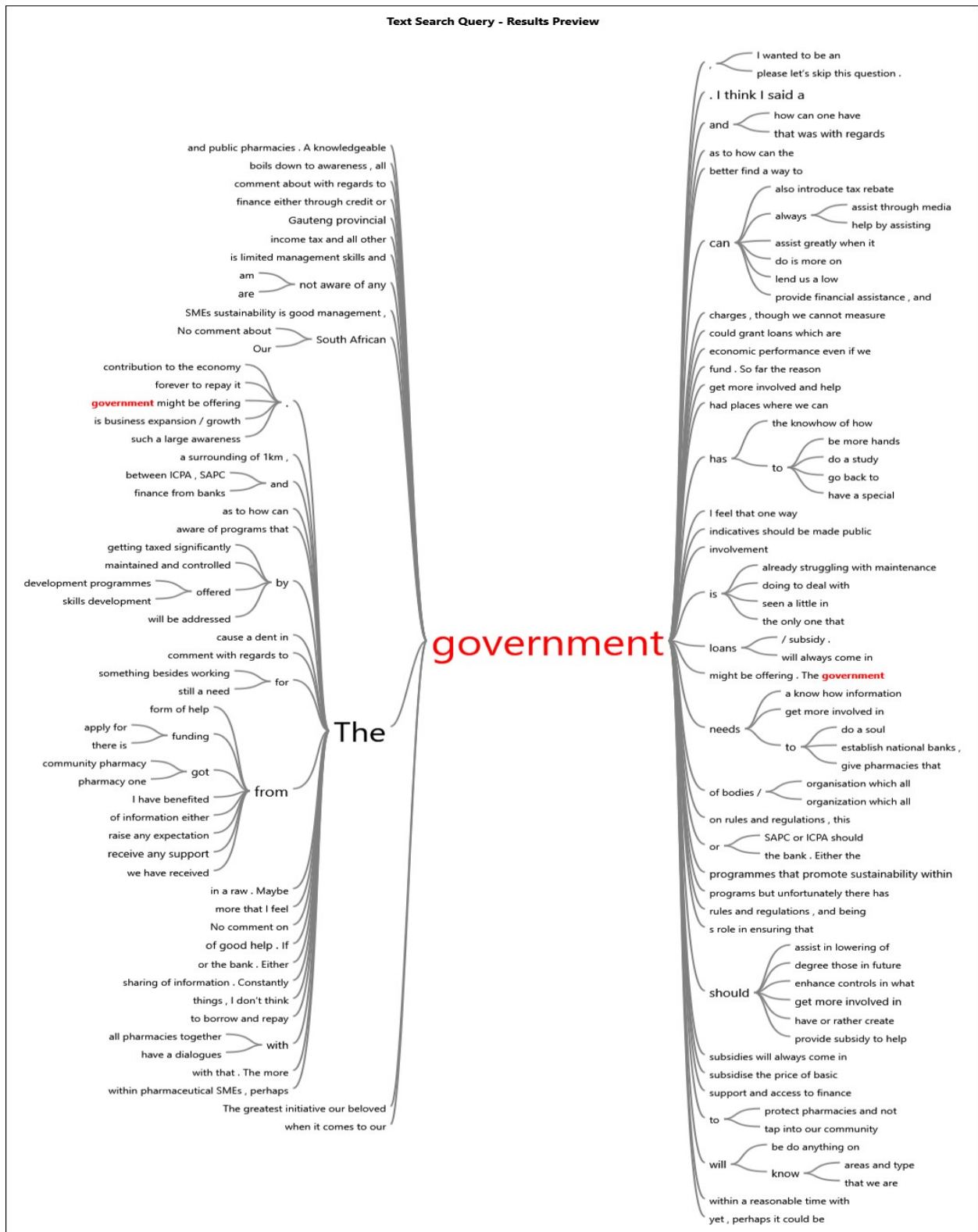


Figure 6.40 depicts what respondents said about the government and how they felt the government could be more involved in making sure that community pharmaceutical SMEs experienced sustainable growth. The word tree gives a full picture of what the majority of participants said about the government when it comes to awareness and involvement. Most believe that if the government is more aware of all the challenges that pharmacies are going through, it will give them a clear picture of how to best deal with challenges. Some went on to suggest that perhaps the government should enhance access to finance and make sure that lenders give funds on affordable interest. Others suggested that the government has to do more on rules and regulations of online medication buying, which has caused many challenges within the community pharmacies because certain medication can only be dispensed at the instruction of a professional doctor.

## **6.9. SUMMARY OF CHAPTER**

In this chapter, empirical results and findings obtained through semi-structured interviews were done. There were eight Gauteng based community pharmaceutical SMEs that responded and participated in the interviews. The interview focused around the following topics, challenges faced by community pharmaceutical SMEs, role of pharmaceutical SMEs in employment creation and economic growth, how can community pharmaceutical SMEs be sustained profitably, effectiveness of government programs, support towards pharmaceutical SMEs development, availability of technology to sustain the community pharmacies, internal and external performance indicators to measure pharmaceutical SMEs sustainability, the use of media to enhance sustainability and profit and managerial success factor.

The results reveal that the pharmacies were greatly challenged by lack of finance and access to affordable loans and with bearable interest. Some of the challenges were either avoidable, manageable and others unavoidable. Results further illustrated that the role of pharmaceutical SMEs in the economy was substantial and enhanced sustainable employment within communities they operate in. Analyses also indicated that respondents did not see benefits associated with advertising and they could not link it with profit-making. The results also suggested that government initiatives were either not existing or participants were not aware of their existence.

The findings revealed that firm size or profit-making, firm ownership and manager's pharmaceutical experiences are the most important factors in initiating competitive advantage, sustainability and constant growth amongst community pharmaceutical SMEs in Gauteng province. The following chapter presents the discussion of results and findings from both quantitative and qualitative data, which leads towards the development of a framework coupled with conclusion and recommendations made as a result of this current study.

## **CHAPTER 7: PRESENTATION OF EMPIRICAL RESEARCH RESULTS, FINDINGS AND PROPOSED MODEL**

### **7.1 INTRODUCTION**

In the previous chapter, a detailed discussion of the research design and methodology applied was presented. This chapter presents results and findings of the empirical study. The findings are a synthesised combination of what respondents have answered in the questionnaire, what became clear from the interviews, literature and the discussion around the topic. The section presents results obtained from the questionnaire administered to survey participants who chose to complete an online survey. This section is also combined and discussed together with the presentation of empirical findings obtained from interviews that were conducted. The presentation of empirical findings in this chapter is organised according to the research questions as depicted in Chapters 1 and 6 of this study. The various data sets have been presented in tables, bar graphs and descriptive narrations. The chapter ends with a chapter summary.

The chapter starts with a brief reiteration of purpose and aims as well as the problem statement presented in the first chapter of this research study. Then empirical results that came out during the study of community pharmaceutical SMEs in South Africa, Gauteng Province are presented in line with the theoretical framework of this study. The discussion emphasises challenges that hinder sustainability of SMEs and the impact of barriers that this has on sustainability performance of SMEs. Then the relationship between different variables studied in this study is examined in light of the research problems and objectives formulated from literature as mentioned in Chapters 1 and 6 of this current study.

The chapter also outlines critical reflections of the objectives of this study, in line with the summary of major findings and conclusions drawn from findings corresponding to each objective.

## **7.2 DISCUSSIONS OF FINDINGS IN RELATION TO RESEARCH QUESTIONS**

The current study aimed to develop a sustainability framework for community pharmaceutical SMEs in Gauteng Province, South Africa. It further investigated factors that could enhance sustainability in this sector. In order to achieve this objective, the study began by addressing research question and five investigative sub-questions. All the research questions were discussed with results and findings from survey and interviews as well as literature reviews.

The first research question of this study was “What are the factors considered critical for sustainability of pharmaceutical Small and Medium-sized enterprises?” A comprehensive review of extant literature on the general context of SMEs was done followed by literature on community pharmacies. In achieving these community pharmacies from an international perspective, international business, international entrepreneurship and strategic management were conducted and presented in Chapters 2 and 3.

The second research question that the study examined was “What support tools are these pharmaceutical SMEs using?” For example, the use of advertising, media and technology to enhance sustainability and growth. Followed by which critical performance skills are needed from all stakeholders involved to sustain these businesses in the sector that they operate in. The fourth research question was examining or looking into the critical success factors being developed and implemented at present in the industry that have shown or demonstrated to be sustainable and these pharmaceutical SMEs can copy from one another.

The fifth strategy looked into what were the challenges pharmaceutical SMEs are faced with on a daily basis that might have a high impact on their sustainability. The last research question explored if pharmaceutical SMEs were aware of the government initiatives, if any are available to support them to fulfil their business quest.

The analysis, interpretation and discussion of the findings in this chapter have been done using descriptive research, making use of statistical instruments such as tables, pie charts, bar graphs, and statistics summary. For comparison purposes, the researcher

provided a general snapshot of the respondents for each sample in both the quantitative and qualitative research designs.

### **7.3 PRIMARY DATA INTERPRETATION AND ANALYSIS OF GEOGRAPHIC AND DEMOGRAPHIC INFORMATION**

#### **7.3.1 Geographic representation of participants**

The findings for the survey and interviews in terms of geographic representation show no relationship at all. The empirical data confirm that respondents who took part in the research in the two major cities in South Africa within Gauteng province, the economic hub of the country, were as follows: Johannesburg-Survey (50.3%) and Interviews (50%), Pretoria - Survey (49.7%) and Interview (50%). Though there is no relationship the finding confirms that the highest percentages of the participants in both the survey and interviews were mostly even between these two major metropolitans' municipalities from South Africa in Gauteng Province. This probably supports the notion that Gauteng province is the economic hub of Africa, with Pretoria as the capital city and the busiest economic hub in South Africa (UN-HABITAT, 2018).

#### **7.3.2 Gender of the respondent**

The gender composition of those who participated in the study had to be examined in order to understand how best SMEs can be sustained through the development of a sustainability framework. The findings of the study confirm that this sector of community pharmacies was dominated by males, those that completed an online questionnaire 65.58% with 62.5% that participated in the interview. This information is compared to females who composed of 34.42% of those that completed an online survey, and 37.5% who participated in the online interview. Muhammad, Warren and Binte-Saleem (2017) stated that numerous findings on rigorous numerous studies indicated that more males were managing or owning SMEs in Africa. In addition, African norms have always been about man providing for the family and females taking care of the family as indicated by (Ludmila, Homolka and Kristalas, 2017).

### **7.3.3 Age groups of participants**

This study also looked into the age groups of the respondents who took the survey and the group that participated in the interview. The age distribution of the participants was as follows: 20-29 survey 3% and interviews group 25-30 12.5%, 30-39 - survey 26% and group interview 31 - 40 37.5%, 40-49 - survey 36% and interview 41- 50 were 25%, 50-59- survey 29% and interview 51 – 60 25% and 60-69 – survey 3%. No participant over 61 years participated in the interview; therefore, the interview on the age group of 61-70 was 0%. The findings revealed that the largest age percentage among the 40-49 for online survey which represented 36% at the same time those that participated in the online were 31 – 40 at 37.5%. The results confirm that greater participation was adult mostly because this was a professional industry with a lot of participants who were pharmacists and who would have gone through a university tertiary degree in order to become pharmacists and or managers. Tabuenca, Martí and Romero (2015), stated that most SMEs which were owned by old people, especially those over 40 were likely to succeed but not grow steadily as this group was more cautious of the risk appetite and were highly likely to take risk as opposed to the youth. This is supported by studies done by Ayodotun *et al.* (2017), who assert that businesses run by young entrepreneurs have greater growth potential as compared to those run by older people.

### **7.3.4 Ethnicity group profile**

The results confirm that most of the respondents who participated in the study both online survey and interviews were white with 42.1% online survey and 50% who participated in the interview. Black people were 26.5% who completed an online survey and 25% who participated in the interview. Coloureds were the third participating group at 22.3% online survey and 12.5% interviewed group. Indians were the least group at a total of 9.1% online survey and 12.5% who participated in the interviews. The findings reveal that the industry was more dominated by white managers and or white owners as confirmed by Jesson, Hassell and Noyce (1998) who asserted that retail pharmacies encouraged self-employment, and was dictated by the capital one had to invest in the business as the business model was capital intensive. Manning and Kaplinsky (1998) added that most means of production in South Africa were owned and managed by white people, which

could be the reason why the study revealed that the majority of those that were either managing or owning these pharmacies were white.

### **7.3.5 Motivation to start a business in the pharmaceutical industry**

Individuals who participated in the study were asked what motivated them to start their businesses. Findings of the study indicated that most individuals started their business intending to create wealth 29%, of those there was also a group that said that it was intrinsic motivation or they wanted to be entrepreneurs 29%, and 14% indicated that they had inherited family business and were retrenched or the company they worked for closed. The last group said that they did it for the community because there was a business gap and community need and a greater need for access to health. Tabuenca, Martí and Romero (2015) asserted that most people start business for wealth creation as per the findings of this study.

### **7.3.6 Role/job function within the business**

The study results revealed that most of the respondents who participated in the study especially online survey were senior pharmacists who were in charge of the day to day running of the business (56.5%) online survey, 12.5% participated in the interview, investors online survey (10.9%) and those who participated in the interview were 12.5%. General managers who completed the online survey comprised 19.6% and 37.5% participated in the interviews. Those who fell in the chief financial officers were 10.9% who completed an online survey and 25% who participated in the interview. There was a group that indicated that they were more than one category in their community pharmacies; those that took the online survey were at 2.2%, and those that participated in the interview were 12.5%. Watson and Newby (2005) observed that most SMEs could not be separated from their owners as most of them were managed by owners. The study also reveals that most of this individuals who participated in this study were either pharmacist-owners and or general managers who were also managing the business as depicted in the interview results.

### **7.3.7 Field of study**

The field of study was divided into four categories, Sciences and Agriculture, Management and Law, Humanities, and Health Sciences. In the online interviews though, there were those that stated other trainings which they considered to be some form of educational training at 1%. About 10% of those that took the online survey indicated that they had professional qualifications on Sciences and Agriculture, with 14% that said they had Management and Law, 4% indicated that they had studied humanities, and the majority of respondents (71%) had Health sciences as a qualification. The interview questionnaire was somehow simplified in this category, and it was divided into three categories namely Business Studies (12.5%), Health Sciences (75%). Lastly, a group of participants who took the interview had studied both Health Sciences and Business Studies (12.5%). The findings of this study are in line with Lorentz, Paristech and Hôpital, (2013), who indicated that most community pharmacies were owned and managed by pharmacists who have studied health sciences pharmacy degree. Watson and Newby (2005) added that most individuals who started community pharmacies were those that studied pharmacy at their tertiary undergraduate degree.

### **7.3.8 Education level of participants**

The study results revealed that most of the respondents had degrees with 73% of those who completed the online survey and 60.2% of those who participated in the interviews holding a degree. Only 1% had diplomas who participated in online survey and non 0% participated in the interview. 8.4% had an honours degree of those that completed an online survey and only 12.5% of those had an honours degree from the group that was interviewed. 13.7% of the participants who took an online survey had a Master's degree, 25% of those participated in the interview. Participants who had a Ph.D. were 4%. There were no participants with doctorates who were interviewed. The results of both the survey and focus group interviews indicate a high level of education among community pharmacy SMEs in South Africa, Gauteng Province. This would imply that there are higher chances of stimulating growth of the businesses since the owners, managers and even non-management staff have the skills that can provide good leadership for expansion. Earlier studies by Braun *et al.* (2018) also confirm that the majority of the SME owners in world

have at least attained some form of primary level education that might assist them in the business industry.

### **7.3.9 Classification of geographical location**

The study results revealed that most of the respondents were between the urban and semi-urban areas. Of those who completed the survey, 16.8% were situated in the urban areas, while those that participated in the interview were 50%, online survey 35.4% were staying in a semi-urban area, and 25% were those who participated in the interview. 13% of those that took online survey were staying in a rural place, and 12.5% of those who stayed in the rural area were interviewed; 34.8% of individuals who completed an online survey said that they were staying in the semi-rural area and 12.5% of those participated in the interview. This is in-line with Netswera and Watson (2015) who indicated that most SMEs were located between Urban and Semi-urban areas necessarily because they had a better chance of making profit, regardless of the fact this was not a determinant factor for SMEs to stay afloat and sustainable.

### **7.3.10 Experience in the industry**

The results confirmed that most people who participated in the online survey had experience of over 16 – 36 years and older, under 5 years were 9.9% who completed an online questionnaire, while 34.2% had been in the industry for more than 15 years, majority of this group indicated that they had been in the industry for more than 25 years at 37.9%. Fewer participants (1.9%) sighted that they had over 36 years of experience. Feletto *et al.* (2010) indicated that experience in the field could not be translated into success in the industry because it is different being a manager and it also demands different character traits to be an entrepreneur, therefore, years of experience cannot be easily translated into sustainability.

### **7.3.11 Business sector**

The results confirm that most of the respondents were community pharmacists with 98.14%, 1.24% were community pharmacists, and a small fraction of 0.6% were at an academic institution. This is in line with the study focused group as they were the targeted group. However, the reason for this the 1.24% who identified themselves as consulting

pharmacies which were still classified as community pharmacies, the only thing that distinguished them from community pharmacies was the fact that they had consultative rooms where clients could do the screening of diseases; which other community pharmacies did not have. These findings corroborate the study objectives of this study.

#### **7.3.12 Form of business enterprise**

Findings from both survey and interviews revealed that the majority of community pharmacies in Gauteng province were operating as private companies; 50.3% took the online survey and 50% were those that participated in the interview, 13.7% were operating as close corporation of those that completed the online survey, and 12.5% participated in the interview. 11.2% indicated that they were operating as partnerships and of those who took the interview comprised 12.5%. 20.2% respondents also stated that they were sole traders, while 25% were those that participated in the interview. 3.7% indicated that they were public companies, and a fraction (0.3%) did not specify what they were. No participant identified himself/herself in the interview as a public company. The finding is supported by Kuckertza and Marcus (2010), who indicated that most of this businesses which were classified as SMEs were operating as private companies Their study further reveals that most SMEs were either registered as a private company and or not registered at all.

#### **7.3.13 Number of years in operation/business age**

The findings from both the online survey and the interview were analysed separately though with different parameters indicate that of those that took online survey, 30.1% were between 4 – 8 years, 21.1% of those who were between 9 – 13 years, 19.3% were between 18 – 14 years of age in the industry, 4.3% indicated that they had operated in business for 3 years between 2015 and 2018. The last group was those that operated in the business for more than 24 years and more at 7.5%. For those that participated in the interview, 37.5% were those who have been operating in the industry between 6 – 10 years, 25% indicated that they have operated in the industry between 1 to 5 years, with the two least groups that operated between 11 – 15 years and 31 to 35 years at 12.5%, respectively. The findings indicate that the more one stays in operations, the more they are likely to be more sustainable (Egbu, Hari and Renukappa, 2005). However,

individuals like Schaper M, (2002) argued that it also depends on managers/owners and the objectives they started their business which serve as a drive to sustain a business.

#### **7.3.14 Value of community SMEs annual net profit for the year**

Results reveal that annual sales revenue was starkly different for the survey and interview participants. For the majority of the respondents in the online survey indicated that their annual net profit income was reported to be between R1m to R5m at 48.14%, and those that participated in the interview 62.50%. 20.81% of online interview participants said that they were making between R6m - R10m, 25% participated in the interview; R11 – R20m were 11.8% while those who made between R21m – R30m, 28.8% were making less than a million, while 3.11% made over R30m, those that participated in online interview those that made between 16 – 20 million were 12.5%. The above findings confirm that the annual sales revenue for firms in the community pharmaceutical industry in Gauteng province, South Africa are still lower compared to those for the developed countries. However, based on volumes this confirms that there is a significant amount of revenue that is generated from the community pharmacy SMEs in South Africa, Gauteng Province.

#### **7.3.15 Number of employees in the community pharmacies when the business started**

Findings revealed that most community pharmacies started their businesses with between one and five 50.6%, while 44.9% of those started with employees of between 6 to 10. It is also evident that those who had a lesser percentage were those who started with between 11 and more were 5.5%. This finding is supported by Dixit and Nanda (2011), who indicated that there is an over employment in the informal sector/ industry as opposed to formal establishment since they require a professional qualification in order for one to be employed in the industry. In this study, the number was however inclusive of those that were permanent, seasonal contract, temporary staff and casual employees; hence the pharmaceutical industry is a field with staff who do a lot of locum, necessarily because it lacks professionals in the industry.

### **7.3.16 Status core of employees currently**

Findings revealed that those that participated in the survey (42.81%) were operating or have increased their employment to between 6 and 10 employees between the period the business started operating to the day the survey was completed. 41.25% were in the status of between 1 – 5 employees, 14.38% were those who had an employment force of between 11 – 15, followed by those that had employees of more than 16 and above at 1.57%. In general, the majority of the community pharmaceutical SMEs have been operating with a staff complement of between 1 and 10 employees with the survey having a cumulative total of 84.06%. Frick and Walters (1998) point out that the older the entity, the more it is assumed to positively contribute to the development of the economy. This is guided by the notion that the longer the business has been operating, the more, the more it will need more manpower to expand and grow the business; it is also assumed to have sustained itself and by employing experienced individuals in that sector.

## **7.4 BUSINESS SUSTAINABILITY FACTORS**

### **7.4.1 Business affiliation with the South African Pharmacy Council and Independent Community Pharmacy Association.**

Results revealed that of those that participated in the online survey, over 86.3% of community pharmacies were affiliated with Independent Community Pharmacy Association, with 72.4% of those were affiliated with South African Pharmacy Council. The average of those who affiliated with both from those that responded to an online survey  $(86.3+72.4)/2 = 79.35\%$  and of those that participated in the interview, 13% of those were affiliated with South African Pharmacy Council, 25% were affiliated with Independent Community Pharmacy Association, those who were affiliated with both were 63%. The findings were clear that most community pharmacies preferred to be affiliated or associated with both bodies that regulated the pharmaceutical industry/sector in South Africa, regardless of the sector whether it was community, hospital, wholesaler, etc.

### **7.4.2 Awareness of sustainability factors**

The results indicated that most participants who took the online survey were not aware of factors considered critical for business sustainability 57.6%, followed by those that said they knew what sustainability factors were and what was considered critical at 42.2%.

The findings are in-line with Psomas, Fotopoulos and Kafetzopoulos (2010), who asserted that most individuals within the Small Medium Enterprises do not know about factors considered critical because they lack the tools to measure what needs to be done, how it should be done and the end product. This was further supported by Manning and Kaplinsky (1998), who stated that awareness is one and application is another; they both require time. First one needs to know what needs to be achieved and map a way to reach the set target.

#### **7.4.3 Factors considered critical for business sustainability**

Findings from both online survey and interviews revealed that most online survey respondents viewed need for achievement as the most critical factor for sustainability (23%), followed by those that said creativity and innovation were critical for sustainability (19%). Over 17% indicated that risk minded managers who always take calculated risks were highly likely sustainable for they always push to take risk appetite that might see the business growing. Few individuals stated that the leadership of the business was critical, rather an important aspect of business survival (11%) Another group of participants said that perseverance helped to boost a successful enterprise (11%). The two least groups of participants who completed the online interview indicated that customer relation commitment (9%) and positive attitude contribute towards sustainability of the business. The interview revealed that regulations and compliance were considered critical for sustainability (27%) and financial management, participants also revealed that partnership and collaborations when it comes to buying of medicine in large quantities help reduce the price of medication through bulk buying and therefore that was critical for the sustainability of the business (9%). Many businesses are not sustainable because of lack of access to finance 18%. Others said that managing competition and customer database was considered critical (18%). It is clear from these findings that sustainability revolves around a lot of elements as suggested by Lee (2009), who said that factors considered critical for sustainability will always differ from one industry to the next. On pharmaceutical SMEs, it is clear that access to finance, financial management, regulation and compliance are the major critical factors for sustainability.

#### **7.4.4 Characteristics for the need for achievement**

The study results revealed that most characteristics for achievement were different from one individual to the next. Most participants said that high achievers in this pharmaceutical industry tend to set moderately difficult goals (38.7%) and take calculated risks to achieve the set goals. 17.6% of participants indicated that they assume responsibilities and are solution driven to the problem and hand. 10.7% believed that high achievers needed to attain personal fulfilment. 21.4% indicated that they look into challenges daily and deal with those on as they come. These findings revealed that this sector is not driven by high risk appetite as indicated by Lee (2009), who said that this sector is dictated by what customer needs when it comes to health-related problems and customers can only buy what might heal their conditions at the time. The study continues to ask a question such as what if individuals who are within the surrounding of these pharmacies do not get sick, who will buy from these pharmacies?

#### **7.4.5 Characteristics of creativity, innovation and leadership**

The results confirm that respondents who completed the online survey said that creativity was mainly based on ambition, need for originality, motivation, flexibility and association orientation (33.33%), followed by those that indicated that characteristics of need for innovation was mainly based an opportunistic mindset, learned skills either from a formal or informal education, productive and high level of persistence, a healthy dose of prudence and social capital which is mainly based on a level of business connection (33.33%). Most participants indicated that leadership was one of those that any manager or owner of community pharmacies could do without, and it had the following characteristics mainly honesty and empathy, consistency and direction, communication and confidence being one of the greatest characteristics (33.33%). This supported studies done by Alene and Kassie (2017) who asserted that community pharmacies are not high on innovation and creativity, mainly because they render services and provide goods which are mostly packed and ready for the end-user, in most cases they can only apply creativity and innovation on how they render their services to the end-user and making sure that they live the most memorable service delivery which will always get the customer to come back again.

#### **7.4.6 Risk Assessments of community pharmacies**

The study results showed that most participants were cautious when they make business plans, and how they acted to execute those (37%). Over 17% indicated that are hardly adventurous when making business future and current decisions as they mostly preferred simplicity. 19% indicated that they would only set small manageable goals so that they can achieve them with simplicity. 15% indicated that they would rather be safe and would not put something at stake, and they would prefer to be safe rather than sorry. Few participants said that they take risk so long as it seemed interesting and they stood a chance to benefit greatly in return. This is in line with Eddison (2015), who assessed what could be making SMEs more sustainable and the fact that it mostly depends on the risk appetite of the entrepreneur. Numerous studies also found that this sector does not take a lot of risks, and most individuals who are in this sector would rather be safe than be too risky, which might lead to less risk appetite in fear of losing. This study also indicated that it is always obvious that the higher the risk, the higher the return; the opposite can always happen, and this can lead to business closure.

#### **7.4.7 Good human relation and positive attitude of community pharmaceutical SMEs**

The results indicated that on good human relations in business, most participants believed that customers were not always right (28.6%), followed by those that indicated that they had a very good client responds time (20.3%). Most participants also indicated that they do not have a good client base (11,3%) necessarily because this industry was competitive, and location of this business was so close to one another; clients will always go the store that is more convenient as opposed to price. 18% indicated that they believe that good client relations increase business goodwill, and 21.8% revealed that good human relations increase revenue and profitability. This finding is in line with discoveries made by Netswera and Watson (2015) who argue that one of the reasons why customers always get away with wrong precedence is the golden business rule, which suggests that a customer is always right, which is not always the case.

On positive attitudes towards the business, the following was important, 37.5% revealed that when there is a positive attitude within the business, there is less stress and colleagues within the business were much happier to work together to attain the business

goals. Managers and owners who completed the online survey also indicated that positive attitude within the business also enhanced job security and empowerment (29.7%), the last group revealed that it also added to a positive working environment (32.8%).

#### **7.4.8 Difficulty status and risk appetite of the business**

The study examined the risk appetite together with the difficulty status of what participants have experienced since the inception of their businesses. 69.06% revealed that they have faced some form of difficulties within this business sector, and 30.94% indicated that they have not been faced with that much of difficulties. The finding revealed that most start-up SMEs face difficulties either in the form of start-up capital or building a good customer point base, which regularly frequents their business to buy goods and services offered (Yolande Smit, 2012).

The study results also revealed that most participants who completed the online questionnaire believed that for a business to succeed, one has to take risk. The majority said yes (73.6%), followed by 25.8% who indicated that risk does not always amount to success.

#### **7.4.9 Benefits associated with perseverance of community pharmacies**

The results revealed that respondents who filled the online survey indicated that it enhances trust worthiness amongst colleagues (30,4%), with 19.8% that indicated that it makes managers stay focused on the set goals and objectives regardless of the obstacles at hand. 27.3% revealed that one of the benefits of perseverance was the fact that it increases self-worth for colleagues to take full responsibilities assigned to duties on a daily basis, with the last group 22.5% that indicated that it assists managers to broaden their horizons, with new sets of skills. The above findings confirm that most of this SMEs need perseverance in order to sustain themselves This was also asserted by Abor and Biekpe (2006) who in their study accessing the debt on SMEs in Ghana and South Africa found that most of this was also caused by perseverance in the way that most entrepreneurs get into business with the hope to make money, and most think that profit will be generated from the first day.

#### **7.4.10 Business drivers and commitments**

Most participants in the study revealed that their business perspectives, drivers and commitment were more focused on profit as a business driver (46%), and 30% cited that they are driven by need for achievement which is in line with making money or a successful entrepreneur. 16% revealed that they were more driven by sustainability or the ability to sustain the business in a long, having in mind profit commitments. The least group indicated that they were driven and committed to the business in order to boost their self-confidence. Ladzani and Vuuren (2002) asserted that the first primary objective of any business is to make a sustainable profit, though it was not always the case with SMEs within the first five years on business inception as these were considered the most difficult years of the business and most SMEs failed to either be sustainable to stay afloat operating, in simple terms most of them die.

### **7.5 GOVERNMENT AND SUPPORT TOOLS**

#### **7.5.1 Non- financial support from government, ICPA and SAPC**

Respondents who took the online survey indicated that they were not aware of any existence of non-financial government support programs for pharmacies at 53.1%, with 46.9% who indicated that they were not aware of the existence of non-financial government assistance.

The majority of participants also indicated that they do not get support from the South African Pharmacies Council 59.8%; over 40.2% indicated that they are aware of non-financial support. Of those that are affiliated with the Independent Community Pharmacy Association, the majority of those (55%) indicated that they were not aware of any non-financial support, 45% said that they were aware. Jones *et al.* (2018) highlighted that one of the greatest reasons small businesses collapse is because they lack government support, be it financial or non-financial. This is also in line with findings by Littlewood and Holt (2018) who asserted that non-financial support is more crucial because it nurtures business skills and also encourages entrepreneurship amongst business starts because most of the business do's and don'ts are taught at that stage through information sharing.

Focused interviews revealed that most participants said that government loans would aid as a major sustainability intervention (30%) as it will give out affordable interest rates, followed by those that indicated that government needs to have awareness and training available for novice entrepreneurs to guide them through the initial stages of the business (20%). Participants also added that the government should also introduce the regulation of medication prices, which also help them to buy at an affordable rate and also sell to consumers or end-users at an affordable rate as well (20%). 10% said that the government should at least provide or offer incentives in the form of tax rebates on community pharmacies that are struggling, and lastly 20% indicated that the government should have government subsidies which are dedicated to helping community pharmacies to be sustainable. One group also indicated that government research and development information specifically relating to community pharmacies should be made known and available to community pharmacies so that they can stay informed and alerted with what to expect in this industry sector.

### **7.5.2 Government initiative**

Respondents of the online questionnaire were asked as to what kind of initiatives would help their business during this harsh economic situation. Most respondents (46.9%) indicated that they would appreciate government to offer loans that are regulated with low interest rates. Others (21.4%) suggested subsidies to keep employees on payroll because it was the most challenging factor within this sector at this moment. 20.8% indicated that simplification of regulations and policies would make it easier to operate, and 10.2% suggested that lowering of taxes in the form or tax rebates for those that might be making less profit for the year. A small percentage of around 0,6% said other factors, mostly cited that location of where pharmacies were situated because there were no competition regulations in South Africa with regards to location of businesses especially community pharmacies and those in the wholesaler industry. This finding is in line with Njinyah (2018), who asserted that most SMEs have challenges with sustaining their businesses and government loans with affordable interests can always see businesses staying afloat in harsh economic conditions. Khoza, Groenewald and Schachtebeck (2017) also stated that simplification of regulations is one of the problems that most SMEs

do not make it because they cannot seem to cope with the regulations of SMEs though some countries seemed to be having more relaxed rules and regulations than others.

### **7.5.3 Pharmacy ownership**

Respondents in the online survey showed that the majority (66%) of community pharmacies were owned and managed by males and 34% were owned by females. These findings are in contrast with findings by Industry Canada (2015), which indicated that most SMEs were owned and managed by women although the study indicated that most of these were informal SMEs. In the case of this study, all the respondents were attached to a formal business which was operating within legal and formal rules and regulations in the form of community pharmacies.

### **7.5.4 Financial support from government, ICPA and SAPC**

Respondents who took the online survey indicated that they were not aware of any existence of financial government support programs for pharmacies at 69.6%, with 30.4% who indicated that they were not aware of the existence of financial government assistance. Respondents were also asked if they were aware of any financial support offered by trade and industry to pharmacies, and 88.7% indicated that they were not aware of any help from the DTI, while 11.3% indicated that they were aware of the support.

The majority of participants also indicated that they do not get financial support from the South African Pharmacies Council 69.6%, with over 30.4% who indicated that they are aware of non-financial support. Respondents were also asked if they were aware of any services offered by the Small Enterprise Development Agency (SEDA). The majority (79.3%) indicated that they were not aware of any financial support, 20.7% of those said that they were aware. Jones *et al.* (2018) highlighted that one of the greatest reasons small businesses do not make it to sustainability face is because they lack government support, be it financial or non-financial.

Respondents were further asked a question which wanted to establish if the Gauteng Provincial Government was supporting community pharmacies. Most participants

(67.2%) indicated that they were not aware nor receiving any financial support, and 32.6% said they were aware of some financial help from the Gauteng Provincial government. This is also in line with findings by Littlewood and Holt (2018) who asserted that non-financial support is more crucial because it nurtures business skills and also encourages entrepreneurship amongst business starts because most of the business do's and don'ts are taught at that stage through information sharing.

#### **7.5.5 Media house and the use of media company**

Participants who responded on the online survey were asked if they used media houses to advertise their community pharmacies. The majority (65.2%) indicated that they were not making use of media houses to advertise, and 34.8% stated that they were making use of media to advertise their businesses.

The question went further to valid/enquire which media houses these individuals were using to advertise their businesses. The research results indicated that the majority (41.1%) were mostly using social networks/media such as Facebook, Twitter and others to get the public to know about their existence, and 22.3% indicated that they were using the internet to advertise their product. A percentage of these participants could have also been using social media and chose the internet, and therefore this answer was combined with social networks in order to remove ambiguity. 24.1% indicated that they were using local newspapers to advertise their enterprises, and 12.5% indicated that they were using television to advertise their community pharmacies. Kirstien Bjerregaard *et al.* (2017) asserted that most companies are now moving toward the use of social media as a form of advertising because it has the potential of reaching many economic participants at the most convenient of their time than local newspapers and or TV which were a bit pricy.

Participants who undertook the online questionnaire were also asked if they have any technology in their business that might help sustain and grow their pharmacy or help enhance sustainability. The majority (68%) indicated that they did not have any technology, and few participants said that they had some form of technology that might enhance how they run their day to day business. This finding is in line with Sangi, Shuguang and Sangi (2018) who said that technology is the future, though it might not

apply to any industry as each and every industry will choose what it needs to sustain themselves. In the case of community pharmacies, it is clear that not so much of technology is needed.

## **7.6 PERFORMANCE SKILLS BOTH INTERNAL AND EXTERNAL**

### **7.6.1 Key performance indicator**

The majority of participants who took part in the online survey (63%) indicated that they did not have key performance indicators to measure the output of their business objectives and goals, and 37% indicate that they had some form of measures put in place to measure both desired and not desired business objectives and goals. Participants were also asked about the usefulness of financial performance measures in effective decision making for their community pharmacies. The majority (40.7%) indicated that they were important, 36% stated that they were moderately important, 23.3% indicated that they were not sure if they were important or not.

Respondents in the survey were also asked as to how often they evaluate non-financial performance measures in the community pharmacies. Most participants (34.1%) indicated that they reviewed their strategies between 1 – 2 years, and 28.7% said they often did it within 3 to 5 years, 24% indicated that they did it yearly, and 13.2% indicated that they reviewed within 6 to 10 years. These findings are in line with Garengo, Biazzo and Bititci (2005) who observed that most of these SMEs do not have performance indicators which makes it difficult to measure their set goals against their own performance.

### **7.6.2 Customer relations**

The majority of the respondents in the survey (62.6%) indicated that their customers were happy with their goods and services they were offering, and 37.4% were not sure if customers were either satisfied with the goods and services they were offering. Respondents who participated in the online survey were also asked if they responded to customers' queues and queries quickly. The majority (65.6%) indicated that they had some strategies in place to address this high demand of queues and queries within their community pharmacies, and 34.4% indicated that they were battling to attend to this

because this had to do with how much of labour force one had in their enterprises to address the need and make sure that there is efficiency and effectiveness in dealing with customers queues and queries daily. Sushmita Guha, Harrigan and Soutar, (2017) stated that as much as customers are not always right, the business that has a good relationship with its customers stands a good chance to have a good database of loyal customers.

### **7.6.3 Business vision and mission and strategic analysis**

Respondents in the survey were also asked as to how often they evaluate/review their business mission and vision in the community pharmacies. Most participants (53.5%) indicated that they reviewed their strategies between 1 – 2 years, and 27.8% said that they often do it within 3 to 5 years, 13% indicated that they did it yearly, and 5.7% stated that they for reviewed within 6 to 10 years.

Respondents were further asked in the survey how often they performed their strategic analysis in their community pharmacies. Most participants (48.9%) indicated that they reviewed their strategies between 1 to 2 years, and 27.6% said they reviewed within 3 to 5 years, 14.9% indicated that they did it yearly, and 8.6% indicated that they reviewed within 6 to 10 years. Strese *et al.* (2016) asserted that the fact that a company had vision and mission had nothing to do with sustainability or profit-making, as most of the employees who worked for these companies could not even pronounce their business mission and vision.

### **7.6.4 The use of SWOT analysis within community pharmacies**

The majority of participants who took part in the online survey (63%) indicated that they used the strength, weakness, opportunity and threats (SWOT) analysis when performing their strategic analysis, and 37% said that they were not using SWOT analysis to measure their strength, weakness, opportunity and threats that the business could be faced with either from previous financial year-end or in the present time.

Results further indicate that 27.4% of the participants said that the location where the business is situated was one of the greatest challenges, because it seemed to them that there was regulation of distance in terms of how far community pharmacies are supposed

to be located further from one another, 24.3% indicated that competition was one of the biggest challenges amongst these pharmacies which also had something to do with area/location, 21.7% indicated that they were having challenges with health and social services policies. 16.4% said that it was difficult to extend business services and products to new audiences and having access to new funding opportunities, and 10.1% indicated that local authority and government policies within the area they operate their business. These findings are in line with De *et al.* (2018), who said that SWOT analysis was a business survival tool, which was necessary for any business to sustain itself into foreseeable future.

### **7.6.5 The PESTEL**

Survey respondents were asked about macro-environmental external business environment factors that have an impact on the business, and these participants cannot control this environment although it has major effects on their businesses. Most participants (23.1%) indicated that they were affected by harsh economic conditions (currently junk status), which the country is currently faced with, 21.7% participants cited the political status of the country. A small fraction (11.5%) said that technology was a challenge, and 13.4% indicated that the social status of South Africa was also a contributing factor with a serious unemployment rate and a lot of people that depend on social grant which might also affect their affordability of medicine in these community pharmacies. 14.4% stated that environment was also some of the external factors they could not manage, and this had major effects with the location of these businesses since there were no regulations on the location of businesses. The last group pointed out legal, which relates to rules and regulations which could easily be passed by the government at any given time, which might have an impact either negative or positive on these community pharmacies. Ojha *et al.* (2018) and UN-HABITAT (2018) asserted that every business is bound to be affected by these environmental factors which they can hardly do anything about. As indicated in the results, most of these community pharmacies were affected by the harsh economic conditions as the South African economy is in recession at the moment.

## **7.7 MANAGERIAL SUCCESS FACTORS**

### **7.7.1 How the business is currently managed**

Survey respondents confirmed that the majority of pharmaceutical SMEs were self-managed (62.1%), the other group indicated that they either had part-time appointed manager (37.9%).

Managers were further asked the importance of managerial criteria, and the results revealed that most (37.7%) indicated that planning and experience were the most important criteria for a successful manager, 25.6% cited that knowing the business and competition was the way to go, 10.5% indicated that when a manager is mainly market-oriented, and 13.6% indicated that you ought to be a good manager if you possess the knowledge and skills with regards to the business. Added to that is 12.6% who said that financial insight and management was an important managerial criterion. Cherrafi *et al.* (2018) and Shrafat (2018) observed that most SMEs are managed by their owners. In the case of this study, it is clear that most of the pharmacies were managed by pharmacists who did not have any financial background.

### **7.7.2 Product and service features**

The results confirmed that most participants who completed the online survey (45%) confirmed that they were more concerned about pricing and packaging of their products as this had a direct impact on their profit, 30% indicated that product quality and design were their key focus on the goods and services they offered, and 25% cited that delivering a memorable service delivery was the key success factor of the product they offered. Rathore *et al.* (2018) stated that businesses are highly likely to attract more customers based on the packaging of their goods and services. In the case of community pharmacies, it is clear that those are not that much influential since customers would be looking for medicine that can heal them and not how beautiful the product might look like.

### **7.7.3 Best business practice and Ethical code of conduct**

It was very important to examine the best business practice of these participants. Most participants (41.5%) indicated honesty and trust were the best business practice, 29.6%

indicated ethics and integrity, and 28.9% revealed that client orientation and open to change were the best practices to conduct a successful community pharmacy.

Respondents were further asked a question if their community pharmacies had a formulated code of conduct. The majority of the respondents (69.3%) said that they had a code of conduct and 30.7% did not have any form of formulated code of conduct within their enterprises.

#### **7.7.4 Access to finance**

The results confirmed that most respondents used business loans to start-up their community pharmacies; 25.2 % indicated that they had family loans which aided as capital. By just this observation, it is clear that the majority of these respondents had some form of credit to start up their business. 28.6 indicated that they were investors and therefore used money from investors, 12.1% used private savings, with a small group that did not want to disclose what they used as capital, 0.3% indicated that it was a combination of the four categories stated above. Many studies have indicated that most SMEs surrender their businesses because of not having access to finance either from financial institutions or the government (Beck and Demirguc-Kunt, 2006).

Participants who participated in the interview were asked as to what was their source of funding and the findings revealed that 37% started their business with savings or investments, followed by those that revealed that they borrowed from financial institutions (27%) Other participants indicated that they used family loans (9%), and 18% said that they used pension funds or money they received when they got retrenched. These findings are in line with Hermes and Rimanoczy (2018), who observed that most of these pharmacies are started by individuals who do not have adequate capital to start a business, especially community pharmacies, which are capital intensive.

#### **7.7.5 Importance of business sustainability**

The study revealed that most the respondents (48%) said that the most important sustainability factor for business was financial support, economic climate and profitability, 19% indicated that government programmes and policies that support SMEs are

important, 9% cited education and training which always results in skills and knowledge transfer, and 2% cited research and development and transfer of those end product of results to all these enterprises, 7% mentioned commercial and professional infrastructure, 13% emphasised capacity for entrepreneurship culture and social norms, the last group 2% said that political, institutional and social context were the most important for business sustainability. Berger and Udell (2006) asserted that the most important business sustainability factor is financial support and access to finance. They remain to be the most critical survival kit within SMEs, necessarily because they offer business the buying power they all desire.

## **7.8 CHALLENGES FACED BY COMMUNITY PHARMACIES**

### **7.8.1 Immediate sustainability factors within this sector**

The results confirmed that the most immediate challenge that their community pharmacies were faced with when it comes to sustainability was 31.06% which was associated with lack of credit/ access to credit from either government or financial institutions such as banks. 27.33% was lack of managerial skills, since most of these owners/ managers were pharmacists who studied health-related subjects at the tertiary levels. 22.36% revealed that inadequate financial education was the challenge to sustainability, and 19.25% was a combined percentage of those that indicate the following: financial literacy and intelligent, financial support, rapid price hikes of medication and scanty market information coupled with technology changes were the most immediate sustainability factors. This finding is in line with what numerous studies suggested were the immediate sustainability factors inclusive of Lee, Sameen and Cowling, (2015) and De *et al.* (2018). Most of these community pharmacies were faced with lack of finance and or access to credit.

Findings on the conducted interviews revealed that most pharmacies were expensive to operate (28%) given the harsh economic conditions that South Africa was currently faced with. There was also an occurrence of theme which revealed that access to finance was a challenge (22%), and 17% cited harsh economic conditions, with another group that indicated that unstable increases of medication were also a contributing factor to the challenges they were currently faced with. 14% revealed that there was also less support

of money received from banking institutions because bank interest rates were expensive. The last two groups (19)% also added that business location and regulations were also challenges that were more imminent to sustainability. In the interviews, it also became clear that online stores were the greatest threat to community pharmacies as customers were now buying most of their medication online instead of having to walk into an actual store. Pan *et al.* (2018) also asserted that online stores were the future, and any business that was not migrating to a virtual online store was going to lose out immensely in future.

### **7.8.2 Credit status**

The findings revealed that most participants (53.1%) have applied for credit in any financial institution, only 46.9% have never applied for a business loan either for expansion or capital purposes.

Of the 53.1% (171) that said they applied for credit in financial institutions, 63.2% were refused credit, and only 36.8% were approved for credit with high-interest rates. Wang (2016) observed that most of these participants were not qualifying to get loan. The same applies to most participants in this study whose applications for financial credit from financial institutions were unsuccessful.

### **7.8.3 Major constraints for growth within SMEs**

Findings indicated that most of community pharmacies (37.27%) were confronted with realities of high competition amongst one another. This was mainly caused by the fact that most of these pharmacies were located next to one another. Lack of finance was at 31.99%, followed by government taxes 16.15%, which are levied by South African Revenue Services, 14.6% indicated that high interest on borrowed capital was also causing the major constraints for growth. Malmström and Wincent (2018) asserted that the biggest constraints amongst SMEs when it comes to growth are competition and location; most SMEs were located next to one another, and they were mostly selling the same goods and services.

#### **7.8.4 Internal business drivers**

Findings for the online survey indicated that most respondents (48.4%) stated that they were driven by profit and that was their main objective to maximise as much of profit as they could, and growth (diversity product offering) 47.5% was the second business driver, followed by 13% who indicated that they were driven by building a very sustainable customer base. Garengo, Biazzo and Bititci (2005) indicated that the first business objective was to maximise profit though it was not the reality of many businesses either small or big, most businesses did not make a profit in the first year of operation. Participants who took part in the interviews also indicated that they were driven by profit maximisation.

#### **7.8.5 Strategy implementation within the industry**

The results of the study indicated that it would be beneficial to establish clear goals (25.2%). When participants were asked to rate the importance of strategy implementation, respondents also indicated that it would be an added advantage to establish a good record system within the business, which helps track performance (27.3%). Others indicated that strategy implementation importance is when an entrepreneur position themselves by having a strategic positioning and making sure that the strategy fits within the business sustainability frame (19.4%). This industry also suffers from not advertising because it is considered expensive, and for community pharmacies that are within the SME category, it is difficult to maintain the advertising as others said that formal business and marketing (11.5%) plan is the way to go. The findings further revealed that 16.6% said that the importance of good strategy implementation is understanding how strategy links up to financial outcomes and how best can it influences a positive financial return within the business. Shrafat (2018) observed that most SMEs do not have a strategy as to how they want to do things; most of them are guided by day to day ambition of what needs to be achieved in that short term period (Lakew, 2015).

#### **7.8.6 Suggested solution to major obstacles**

Interview results confirmed the following, after participants were asked what their major obstacles or challenges were and what they would suggest as a solution: the findings confirmed that 20% indicated that they would prefer to have an enhanced access to

finance so that they can expand their businesses, 10% indicated that most of the challenges were external in nature such as harsh economic conditions and they had less to do with their internal measures. 20% indicated that government rules and regulations needed to be beefed up to address online purchase of medication, and 20% also revealed that financial training programs were essential since most of the pharmaceutical managers were pharmacists and did not have some financial academic background. 10% indicated that location of the business was one of the greatest obstacles militating against the sustainable growth of pharmaceutical SMEs; they suggested that the government of SAPC and or ICPA should look into the location of the pharmacies before granting access or license to operate. They went on to mention some of the biggest franchises in the country saying that it was a requirement to position those businesses within a particular distance in order to make sure they do not end up competing with one another. Lastly, 20% indicated that government, SAPC and ICPA research and development together with information sharing should always be priorities so that they can capacitate themselves with financial and medical knowledge of diseases within the community they operate in so as to enhance procurement of inventory or medication that they sell on a daily basis. Numerous studies indicated that one key sustainability factor is finance, and a country that enhances access to finance of SMEs stands a great chance of making sure that the SMEs will flourish and be more sustainable (Chen, Hanson and Stein, 2017; Cosenz and Noto, 2018).

#### **7.8.7 Suggested government contribution**

Findings from participants who participated in the interviews, when they were asked what they think government should do to keep their businesses sustained and continuously contribute to the economic growth and development, revealed that 22% said that government subsidy would come in handy. The other 22% revealed that government should ensure that banks issue out loans at affordable interests, and 14% indicated that they had no comment or suggestion as to how government could contribute to their pharmacy. 29% indicated that perhaps the government should introduce special tax rebates for SMEs that are not making enough net profit per year; this will encourage sustainability on all community pharmaceutical SMEs.

## **7.9 PROPOSED BUSINESS SUSTAINABILITY FRAMEWORK FOR COMMUNITY PHARMACEUTICAL SMES IN SOUTH AFRICA, GAUTENG PROVINCE**

Small-medium enterprises (SMEs) have been recognised globally by policy-makers, as reported in numerous studies, that they are the key drivers of economic expansion and development in both developed and developing countries. Governments of developing countries have also begun to recognise the significant contribution of both formal and informal SME sectors towards gross domestic growth, wealth maximisation through taxes and employment generation. It is also clear that there is still more that could be done to encourage all stakeholders to participate one way or another in this global quest to sustain community pharmacies (Netswera and Watson, 2015).

In this section, the proposed framework for sustaining community SME pharmacies is discussed and presented. The suggested model is largely based on the integrated findings in this chapter (7): Discussion, Analysis and Interpretation: Mixed-method and the proposed model, there are so many models focused on community pharmacies of which majority are health-related models, this one is more focused on sustainability and looks into survival of these community pharmacies than the health side of things. This will suggest that currently the models being used in South Africa do not ensure or is exclusive of mechanisms that will ensure the full potential and sustainability of these community pharmacies. In addition, the proposed model answers the research objective that suggests development of a sustainability framework for community pharmacies in South Africa.

### **7.9.1 The Concept of Model**

In a nutshell, frameworks have been used to address both simple and complicated problems. Frameworks consider relevant factors that will have a major impact on the decision to be made. Many different forms of frameworks do exist and in most cases depends on the purpose and its intended uses. In the case of the community pharmaceutical SMEs, the proposal is that it be mapped from the literature review, theoretical and conceptual frameworks of familiarity and research findings so that it can be practical. Kellogg and Nie (1995) observed that frameworks are used to define or describe a phenomenon, show relationship and processes and/or presents situations in symbolic terms that can be manipulated to derive certain predications.

For this study, the development of a sustainability framework for community pharmaceutical SMEs shows their challenges, government support and interventions, their role in employment creation, the use of media, economic development and the actual requirements for their full potential profit maximisation to be realised and sustained.

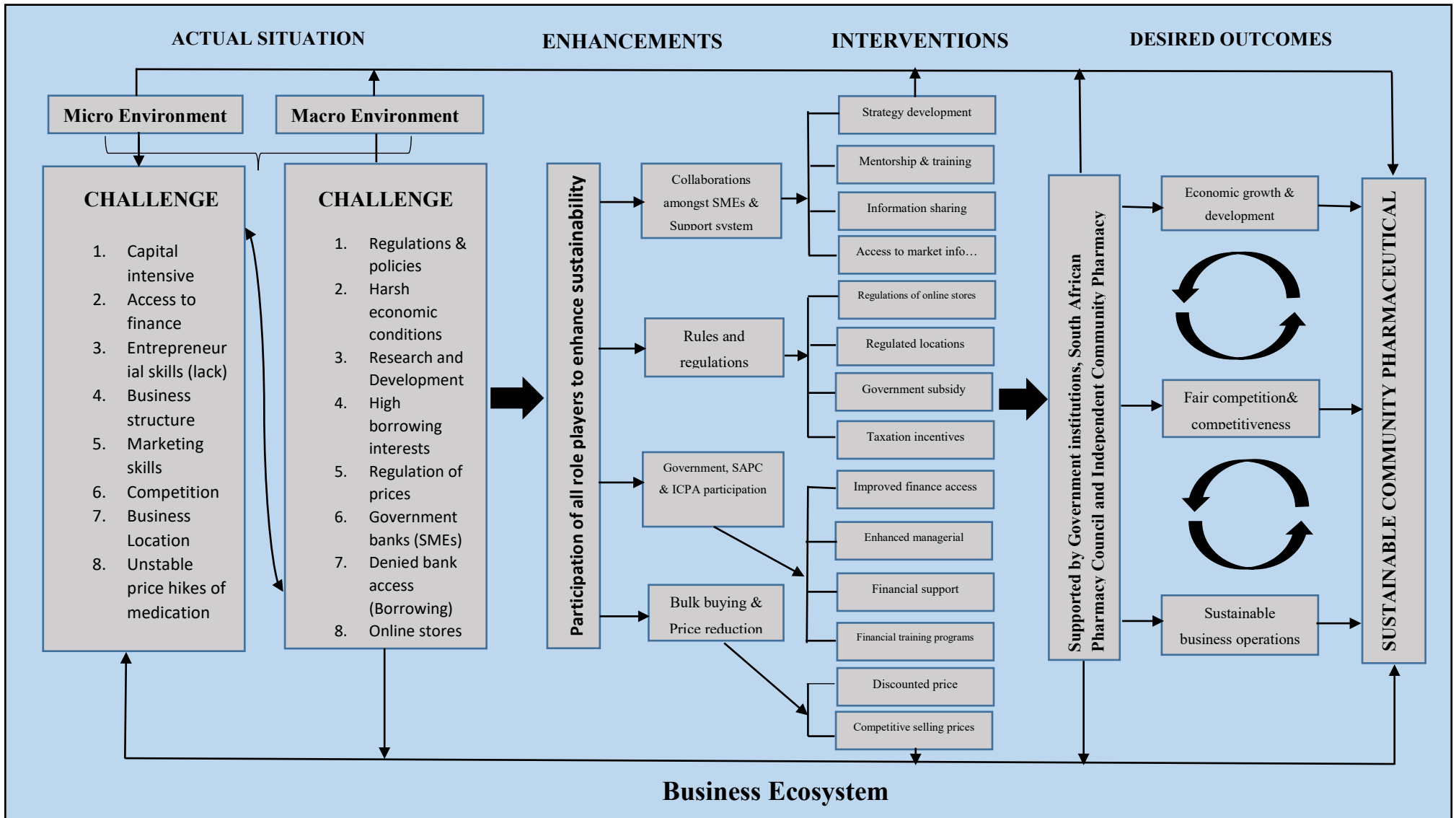
### **7.9.2 The Proposed Model**

Most of the frameworks for community pharmaceutical SMEs with regards to health perspective exist and are functioning in South Africa. However, there has not been one that has been pinned on sustainability and the commercial aspect, hence the need for a sustainability framework in which the full potential of pharmaceutical SMEs can be unlocked, enhanced and realised based on their challenges and their role in economic growth, employment creation and economic development and enhancing accessibility of health care system that can provide medication for the community.

The proposed framework is also unique from other health-related frameworks within this industry sector because it is based on a mixed approach that focused on a collaborative approach by involving all the integrated players in the operating environment. The framework emphasises the involvement of both financial related indicators and those that are non-financial. It also extends to the government as an important role player in both financial and non-financial aspects, and also advocates for the establishment of a regulation that governs safe distance space that lies between community pharmacies.

The study therefore recognises that these community pharmaceutical SMEs are faced by challenges such as accessibility to finance, unstable price hikes of medication from suppliers, lack of research and development that is made widely available either by the government or the bodies they are affiliated with, poor entrepreneurial skills as most managers do not have financial background and management of resources. Figure 7.10.1 below depicts the proposed sustainability framework for community pharmaceutical SMEs.

Figure 7.9.1: Proposed Sustainability Framework for Community Pharmaceutical SMEs



Source: Researcher 2018

#### **7.9.4 Interpretation of the proposed sustainability framework**

##### **Phase 1 - Actual situation**

###### **7.9.4.1 Micro and Macro environment**

The study revealed that there were two types of challenges classified as microenvironment and those that were classified as macro environment. The reason for this classification was because some of the challenges were more internal to the business and some were external. Micro-environmental challenges are capital intensive, access to finance, lack of entrepreneurial skills, business structure, marketing skills, competition, business location and continuous unmanageable price hikes of medication.

The study revealed that Managerial skills, lack of financial background and access to finance were the most pressing challenges within these community pharmaceutical SMEs, which posed a greater threat to their existence. This made it clear that it is beyond pivotal that an introduction of financial model at some point should be introduced within the B Pharm degree perhaps and an honours level for those who could be interested to pursue the business enterprise and operated community pharmacies. Equally the business model of pharmaceutical community SMEs have been changing and very capital intensive, these has led to an increase in financial appetite in order to change from just been an on counter medicine dispenser to a consultative pharmacy which also provide goods and services.

Macro environmental challenges are regulations and legal framework, harsh economic conditions, research and development which result in less information sharing, high borrowing interests, regulation of prices both globally and locally, government bank/loans and denied access at the bank, and online stores. On the Macro environment a lot of indicators where out of the business scope however they needed to be managed since they greatly affect the business directly and indirectly. The one challenge that was highlighted by participants was online stores which were also a greater threat to the existence of traditional community pharmacies. What needs to be noted any business can sell their goods and services online, they just need to know how and have the necessary tools to do that in order to tap into this space, hence this was listed as an opportunity in the PESTEL analysis.

## **Phase 2 - Enhancements**

### **7.9.4.2 Participation of all role players to enhance sustainability**

Entrepreneurs have been seen as the pillars for addressing these challenges since they are assumed to be the primary responsible individuals for their pharmaceutical SMEs who strive to ensure that their businesses are sustained. Sustainability has always been about managing the triple bottom line which is the social, environmental and financial. Numerous researchers have indicated that it is equally impossible to manage one aspect of the Triple Bottom Line and ignore others as they greatly impact on one another. In order to enhance sustainability managers of these pharmaceutical SMEs will have to involve role players both distant and close participants to enhance sustainability.

Furthermore, the government and other affiliated institutions as custodians of policies, rules and regulations should get involved and establish basic support systems to assist in combating both micro and macro environmental challenges that are making the community pharmaceutical SMEs not be sustainable into the foreseeable future. The collaboration of these institutions will see mobilisation of resources both internally and externally to help pharmaceutical SME entrepreneurs with a set of solid tools that might help them sustain their businesses. Some of the challenges that could be combated with ease will be through bulk buying which could be achieved by community pharmacies to buy as groups in order to combat high medicine prices, if they can get discounts they will be able to afford selling their goods and services and the best competitive prices.

Participation of all role players will enhance the following areas and improve collaborations amongst community pharmacies and building a support system. This will lead to development of rules and regulations which support expansion and development of these businesses. The role players, amongst others, involve the government, SAPC and ICPC which are the custodian of rights to do business and legal frameworks which these community pharmacies must abide by when doing business. Lastly, collaborations amongst these pharmacies will lead to organised bulk buying which will help in taking huge discounts and finally selling the end product at a reasonable price to the end-user.

### **Phase 3 - Interventions**

#### **7.9.4.3 Interventions by all role players**

All role players are expected to put a collective collaborate effort to make sure that community pharmacies are well kept and sustainable. Community pharmacies, governmental institutions, South African Pharmacy Council and Independent Community Pharmacy Association should come up with policies and programmes which are focused on community pharmacies.

These programmes, policies and strategic formulation includes strategic development, mentorship and training, information sharing or flow of information from one SME to the next, improved access to marketing information, regulations of online trades, regulated locations of community SMEs, government subsidy, improved access to finance both from governmental institutions and financial institutions, taxation incentives such as tax rebates, enhanced managerial skills and mentorship, financial support to community pharmacies that might need this form of support not forgetting extension of non-financial support and financial training programmes since most individuals who are in this field studied the health sciences field. Bulk buying will also bring the advantage of discounted prices and competitive selling prices to end-users.

This will only be possible if there is collaboration between community pharmaceutical SMEs. Though online stores are a threat, it is also advisable that these community pharmacies should look into online trading which might enhance their profitability standing.

## **Phase 4 - Desired outcomes**

### **7.9.4.4 Sustainable community pharmaceutical SMEs**

Through the immense support from collaborative involvement of all role players/stakeholders, all interventions combined could encourage and enhance sustainability amongst community pharmacies, and this will lead economic growth and development, which means more people will be employed. Also, buying and selling will expand the economy and finally community pharmacies will be profitable and make sustainable income boosting the country's GDP. Government institutions, SAPC and ICPA should see the development of rules and regulations which encourage sound location distance and regulations of prices for medication in order to avoid wholesalers to do price erosion and take out SMEs. These will encourage fair competition and competitiveness. Sustainable business operations will be achieved once all the non-financial and financial support have been enhanced from both non-governmental institutions and government with fair interests.

This proposed framework will provide essential guides to all role players/stakeholders within the sector under study on what should be done for them to realise sustainability amongst their community pharmacies. The main issue highlighted is to establish a symbiotic and synergistic relationship between all role players, and community pharmacies will be sustainable if they adopt a system that interacts and responds positively to the development of their business ecosystem.

## **7.10 SUMMARY OF CHAPTER**

The chapter has presented the discussion, analysis and interpretation: mixed-method in terms of the quantitative and qualitative research design and also the proposed framework. The chapter has discussed the convergent and divergent research findings in terms of the geographic location of the respondents, general SME and biographical information, role of community pharmaceutical SMEs on economic growth and development and effectiveness of economic programmes aimed at enhancing sustainability within this sector/industry and coupled with mentorship programmes. The chapter also argues that this sector is faced with a lot of challenges that include limited accessibility to finance, harsh economic conditions, online stores threat, which needs to

be addressed by rules and regulations, lack of management and marketing skills, and strict and hostile regulatory environment. The chapter further introduced a proposed framework that captures the earlier constraints faced by community SME pharmacies and how they can be addressed. The chapter concludes by discussing the proposed business sustainability framework for enhancing sustainability within community pharmaceutical SMEs and also suggests that the adoption of this model would ensure high economic growth and development, fair competition and competitiveness, and enhanced sustainable business operations. Chapter 8, which follows, summarises the findings, discusses the conclusions and presents the recommendations for the study.

## **CHAPTER 8: SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS**

### **8.1 INTRODUCTION**

The previous chapter presented the results and findings obtained through the survey questionnaire and personal interviews. The purpose of this chapter is to present the summary of empirical findings. This chapter also concludes empirical findings and the research as a whole in light of the proposed theoretical sustainability framework depicted and discussed in Chapter 7. The conclusions made from the study have a significant policy modeling, essential interventions and enhancements of access to finance from both financial institutions and government. All role players from the government to private institutions will have to play a significant role in enhancing sustainability. This study pursued to develop a framework, in which community pharmaceutical SMEs can be sustained. To fulfil this objective, the study intended to address the following objectives:

- A. Determining and identifying factors, business skills and resources required to sustain Pharmaceutical SMEs.
- B. Identifying critical managerial success factors that help to sustain pharmaceutical SMEs in South Africa, Gauteng Province.
- C. Identifying specific areas of possible intervention that could stimulate entrepreneurship, and recommending strategies that may stimulate entrepreneurial initiatives.
- D. Establishing if there are support tools and government initiatives available for pharmaceutical SMEs to enhance sustainability and growth.
- E. Developing a sustainability framework based on success factors and challenges faced by pharmaceutical SMEs to help new and emerging Pharmaceutical SMEs to be sustainable.

A mixed-method research design was employed to conduct the study. An online survey method was employed to collect data using a structured questionnaire for the quantitative research design while interviews were employed through a semi-structured questionnaire and interview guidelines to obtain information for qualitative research design from managers and owners of community pharmaceutical SMEs.

Both the structured questionnaires and semi-structured questionnaires were developed by the researcher guided by the aim and objectives of the study. The structured questionnaires collected information concerning the geographic representation of the respondents, general SME and biographical information, sustainability factors, government and support tools, performance skills – internal and external, managerial success factors, and challenges faced by community pharmacies. A structured questionnaire is appended in the appendix section.

The semi-structured questionnaire which was in two (2) parts (part A and B) was also used to collect information about the geographic representation of the respondents, general SME and biographical information and challenges faced by pharmaceutical SMEs, role of the pharmaceutical SMEs in economic growth and sustainability factors, role of pharmaceutical SMEs in employment creation, use of technology and media houses to advertise, and government initiatives and tools to support pharmaceutical SMEs, and effectiveness of the economic programmes by government. The semi-structured questionnaire is appended in the appendix section.

The online survey method considered was sent to participants affiliated to both the Independent Community Pharmacy Association and South African Pharmacy Council. A total of 586 participants accessed the link, 182 declined to participate in the Survey and when the process of cleaning up the data for analysis was done over 82 participants started the questionnaire and did not complete the questionnaire and a total of 322 participants were used for the data analysis. All the online completed questionnaires received were reviewed to determine their applicability and usability for the study.

Over eight individuals participated in the interviews in Gauteng Province, South Africa. These individuals were situated in the two metropolitan municipalities, which are found in Gauteng Province being Johannesburg and Tshwane. This study was conducted in the economic hub of South Africa and Africa as a whole, and it also has a background of all four categories which are rural, semi-rural, urban and semi-urban.

The analyses of data for this study were done using statistical package for social sciences (SPSS) version 25 for Quantitative Data Analysis and NVIVO version 12.1, and Microsoft excel 2016 for qualitative data analysis. The next section summarises the outcomes of the study investigative questions followed by the research objective.

## **8.2 DISCUSSIONS OF FINDINGS IN RELATION TO RESEARCH QUESTIONS**

The benefits of SMEs to any economy are easily noticeable and they include creation of jobs at relatively low capital cost, a vehicle for reducing income disparities, and development of a pool of skilled and semi-skilled workers. Researchers argue that, promoting SMEs is considered to be one of the best strategies for achieving national development goals such as economic and industrial growth (OECD, 1996). Although there are fewer researches on community pharmaceutical SMEs and sustainability development have been conducted, these studies were conducted in the outside of Africa. Existing research studies in south Africa deals with pharmacists' profession and medical related issues. and thus, there is a knowledge gap in our understanding of community pharmaceutical SMEs sustainability in the context of South Africa.

This in itself is sufficient to merit the study and the development of the sustainability of community pharmaceutical SMEs in South Africa. Moreover, one can confidently say that South Africa has a large competitive advantage in the pharmaceutical industry and its one of the largest contributing factors in the fiscals of the country s economy. In addition, the SMEs working in the community pharmacy sector even though working mainly with backward technology has established some advantages over time, such as skills, networks, infrastructure and establishments. Above all the sector provides ample

employment, and has the potential of enhancing its sustainability increasing it substantially in global arena, should sustainability factors be enhanced.

Nevertheless, South African community pharmaceutical SMEs owners encounter different challenges when it comes to sustainability. Even though the country is geographically at ideal location and often referred to as the economic basket of Africa, the emergence of Wholesaler pharmacies or different markets, the competitiveness of wholesaler and community pharmacies have created sustainability challenges for community pharmacies. Problems of on counter medication pricing, product diversification and in house consultation (in-house screening) are still one of the critical factors to be considered, shortage of capital, financial knowledge also added some of the sustainability burdens.

This research surveyed community pharmaceutical SMEs within The City of Tshwane Metropolitan Municipality and Johannesburg Metropolitan Municipality, which are found in the Gauteng province (Municipality, 2016), given that there are only two municipalities which cater for the whole of Gauteng province (Trade and Industry, 2015). The research focused on Gauteng province, and the reason was that it would yield a variety of results and increase the depth of sustainability research by providing more inside information on these community pharmaceutical SMEs because it has rural, semi-rural, town/semi-urban and city/urban centres. This nudged this research towards the development of a sustainability framework. The following discussions uncover key issues of results and findings as it can be seen in the previous chapter.

### **8.2.1 Investigative question 1: What are the factors considered critical for sustainability of Community Pharmaceutical SMEs?**

According to Niño-Amézquita, Legotin and Barbakov, (2017) Community pharmaceutical SMEs Sustainability is climbing the global agenda. The challenges of climate change, resource depletion and human inequality are driving a change in how organizations measure their performance and success. These sustainability issues have been thrown into even sharper relief by the recent global economic crisis; a governance failure that

revealed the intrinsic links between financial and nonfinancial performance, transparency and trust, accountability and risk.

Ilardo and Speciale, (2020) posited that nowadays, the classic perception of the pharmaceutical traditional community pharmacies is facing worldwide extinction due to many factors which are centered around sustainability. Among the numerous factors, online pharmacies are increasingly gaining ground thanks to their ability to facilitate customer demand. Nevertheless, they are endangering “face-to-face” contact, affecting the building of customer loyalty based on direct “human” interaction, and consequently reducing pharmacists to mere commercial figures. Ranghchian *et al.*, (2018) indicated that patient-centered care communication is emphasized as the essential element to build a solid and appropriate interpersonal relationship with the patient, to make the consultancy process effective, and to strengthen the pharmacist’s professionalism in community pharmacy. Naik Panvelkar, Saini and Armour, (2009) argued that any community pharmacy that does not adopt to this new trend of demand will not be sustainable in the future as the traditional way of doing things within community pharmacy is constantly fading away.

Moreover, Gavilan, Avello and Abril, (2014) was of the opinion that internal and external motivating factors determine community pharmaceutical SMEs decision on how they view and deal with sustainability as threat to sustainability will differ from one pharmaceutical SME to the next. To this end, the findings of the current study as it can be seen from figure 6.24, P259, regulation and compliance and financial management were the highest threat to sustainability, followed by access to finance and Managing competition together with the client base retention, the last most important issue being managing collaborations and partnership.

According to Beier, (2014) lack of financial background, understanding of financial management and access to finance were the greatest threat to sustainability, thus agreeing with the findings of the study that many participants found it difficult to sustain their business necessarily because they lack the know-how of managing the financial aspect of the business. Access to credit being one of the fundamental aspect that’s needs

interventions as discussed in chapter 6 that analyzed the qualitative data of the study, one participant was quoted saying “The mere fact that financial institution can only offer loans to businesses that are having favorable collateral, makes it difficult for us who are yet to make it in the community pharmaceutical sector, often our bank loan applications are rejected.

Moreover, results also indicate that the risk appetite of participants was lower compared to other sector, as depicted in Table 5.17, P188, even though participant indicated that for business to be sustainable one had to take risks. Tabuenca, Martí and Romero, (2015) posited that community pharmacies were not risk takers and heavily relied on face to face interaction which relied on customers to walk in the store to purchase goods and services that are offered, now what happens if customers don't come. They further said that it is important for community pharmacies to enhance strategies on business attractions and find ways to take risks in order to enhance profit as depicted in figure 5.16, P190.

### **8.2.2 Investigative question 2: What support tools are community pharmaceutical SMEs using to enhance sustainability and growth?**

Cavicchi and Vagnoni, (2020) posited that community pharmacies are subject to heterogeneous value logics that reflect their hybridity, they further stated that indeed, they stand at the interface between the profit and not-for-profit sectors. Prasanna *et al.*, (2019) added that on the one hand, community pharmacies are entrepreneurial organizations that are subject to profit maximization, but on the other hand, they dispense medication and provide counselling and other care-related services that contribute to societal welfare. Community pharmacies operate in a regulated market shaped by a country's healthcare institutions, therefore, their hybridity is characterized by: 1 environmental determinism, as they are operating under the reimbursement schemes of a government's health and pharmaceutical policies; and 2 strategic choices, which are based on customers' needs. As community pharmacies can enhance people's well-being, they also tend to incorporate social duties within their mission; they have recently been asked to strengthen this role in

order to address the challenges posed by UN Sustainable Development Goals (Cavicchi and Vagnoni, 2020).

The study found that pharmaceutical community SMEs are still operating in the same traditional way and little has changed between now and the past fifteen years. Fewer community retail pharmacies that are situated in CBD, has since shifted in focus and had adopted to more recent times/ modern ways of doing business. Participants when asked what are they using to attract new customers seems to have little to say, most participants indicated that they dispense medication to clients who need it, this is proof enough to note that the operational strategies are still traditional and lacking when it comes to customer attraction and retention. Table 5.38, P201, indicate that over 46% of participants who are allocated in urban area believed that the use of media is a tool that can enhance sustainability amongst community pharmacies.

Furthermore, participants when asked about the use of media as a tool to enhance sustainability, through attraction and also advertising the goods and services they offer they indicated that they believe in advertising, but found it to be very expensive and time consuming to advertise. Table 5.30, P 202 also depict that most participant did not believe that the use of technology could enhance sustainability. It is quite evident that community pharmacies are not taking advantage of tools which could boost sustainability and profit makings which could change their sustainability rankings significantly. According to Forbes, (2021) social media can work wonders in internal corporate communications and boost the bottom line, as long as the message clearly communicates the good and services offered together with the price, they further indicated that emotional capital is the aggregate feeling of goodwill that people have towards their community.

### **8.2.3 Investigative question 3: What are the critical performance skills needed for the sustainability of community pharmaceutical SMEs?**

According to Garengo, Biazzo and Bititci, (2005) performance skills, or soft skills, are the behaviors exhibited while doing the work. They're really the way you approach your work and manage your projects. Going beyond knowing the scope of work or being able to execute a task, it's also being able to communicate clearly, set and achieve goals, and

work well with your team. This research looked into the following critical performance sets of skills which are needed by community pharmaceutical SMEs to enhance sustainability and performance: critical leadership skills, communication and collaboration, and creativity and innovation.

The study found that most participants were not interested in non-financial performance indicators, as shown in table 5.32 page 203, that majority of owners/ managers who participated in the study said that this performance indicators where a waste of time and not crucial when it comes to sustainability which is in contrast with what the study of Alzuod, Isa and Othman, (2017) who suggested that most business fail greatly from the ignorance of non-financial indicators are they are at the centre of either a business make it or not. They further added that it is thus way to important when it comes to the triple bottom line as community pharmacies only want to focus on the financial aspect of it and thus ignoring the social and environmental aspect of the triple bottom line which can negatively affect the sustainability agenda of all business types.

Furthermore, the study found that most community pharmaceutical SMEs did not have key performance indicators as depicted in table 5.31, P203. Feng Jing, Avery and Bergsteiner, (2011) said that the greatest risk of not managing key performance indicators is that businesses fail to identify business risks and threats that the business is faced with on time, while they can still be circumvented. This does not afford them the speed and effectiveness approach to solutions that might urgently need to be implemented to should there be a threat that the business is faced with.

Table 5.41, P211. which tested the importance of managerial leadership criteria and importance revealed that there were participants who did not have knowledge and skills with regards to operating community pharmacies. Rush, Thomas and Lord, (1977) posited that what is known can easily be managed, they further indicated that small, micro and medium ventures were highly likely to survive in business because they lack knowledge/ background of the business sector they are operating their business in, which might leads to non-profit making. The study further found that there was leadership

amongst entrepreneurs within this section, however there was lack of information sharing and collaboration as depicted in figure 6.15, P 249.

Furthermore, these community pharmacies were losing out a lot on benefits which comes with collaboration and information sharing, most participants indicated that one of the threat that made it impossible to attract new customers was because of the prices of goods and services they offer compared to wholesalers who buys their stock in bulk and therefore able to sell their goods at a cheaper price. Findings further highlighted that community pharmacies cited that they were located next to one another as depicted in Figure 6.26, P262, instead of seeing this as a threat rather these community pharmacies collaborate so that they buy stock in bulk, which has discounts advantages which will in turn make it easier to sell their goods and services and reasonable prices and therefore attracting new customers.

#### **8.2.4 Investigative question 4: What are the critical success factors being developed and implemented at present within pharmaceutical SMEs that have been sustainable?**

According to Kamei *et al.*, (2001) the rate of changes within the community pharmacies has left a lot of community retail pharmacies behind when it comes how they operated from inception. Feletto *et al.*, (2010) indicated that in the new millennium traditional pharmacies with find it difficult to operate as the need to adopt to change is now, they further cited that the digital wave in the third and fourth industrial revolution will see a lot medication being sold online than on counter as it other countries patients has also started consulting online with their doctors.

The study found that there seems to be elements of success factors which are being developed and also in use at the present to enhance sustainability within community pharmaceutical SMEs. Further analysis was conducted to examine the impact of external performance and internal success factor using both the SWOT analysis and PESTEL if that affects the performance and enhance success factor of community pharmacies as

the SWOT analysis were more internal and looked into the internal critical success factors.

As depicted in table 5.38, P207 majority of community pharmaceutical SMEs under study indicated that they were using SWOT analysis to look into the strength, weakness, opportunity and threats that their business were faced with. Moreover, location of where the business is situated at was a threat followed by management of competition which is caused by these this location proximity. PESTEL provided an overall outside threat which also indicated that South African economy was also posing a challenge as far as sustainability of these community pharmacies is concerned.

Study further recommends that in order to enhance sustainability pharmacies, pharmacists have to start to reinvent themselves by finding solutions to extend their role in community pharmacy. In general, they focused on establishing a closer relationship with the patient and enhancing their professionalism by self-assuming the great responsibility of providing appropriate advice (decision-making power). With the aim of preventing, protecting, and promoting the patient's health, the pharmacist has to give clear and easily understandable information about the correct use of a drug and its possible contraindications so that the patient gets the maximum benefit from it (problem-solving professional), this will immediately enhance profit and how increase the need to use goods and services from community pharmacies by increasing demand.

#### **8.2.5 Investigative question 5: What are the challenges faced by community pharmaceutical SMEs in the selected area of study?**

At the time of this research as depicted on appendix one which talks to the category of pharmacies, and in accordance to SAPC, (2016) there are approximately 3170 community pharmacies around the country, Gauteng province has over 1114 community pharmacies which represent over 35.14% of the entire community pharmaceutical SMEs within the country. Furthermore, this means these pharmacies are continuously vying for more patients since they are located close to one another. According to Drug Channels

Institute's (2018) Economic Report on Pharmacies and Pharmacy Benefit Managers, community pharmacies dispense an estimated 47.4 percent of prescriptions. Yet, their prescription revenue share is in decline from 35.9 percent in 2012 to 29.6 percent in 2017. This is due in part to increased reimbursement challenges and other industry factors. To patch the leak, community pharmacies are often turning to consolidation and acquisitions to increase patient markets without having to start from scratch. Meanwhile, community pharmacy's market share has dropped slightly, which has internally negatively affect the profitability.

Moreover, as depicted in table 5.45, P219 challenges that these community pharmacies were faced with were lack of managerial training and experience together with access to credit. Most managers as indicated in the demographics did not have any financial background nor any financial knowledge. Most owners indicated that they were taking it day by day and learning as they go which can be one major reasons why most pharmacies has remained the same since inception because the opposite of this will mean that if nothing new is learned the business does not grow.

Additionally, it can also be noted that lack of access to credit was the most critical immediate challenge and females were mostly excluded from access to credit as indicated in table 5.45. There is no financial background to most community pharmaceutical SMEs and these has been under serious discussion on conferences on how best to capacitate pharmacists to have a bit of financial background, the results also indicated that it is almost impossible to have access to credit facilities when you don't have audited financial statements which can only be prepared by financial literate personnel which is also not so easily affordable.

The study also found that the one significant threat that has been making it difficult for community pharmacies to compete and remain sustainable is because of their traditional operational strategies which has mainly focused on dispensing medicine as opposed to wholesaler who offer a wide range of goods and service, inclusive of selling medicine online platforms. Participants said that to change from this traditional operational style its capital intensive and access to credit will most probably solve this problem. When asked

whether they were able to appoint more employees' majority indicated that they won't be expanding their business as they are faced with financial challenges which were a threat to their sustainability, this is depicted by figure 6.27, P263.

The study suggests that in order to help maintain revenue health and defend market share, community pharmacies need to focus on finding new revenue sources and diversifying services. This will include conducting health screenings and lab testing, offering vaccines and immunizations (even niche travel vaccinations), providing health improvement programs (smoking cessation, weight management and more), Carrying holistic health options (essential oils and associated products) and selling popular everyday products to encourage customers to “shop the whole store”

#### **8.2.6 Investigative question 6: To what extent are community pharmaceutical SMEs aware of the government initiatives and available support to aid and enhance sustainability.**

In an effort to provide an answer to this final investigative question, survey data were used, with a focus on the view of sampled community pharmaceutical SMES on different sustainability promotion arrangements implemented by Government and other support agencies. From reviewed literatures it was found out that, as far as SMEs are concerned, government support programs directly or indirectly influence their sustainability agenda, participants further indicated that financial muscles of the available capital automatically dictated the selection of which sector within the pharmaceutical industry their business will fall into i.e. Wholesaler, community pharmacies and etc.

Feletto, Laura Kate Wilson, *et al.*, (2010) said that factors that stimulate a business's initial decision to operate as a community pharmaceutical SMEs are diverse and multifaceted as discussed under chapter 3 and 4 of this study. The decision may be influenced by government medical accessibility incentives, need to grow and get profit, availability of export market opportunities, special incentive program from foreign government such as Pan African Parliament, African Union and other trade agreements.

The study revealed that both community pharmaceutical SMEs expect different support from the Government and support agencies. Thus, these organizations should therefore make sure that local enterprises have access to the same incentives given to the large and medium enterprises, specifically those incentives that would influence their financial status such as short and long term loans, credit guarantee assistance offered to other sectors that might be faced with sustainability challenges. On the same token, environments do not inhibit sustainability agenda.

Furthermore, as depicted in Table 5.18, P 192 that, majority of participants were not aware of any help or assistance that the South African government was offering to enable and enhance sustainability. The study further showed that it was worse when it comes to community pharmacies that were situated in the rural area who had almost next to nothing when it comes to knowledge of what kind of support the government was offering. Additionally, as depicted in Table 5.19 and 5.20 page 193 and 194 respectively, that majority of these community pharmaceutical SMEs were also not getting assistance from South African Pharmacy council and Independent Community Pharmacy Association, equally most of these pharmacies were situated in the semi-rural and rural are.

Moreover, this finding was in line with the fact that most community pharmaceutical SMEs which were situated between the rural and semi-rural area were not using technology within their business to attract new customer, nor let their business goods and services known to their targeted customer group which then hinder profit and therefore posing a business sustainability threat. Additionally, there is an information sharing appetite were the government together with the SAPC and ICPA should go to the ground to share available help if and also assist these community pharmacies who were most likely to shut doors.

## **8.3 SUMMARY OF THE MAIN FINDINGS BASED ON RESEARCH OBJECTIVES**

### **8.3.1 Research Objective 1: Determining and identifying factors, business skills and resources required to sustain Pharmaceutical SMEs.**

Research results confirm that there is a statistically significant agreement that this industry is capital intensive, and as much as most managers were pharmacists with no financial background and management skills, that was one of the key findings on this objective. The finding added to the reasons why most of the community pharmacies especially those that are located in the rural areas were not sustainable. Factors that can enhance sustainability were versatile managers who had a sense of the financial sector, were well informed that sustainability revolves around the three main pillars which are economic, environmental and social and how to satisfy each and every pillar in order to be sustainable.

### **8.3.2 Research Objective 2: Identifying critical managerial success factors that help to sustain pharmaceutical SMEs in South Africa, Gauteng Province**

The research results confirmed that there was a slight disagreement on identifying critical managerial success factors as most of the participants indicated that the need for achievement was the main driver for achieving sustainability. However, the research results also revealed that participants were less on taking business risks, and as much as there was leadership in their businesses, most of the managers had not been financially oriented, which means they are learning on the job. The process and progress of learning on the job could be slow ,and consequently affect their success factors that could otherwise assist in the enhancement of sustainability of the community pharmaceutical SMEs in South Africa, Gauteng Province.

Furthermore, most managers were not using internal and external measures/indicators in order to enhance sustainability. For example, SWOT analysis and PESTEL are known to be tools which assist managers/owners to make an informed analysis about macro and micro environmental challenges which helps to navigate through difficult times and also boost survival and sustainability of any business.

### **8.3.3 Research Objective 3: Identify specific areas of possible intervention that could stimulate entrepreneurship, and to recommend strategies that may stimulate entrepreneurial initiatives**

Research results confirm that there is a statistically significant agreement that specific areas for possible interventions that could stimulate entrepreneurship, and strategies were to enhance accessibility to finance as this sector was capital intensive and this turned out to be the greatest challenge. With the challenges were the regulatory framework (policy-making), business locations which were not regulated and posing serious competition threats due to the proximity of the community pharmaceutical SMEs. The other challenges highlighted included research development and marketing skills, non-financial support and financial support, entrepreneurial and management skills. The least mentioned challenges included business structures, environment and macro environmental challenges.

There is significant agreement that the models for community pharmacies have to change drastically in order to continue to be competitive into the foreseeable future. This can also be picked up when one looks into wholesalers who are franchise businesses. Most of wholesalers do not only sell medical merchandise, but also provide cosmetics, perfumes, groceries, and many other products which are not medical related. Most of such mega pharmacies even have a doctor on sight to give consultation and recommendations of which medication customers can get right at the pharmacies. This might also be the case with SMEs, but because this strategy is capital intensive and most of these pharmacies have financial problems, it remains a dream to many SMEs which are consequently losing potential customers on the way.

Furthermore, most of the pharmacies are next to one another which makes it difficult for SMEs to survive when they are established next to a bigger competitive community pharmacy, especially franchise business because there is price collusion which ends up driving all the customers from some smaller enterprises to a bigger one. Pharmaceutical SMEs are consequently forced to decrease prices as a customer attraction model, and this is a huge threat to the sustainability of community pharmacies. Policies should therefore be created to mitigate this challenge.

#### **8.3.4 Research Objective 4: To establish if there are support tools and government initiatives available for pharmaceutical SMEs to enhance sustainability and growth**

Results reveal that there is significant disagreement that government-initiated programmes have not been effective in community informal manufacturing SMEs development. Olawale and Gware's (2010) research paper titled "Obstacle of growth of new SMEs in South Africa" was mainly motivated by government's failure to provide financial and non-financial support to SMEs. Olawale and Gware (2010) argue that despite the involvement of SEDA and the Department of Trade and Industry (DTI) together with the recently formed Department of Small Medium Enterprise (DSME) their mandate was hindered by a very hostile and harsh economic and legislative climate coupled with ever hiking medical prices. Some participants argued that the government had not offered any support since their inceptions; others did not want to comment on what they hoped the government could assist them with, saying that it was false hope to ever think the government could assist them.

Research results further revealed that these participants were not getting financial support from either the South African Pharmacy Council and Independent Community Pharmacy Association. These organisations seemed to have been providing non-financial help when it comes to registrations and other business setup necessities, although this did not influence sustainability as it had nothing to do with the influence of whom customers chose to buy from.

Furthermore, the results revealed that these organisations should come together and establish regulations regarding locations/areas of community pharmacies. Through regulations, community pharmacies should maintain safe distance from one another to maintain and encourage competition and competitiveness. There is also a need for price regulations in order to prevent wholesalers from decreasing/fixing prices as a strategy to get rid of pharmaceutical SMEs. These legal entities should also encourage collaborations amongst SMEs which might enhance bulk buying, sharing of marketing information and strategic formulations to enhance sustainability.

### **8.3.5 Research Objective 5: Developing a sustainability framework based on successful factors and challenges faced by pharmaceutical SMEs, to help new and emerging Pharmaceutical SMEs to be sustainable**

There is a significant agreement that these community pharmaceutical SMEs have a crucial role to play in economic growth and development. Findings confirm that there are developed models within this sector; however, there is none that is aimed at a sustainability framework, as these are an integration of both the health and commercial sectors. Africa Statistics South (2016) asserted that pharmacies in general contribute greatly towards economic growth and development and they were a major boost of the country's GDP. Netswera and Watson (2015) point out that it is increasingly becoming more important for government and policy-makers that SMEs have a vital role in the growth and development of an economy. There is greater need to support and strengthen the SMEs' production capacities and global competitiveness in the economy since the SME sector is recognised as the engine for economic development and growth.

Research results reveal that community pharmacies have an important role in employment generation. Participants from the online survey and interviews all alluded to that fact. Kauffmann (2013), in support of this, pointed out that micro and small businesses operating in South Africa accounted for greater than 55% percent of jobs available and around 22% of the country's GDP in 2003. Findings further indicate that there was a need to map out a solution for community pharmacies in order to capacitate so that they can enhance their profitability and stay sustainable in order to realise more future profit and the opportunity to operate into foreseeable future.

The developed proposed framework touches on both external and internal business challenges that community pharmaceutical SMEs are faced with daily. It further suggested interventions that should be put in place to address sustainability-related challenges. to the proposed framework presented the desired status, which is expected to be a repetitive process. The proposed framework further highlights that it can only be achieved if all role players are actively involved and working together to ensure that these pharmacies' sustainability status is enhanced.

#### **8.4 RECOMMENDATIONS OF THE STUDY**

From the findings presented in Chapter 7 and the summary and conclusions presented in the current chapter, several recommendations can be made to alleviate the problems stressed in the findings of this current study.

Taking into account that most managers interviewed in this study lacked financial literacy, leadership experience, the study recommends that prospective and current pharmaceutical SME managers should give themselves a chance to get financial literacy, leadership courses and obtain reliable information on market opportunities, as these soft skills emerged as one of the barriers hindering sustainability of community pharmaceutical SMEs in South Africa. Thus it is highly recommended that the governments, South African Pharmacy Council and Independent Community Pharmacy Association, and all parties inclusive of agencies that support SMEs development efforts, can play a significant role in helping community pharmaceutical SMEs in accessing relevant financial knowledge and market information to enhance sustainability.

It was concluded that the community pharmacies SMEs are not only having difficulties in accessing finance to sustain themselves, but also often have limited managerial experience in their management team. Thus the study recommends that managerial skill training and experience sharing must be considered. Moreover, transaction costs (capital shortage) of doing business, especially when it comes to business expansion and moving into new model of doing business was also identified as a critical problem of studied SMEs in the current study, which made it difficult for these SMEs to attract customers who were already used to a superior service received in wholesaler pharmacies like clicks and Dischem. There should be a sound collaboration between government, SAPC, ICPA together with all role players (especially those that involved in the day to day running of these community pharmacies to address these issues with the view to reap the significant potential benefits that should accrue from the creation of a simpler, more business-friendly, and more integrated sustainable inclusive South African economy where all forms of pharmacies can exist at all levels and remain sustainable.

Another key recommendation emanating from this study is that the government, ICPA, SAPC and all role-players should encourage vibrant policy on location and continuous price hikes of medicine, inclusive of other tax incentives and rebates towards enabling a sustainability environment in order to mitigate barriers caused by locations, competition policy, legislative and regulatory frameworks, price-fixing together with sharing of information of research and development. The study further exposed that there was lack of research and development aimed at sustainability enhancement which from now on should be at the centre of focus so that community pharmacies are included in the country economy agenda of sustainability.

In South Africa, the government recognises the importance of the community pharmacies and all SMEs, and the government is also aware of their economic contributions when it comes to economic development and employment. It is quite clear that the government also has to support their existence and development in the long run. The more these businesses are sustainable, the more the country stands a chance to grow their economy even much stronger and therefore enhancing their GDP. In support of that, the government of South Africa has, since gaining independence and freedom in 1994, tried to create various arms and departments to develop the SME sector.

Both formal and Informal community pharmaceutical SMEs seem to form the biggest employer thereby constituting the majority employer in both developed and developing country. These community pharmacies SMEs, regardless of the state of being either formal or informal have acted as a catalyst in ensuring economic development and raising the general standard of living of the population in South Africa. The finding of the study revealed that lack or limited access to finance is one major problem being faced by community pharmaceutical SMEs and therefore limits their ability to exploit the increased profitability opportunities, furthermore owners of community pharmaceutical SMEs were not willing to appoint or increase their work force as they cited that profit making was a challenge, most community pharmacies use pharmacist on a locum basis.

The Government of South Africa should come up with policies and programmes that may help these community pharmaceutical SMEs in the short and long run to be able to sustain themselves in operation and maximising as much profit and to remain competitive. This

can be achieved by consequently easing accessibility to finance and creation of aids that are aimed at easing their financial burdens. In support of that, the government should be proactive in the development and implementation of the community pharmacy SME financing and intervention measures.

The government of South Africa should tailor-make the financing and intervention measures as well as enacting legislation to dovetail with the financing needs of both formal and informal economy. Kimani and Ogutu (2017) suggested that financing, regulation and training have been a continuous thread in important policy debates in both developed and developing countries about small, medium and micro-enterprises development for many years. Accessibility to finance has been acknowledged as a key element of promoting and reinforcing the enabling business ecosystem for SMEs' development.

The quality of the goods and service offering needs improvement and profits need to be maximised. Ensuring on quality standards and putting in new ways of doing business, especially through the open-plan where clients can get consultations in community pharmacies can decrease the time that clients have to first go to a surgery and then after be referred to the pharmacy to get medication. Most clients have been choosing to go to wholesalers pharmacies instead of these SMEs because they can get both the service and whatever prescribed medication under the same roof which is time-saving. Creating of this business model is capital intensive and needs most of these community pharmacies to raise funds either from investors, government or financial institutions.

As previously discussed, most of the community pharmacies that applied for loans were refused loans, and those that were granted loans complained about the fact that the interest rates were too high and not affordable. Working on the quality of goods and services offered is expected both from the SMEs' perspective as well as from the government, ICPA and SAPC side; they are expected to do much in those areas. Helping these SMEs and ensuring quality products with efficiency makes the community pharmacies more competitive.

To enhance fair competition and competitiveness, community pharmaceutical SMEs need to focus on value-adding on the goods and services they provide to the end

consumers. The service offered, processing and packaging of their rendered services would increase their competitiveness in the area they are located. Learning from the experiences of the developed and well-established community pharmacies would help to transfer knowledge to those that are still new and struggling in the sector. All role players need to make arrangements and agreements for community pharmaceutical SMEs to share the experience of their well-established and sustained businesses.

This recommendation was justified by findings that indicated that there is a need for rules and regulations that also look into proximity or closeness of these businesses as their product offerings are the same and therefore it will be an added competitive advantage if their operating licenses were granted with a distance as to how far one pharmacy must be located from the other. Moreover, the findings revealed that quality requirements and standards in the target market (clients) that requires speedy services and efficient client servicing is one of the challenges faced by community pharmaceutical SMEs. The findings also revealed that there was scarcity of employees with a Bachelor of Pharmacy in the country, despite community pharmacies not willing to absorb them at the rate that Universities are producing them.

Policymakers attached to the government, South African Pharmacy Council and Independent Community Pharmacy Association need to be put in place to ensure financing, the establishment of a community pharmaceutical SME financial institution, and intervention measures that look into making sure that this sector is sustainable. Benefits associated with sustaining this sector touches on the three pillars of sustainability which are the environment, economic and social, accessibility of medication and health-related help the individuals of the country followed by enhancement of the country's economic status. As shown in this study, pharmacies were the biggest economy role players between April and August 2018.

Changing the regulations and laws surrounding financing, especially in institutions that are involved in financial lending activities is step in the right direction. The proposed reforms to target key areas that will lead to the increased accessibility of financial institutions like micro-finance or community pharmacy sustainability developmental bank

are likely to have a large focus on the sustainability of community pharmaceutical SMEs. They may also focus on borrowers and revisit the legal requirements for borrowing by unsecure borrowers like the owners of the community pharmacies SMEs who might not have a collateral property/ asset to attach to the loan that is been borrowed. In addition, legislation for protecting lessees against high down payment requirements for renting pharmaceutical spaces within malls and other premises needs to be considered or an attachment of tax rebates with regards to that be attached.

In South Africa, it is the responsibility of the Reserve Bank to undertake policy reforms on bank charges and interest rates, establishment of credit bureaus and more SMEs credit registries. In South Africa, currently we have credit ratings of formal SMEs. However, these ratings are not exclusive of the people who own them. If the business is doing well, but the owner is indebted, the business might not get a business loan due to indebtedness of the owner. It is well known that SMEs can hardly be separated from their owners, and this is also the case when it comes to borrowing from financial institutions that the credit record of an individual is treated separately from that of their business. The Reserve Bank should seriously consider introducing regulations that seek to ensure that building societies, merchant and commercial banks allocate a certain agreed percentage of their loan portfolio to community pharmacies.

Banking institutions should consider moving from requesting the traditional physical collateral as security and consider other alternative practices that can minimise uncertainties in issuing loans to community pharmaceutical SMEs, especially community pharmacies. Special consideration should be given for finance to be made available to the community pharmaceutical SMEs especially on expansion and sustainability requirements in collective environments and arrangements as this can enable them to exploit and unlock their full sustainability potential. It is proposed that community pharmacies should establish some collaborations to enhance the quality of the management of their operations as well as to enjoy economies of scale and thereby reducing the many challenges they might face.

Recommendations for collaborations amongst SMEs and support systems were some of the findings of this study. This study concluded that it was necessary that over and above

the two bodies SAPC and ICPA that these pharmacies are affiliated to, collaboration support should be established as it offers the following benefits. Some of the major challenges that these community pharmacies are currently experiencing are harsh economic conditions and never-ending price hikes of medication. For pharmacies to have a wider business transaction coupled with competitiveness and sustainable operations in the location, it is vital to collaborate. These companies must come together and buy in bulk in order to take advantage of the bulk discounts which might help prices of medication to be less from what they are currently buying them, when they stock their inventories. The added advantage to this is that if they buy their goods and services cheap at an affordable price, they are highly likely to sell their products at a cheaper price, which might attract more customers as consumers have always been attracted by an affordable cheap price.

It was identified that community pharmaceutical SMEs have knowledge-related challenges which affect the sustainability of their businesses. It is highly recommended that the government, SAPC, ICPA, and all the role players especially those that are tasked with the day to day running of these community pharmaceutical SMEs should build capacity on training SMEs to ensure the sector managers/owners make their businesses profitable and sustainable.

## **8.5 LIMITATIONS OF THE STUDY**

Although this study has achieved its overall aim of acquiring a deeper understanding of challenges associated with community pharmaceutical SMEs and developing a proposed sustainability framework for community pharmaceutical SMEs in South Africa, Gauteng province, and related study objectives of identifying factors, business skills and resources required to enhance sustainability, managerial success factors, identifying possible intervention areas, establishing support from all role players and finally mapping a proposed framework, one also has to acknowledge limitations in this empirical study. As mentioned in methodology chapter, this study was conducted with all the required considerations for quality, rigour and the research design and methodologies. However, as is the case with any social science research, this research brought with it inevitable limitations that needed to be considered along with the findings.

The first limitation of this study has to do with its location. The study was carried out on community pharmaceutical SMEs operating in South Africa, Gauteng Province. Although Gauteng province is the economic hub of South Africa and arguably of Africa, it has within it both rural and urban locations. As such, caution should be taken when generalisation across cultures is considered. Although the findings could be generalised in the country with Gauteng province having all dynamics that could be found within the country, the findings cannot be generalised to fit all developed and developing countries. Moreover, within South Africa, this study only focused on SMEs from one geographical area.

The second limitation was that the researcher was not allowed to distribute questionnaires to participants; a role that was taken over by legal bodies that community pharmacies investigated in this study are affiliated with. Due to the absence of an integrated database, it was difficult to discern which community pharmacy received the online link.. Therefore, the current researcher found it difficult to obtain a comprehensive list of who participated by name. Consequently, the research sample was taken from one data source.

As to the conceptual and theoretical limitation concerns, the study focused on community pharmaceutical SMEs and enhancing their sustainability to prolong their longevity and profit maximisation. Other operational modes within this sector, namely, wholesalers, public pharmacies, manufacturing pharmacies and academic institutions and the like were not treated in this study. The study only focused on one aspect of community pharmacies. Since it was a cross-sectional research it lacks the quality of longitudinal survey that has the capacity of exhibiting behavioural patterns of community pharmacies over a long period.

A further limitation is the key informant technique followed, which may pose personal bias in the findings besides the entire scientific rigour taken care of in this current study. Moreover, the cross-sectional nature of the study, which was done within a short period may not give the whole picture of community pharmacies gradual development into a sustainable status.

Finally, the conclusions drawn from the findings of this current study as shown in the previous discussions, are based on an extensive review of related literature,

questionnaire-based online survey and interviews, which means that the conclusions are linked to these three sources only. One is not generalising that what was concluded in this current study automatically applies to all other enterprises in the pharmaceutical sector. Instead, the current study is appealing to the concept of relatability, that is, what was researched in this study will be of interest to other researchers and enterprises interested in the sustainability of community pharmaceutical SMEs and that it will add, incrementally, to the patchwork of research in the areas of enhancing sustainability within this business sector and entrepreneurship in the context of both developing and developed economies. Besides its limitations, the study made different implications as to existing knowledge, praxis and policy as well as suggestions for future lines of investigation.

## **8.6 SUGGESTED AREA FOR FUTURE RESEARCH**

Since this study was a cross-sectional study which was conducted within a short period , it is difficult to grasp the dynamics of community pharmaceutical SMEs' sustainability over for a long period. Thus, future research must consider conducting a longitudinal study in order to understand the sustainability dynamics of SMEs and related barriers that might be hindering their sustainability processes.

Since this current study was based on one business sector, which is the community pharmacies, future research will be more interesting if it focuses on a complementary study that incorporates a full complement of the sector, perhaps looking at pharmacies that are owned by the government versus privately owned pharmacies. Evaluating the impact of non-financial and financial support to enhance sustainability activities can also be one area of research in the future. In addition, the impact of networking and collaborating within this sector when it comes to the advantage of buying in bulk and getting discounts which drive stocking to a lower price and therefore selling at the most affordable price which might attract customers and therefore enhancing profitability, competitiveness and performance of SMEs can also be another area of research.

Another recommendation for future research is to assess the impact of entrepreneurship education and training of managerial skills on the owner/manager' s business decision to enhance sustainability.

The current study was based on data from one country (provincial state) setting; thus, the findings cannot be generalised to fit both developed and developing countries. Therefore, e future comparative studies could benefit from cross-country comparisons in this respect, and worth investigating to explore patterns of similarity and differences between the enhancing sustainability process of South African pharmaceutical SMEs and that of SMEs from other developing economies.

Furthermore, another interesting research direction is to extend these research findings to study sustainability development for other organisational processes in South African SMEs. The sample for the current study was made up of respondents residing in Gauteng

Province since this is the area where most community pharmacies are found. However, in order to get an overall South African perspective, future researchers might wish to consider broadening the sample frame to include all pharmacies in South Africa as a whole.

Finally, analysis of this current study was based on retrospective data. However, this weakness was minimised by addressing the survey to founders or managers involved in day to day business decisions.

## **8.7 SUMMARY OF THE THESIS**

The aim of the study was to develop a sustainability framework in which community pharmaceutical SMEs can be sustained into the foreseeable future with profit maximisation. Chapter 1 introduced the study by providing the background to the study, a history of community pharmaceutical SMEs in South Africa, rationale of the study, statement of the problem, and aim of the study and significance of the study. Chapter 2 presented the historical general perspectives of both formal and informal SMEs, the role and challenges faced by the SMEs, linkages of informal enterprises with formal firms and empirical studies of the SMEs, and their economic impact in the country and abroad. Chapter 3 discussed the literature in line with the objectives and the problem statement of the study, from a global perspective to local perspective in South Africa. Chapter 4 presented the methodology, research design, research philosophy, mixed-method research design, and research design implementation. Thus the study used a mixed-method design using an online survey and interviews. On the other hand, Chapter 5 presented data analysis and interpretation of quantitative data. Chapter 6 discussed data analysis and interpretation of qualitative data. Chapter 7 presented the discussion of findings, analysis and interpretation using the mixed-method. The chapter concluded with a proposed framework. Chapter 8 documented the summary of findings, conclusions and recommendations. Based on the proposed conceptual framework, the researcher believes that the study objectives were addressed, making this study a success.

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## APPENDICES

## APPENDIX 1: CATEGORIES OF PHARMACIES

Sector	EC	FS	GP	KZN	LP	MP	NW	NC	WC	Total
Academic Institution	3	0	3	1	1	0	1	0	1	10
Community Pharmacy	260	146	1114	522	169	234	204	62	459	3170
Consultant Pharmacy	0	0	8	1	0	0	0	0	2	11
Institutional Private	26	16	103	45	9	13	22	6	42	282
Institutional Public	105	51	81	104	37	41	57	41	132	649
Manufacturing Pharmacy	10	1	207	9	0	1	7	0	30	265
Wholesale Pharmacy Private	23	6	121	24	5	3	3	2	37	224
Wholesale Pharmacy Public	1	1	0	0	1	0	0	1	0	4

**APPENDIX 2: ETHICAL CLEARANCE LETTER – RESEARCH OFFICE**



07 September 2017

**Mr Tshifhiwa Gift Mulaudzi (216071084)**  
Graduate School of Business & Leadership  
Westville Campus

Dear Mr Mulaudzi,

**Protocol reference number: HSS/1336/017D**

**Project title:** A business sustainability framework for Pharmaceutical Small, Micro, Medium Enterprises in South Africa, Pretoria

**Approval Notification – Expedited Application**

In response to your application received on 14 August 2017, the Humanities & Social Sciences Research Ethics Committee has considered the abovementioned application and the protocol has been granted **FULL APPROVAL**.

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

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

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

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

Yours faithfully



.....  
**Dr Shenuka Singh (Chair)**

/ms

Cc Supervisor: Dr Emmanuel Mutambara  
Cc Academic Leader Research: Dr Muhammad Hoque  
Cc School Administrator: Ms Zarina Bullyraj

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**Humanities & Social Sciences Research Ethics Committee**

**Dr Shenuka Singh (Chair)**

**Westville Campus, Govan Mbeki Building**

Postal Address: Private Bag X54001, Durban 4000

Telephone: +27 (0) 31 260 3587/8350/4557 Facsimile: +27 (0) 31 260 4809 Email: [ximbap@ukzn.ac.za](mailto:ximbap@ukzn.ac.za) / [snymanm@ukzn.ac.za](mailto:snymanm@ukzn.ac.za) / [mohunp@ukzn.ac.za](mailto:mohunp@ukzn.ac.za)

Website: [www.ukzn.ac.za](http://www.ukzn.ac.za)



Founding Campuses:  Edgewood  Howard College  Medical School  Pietermaritzburg  Westville

**APPENDIX 3: ETHICAL CLEARANCE LETTER – INDEPENDENT COMMUNITY  
PHARMACY ASSOCIATION**



ICPA (NPC), Unit 3, Mews 2, Rosmead Centre, 67 Rosmead Avenue, Kenilworth, Cape Town, 7708  
Tel: +27 21 671 4473 | Fax: +27 86 5152 000 | Website: www.icpa.co.za.  
CIPC Reg. No: 2012/021809/08 | NPO Reg. No: 141-903 | VAT Reg. No: 4420262976

27 July 2017

Mr Mulaudzi Tshifhiwa (216071084)  
Graduate School of Business and Leadership  
College of Law & Management Studies  
Westville Campus  
UKZN  
27 July 2017

Dear Mr Mulaudzi

**RE: PERMISSION TO CONDUCT RESEARCH**

Gatekeeper's permission is hereby granted for you to conduct research, with commercial pharmacies who are members of the Independent Community Pharmacy Association, towards your postgraduate studies (Doctor of Business Administration). We have noted the title of your research project is:

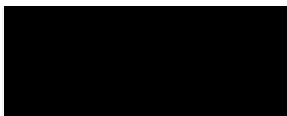
*"Business Sustainability Framework for Pharmaceutical Small, Micro, Medium Enterprises in South Africa, Pretoria".*

It is noted that you will be gathering your primary data using a questionnaire which will be sent to our affiliates to complete and return to you electronically by email, Mulaudzitg@gmail.com. we are also aware of the fact that you are still yet to apply for ethical clearance from your University, please make sure that you send your questionnaires to our members with the following:

- Ethical clearance
- Questionnaire
- Consent form to be signed by interested members who are interested to participate in the study, and
- Gatekeeper's letter

Data collected must be treated with due diligence, confidentiality, and anonymity.

We wish you well



Jackie Maimin  
CEO

Board of Directors: Mogologolo Phasha (Chairman), Wim Grobbelaar (Vice-Chairman), Mehboob Ali Cassim (Treasurer),  
Rakesh Daya, Maropeng Modiba, Sham Moodley, Simoné Eksteen

## **APPENDIX 4: INFORMED CONSENT LETTER – RESEARCHER**

**Informed Consent Letter 3C**

**UNIVERSITY OF KWAZULU-NATAL  
GRADUATE SCHOOL OF BUSINESS AND LEADERSHIP**

Dear Respondent,

**DBA/PHD Research Project**

**Researcher:** Mulaudzi Tshifhiwa (076 771 5066)

**Supervisor:** Dr. Emmanuel Mutambara (031 260 8129)

**Research Office:** Ms P Ximba 031-2603587

I, **MULAUDZI TSHIFHIWA GIFT** an DBA student, at the Graduate School of Business and Leadership, of the University of Kwa-Zulu Natal. You are invited to participate in a research project entitled (DEVELOPING A BUSINESS SUSTAINABILITY FRAMEWORK FOR PHARMACEUTICAL SMALL, MICRO, MEDIUM ENTERPRISES IN SOUTH AFRICA, GAUTENG PROVINCE). The aim of this study is to: (The aim of the study is to develop the pharmaceutical SMME's business sustainability framework in Pretoria, Gauteng province).

Through your participation I hope to understand [questions highlighted in the questionnaire]. The results of the focus group are intended to contribute to [The development of pharmaceutical SME's framework will be of interest and contribute to different stakeholders such as government, parastatals, non-government organisations, corporate sector and entrepreneurs in the pharmaceutical sector.]

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

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

The survey should take you about **20** minutes to complete. I hope you will take the time to complete this survey.

Sincerely

Investigator's signature \_\_\_\_\_ Date : 16 MAY 2017

**This page is to be retained by participant**

**APPENDIX 5: INFORMED CONSENT – PARTICIPANT**

**UNIVERSITY OF KWAZULU-NATAL  
GRADUATE SCHOOL OF BUSINESS AND LEADERSHIP**

**DBA/ PHD Research Project**  
**Researcher:** Mulaudzi TG (076 771 5066)  
**Supervisor:** Dr. Mutambara E (031 260 8129)  
**Research Office:** Ms P Ximba 031-2603587

**CONSENT**

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

I hear by consent/ do not consent to have this interview recorded?

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

SIGNATURE OF PARTICIPANT

DATE

.....

**This page is to be retained by researcher**

**APPENDIX 6: SURVEY - INTRODUCTION LETTER AND ONLINE STRUCTURED QUESTIONNAIRE**



## Sustainability framework for Community Pharmacies

### 1. Welcome to My Survey

My name is MULAUDZI TSHIFHIWA GIFT a Doctor of Business Administration student, at the Graduate School of Business and Leadership, of the University of Kwa-Zulu Natal. I invite you to participate in a research project titled A BUSINESS SUSTAINABILITY FRAMEWORK FOR PHARMACEUTICAL SMALL, MICRO, MEDIUM ENTERPRISES (SMME's) IN SOUTH AFRICA, GAUTENG PROVINCE. The aim of this study is to develop the pharmaceutical SMME's business sustainability framework in SA, Gauteng.

Through your participation I hope to understand issues highlighted in the questionnaire. The results of the survey are intended to contribute to the development of pharmaceutical SMME's framework, which is of interest and will contribute to different stakeholders such as government, parastatals, non-government organisations, corporate sector and entrepreneurs in the pharmaceutical sector.

Your participation in this project is voluntary. You may decline to participate or withdraw from the project at any time with no negative consequence. There will be no monetary gain from participating in this survey. Confidentiality and anonymity of records identifying you as a participant will be maintained by the Graduate School of Business and Leadership, UKZN. If you have any questions or concerns about completing the questionnaire or about participating in this study, you may contact me or my supervisor (Dr E Mutambara) on the following numbers, 076 771 5066/ 0745615083.

The survey should take you about 20 minutes to complete. I hope you will take the time to complete this survey.

1. By clicking yes below, you hereby confirm that you understand the contents of this survey and the nature of the research project, and you consent to participating in the research project.

- Yes, I do provide consent to participate in the survey
- No, I do not provide consent to participate in the survey



2. Section  
A

Demographic information

\* 2. Gender

- Male
- Female

\* 3. Ethnicity group

- Black
- White
- Coloured
- Asian
- Other (please specify)

\* 4. What is your age?

\* 5. What is your role/job function within the business ?

- Investor
- General manager
- Pharmacist
- Chief executive officer (CEO)
- Other (please specify)

\* 6. Field of study

- Health Sciences
- Humanities
- Management and Law
- Sciences and Agriculture
- Other (please specify)

\* 7. Level of education

- Below Diploma
- Diploma
- Degree
- Honours
- Masters
- PHD

\* 8. For how long have you been working in this industry ?

\* 9. Geographical location/district of the business (Pharmacy)

- Johannesburg
- Tshwane/Pretoria
- Ekurhuleni
- Other (please specify)
- Sedibeng
- West Rand

\* 10. Classification of geographical location

- Rural
- Semi-rural
- Semi-urban
- Urban

\* 11. Business sector (Pharmaceutical)

- |   |  |
|---|--|
| <input type="radio"/> Academic institution  | <input type="radio"/> Institutional public       |
| <input type="radio"/> Community pharmacy    | <input type="radio"/> Manufacturing pharmacy     |
| <input type="radio"/> Consultant pharmacy   | <input type="radio"/> Wholesale pharmacy private |
| <input type="radio"/> Institutional private | <input type="radio"/> Wholesale pharmacy Public  |

\* 12. What is the form of business enterprise

- |  |                                       |
|--|---------------------------------------|
| <input type="radio"/> Partnership            | <input type="radio"/> Private company |
| <input type="radio"/> Sole trader            | <input type="radio"/> Public company  |
| <input type="radio"/> Close corporation      |                                       |
| <input type="radio"/> Other (please specify) |                                       |

\* 13. Is your business a franchise?

- Yes  
 No

\* 14. Is it a family business?

- Yes  
 No

\* 15. In which year did your business start operating ?

\* 16. Number of employees when the business started?

\* 17. Number of employees currently?



3. Section  
B

SUSTAINABILITY FACTORS

\* 18. Are you registered/ affiliated with the South African Pharmacy Council (SAPC) ?

- Yes
- No

\* 19. Are you affiliated with the Independent Community Pharmacy Association ?

- Yes
- No

\* 20. How much is your total net profit for the year?

- Less than R1 million
- R11 to R20m
- R1m to R5m
- R21 to R30m
- R6m to R10m
- Over R30m

\* 21. Are you aware of factors considered critical for business sustainability ?

- Yes
- No

\* 22. The following factors are considered critical for business sustainability, please rate them according to how they each reflect your business.

	Very Important	Moderately Important	Not Important
Need for achievement	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Creativity and innovation	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Business risk minded manager	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Leadership of the business	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Customer relations commitment	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Positive attitude contribute toward sustainability of the business	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Perseverance help to boost a successful enterprise	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

\* 23. The following are characteristics of need for achievement, please tick the one that resembles you at best.

- High need achievers have a strong desire to assume responsibilities for performing task or finding solutions to a problem
- High need achievers have the need for attaining personal fulfilment
- High need achievers tend to set moderately difficult goals and take calculated risks
- High need achievers look for challenging task within their daily duties at work
- High need achievers have a strong desire for performance feedback

\* 24. Below are characteristics of creativity, please tick the ones that resembles you at best.

	Yes	No
Associative orientation	<input type="radio"/>	<input type="radio"/>
Need for originality	<input type="radio"/>	<input type="radio"/>
Motivation	<input type="radio"/>	<input type="radio"/>
Ambition	<input type="radio"/>	<input type="radio"/>
Flexibility	<input type="radio"/>	<input type="radio"/>

\* 25. Below are the characteristics of innovation, please tick the ones that resembles you at best.

	Yes	No
An opportunistic mind-set	<input type="radio"/>	<input type="radio"/>
Formal education or training (learned skills)	<input type="radio"/>	<input type="radio"/>
Productive and high degree of persistence	<input type="radio"/>	<input type="radio"/>
A healthy dose of prudence	<input type="radio"/>	<input type="radio"/>
Social capital (level of business connection)	<input type="radio"/>	<input type="radio"/>

\* 26. Below are basic character traits of a leadership, do you believe in them?

	Yes	NO
Honesty and empathy	<input type="radio"/>	<input type="radio"/>
Consistency and direction	<input type="radio"/>	<input type="radio"/>
Communication and confidence	<input type="radio"/>	<input type="radio"/>

\*27. The following statements describe how various business people deal with risky situations and what their attitude towards risk decisions are. Could you please read each sentence and then rate to what extent that statement is relates to you.

	Very Important	Moderately Important	Not Important
I am quite cautious when I make plans and when I act on them.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I hardly make adventurous decision, I only prefer simplicity	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
If a task seems interesting I will choose to do it even if I am not sure whether results will be favourable or not	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I don't like to put something at stake, I will rather be safe.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
In my work I only set small goals so that I can achieve them without difficulty	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

\* 28. Below are the characteristics of good human relations. Please tick the ones that resembles you best.

	Yes	No
Do you believe that a customer is always right ?	<input type="radio"/>	<input type="radio"/>
Do you have a client response time?	<input type="radio"/>	<input type="radio"/>
Do you have a client base/ regular customers?	<input type="radio"/>	<input type="radio"/>
Do you believe that good client relations increase business good will?	<input type="radio"/>	<input type="radio"/>
Do you believe that it increase revenue and profitability?	<input type="radio"/>	<input type="radio"/>

\* 29. Do you believe in the benefits of positive attitude stated below?

	Yes	No
Less stress and happy peers	<input type="radio"/>	<input type="radio"/>
Job security and empowerment	<input type="radio"/>	<input type="radio"/>
Positive working environment	<input type="radio"/>	<input type="radio"/>

\* 30. Have you faced difficult times in your business?

- Yes
- No

\* 31. Do you believe that for a business to succeed one has to take risks?

- Yes
- No

\* 32. Do you agree with the benefits of perseverance stated below

	Yes	No
It enhances trustworthiness amongst colleagues	<input type="radio"/>	<input type="radio"/>
It increases a sense of self-worth for taking full responsibilities	<input type="radio"/>	<input type="radio"/>
It makes managers to stay focused on the set goals regardless to obstacles	<input type="radio"/>	<input type="radio"/>
It helps managers to broaden their horizons, with new set of skills	<input type="radio"/>	<input type="radio"/>

\* 33. What motivates you to stay committed to your business? You can select/tick more than one.

- Profit
- Need for achievement
- Sustainability of the business
- Self confidence
- Other (please specify)





4. Section  
C

GOVERNMENT & SUPPORT TOOLS

\* 34. Are you aware of the existence of any non-financial government support programs for pharmacies?

Yes

No

\* 35. Do you get support from the South African Pharmacy Council ?

Yes

No

\* 36. Do you get support from the Independent Community Pharmacy Association ?

Yes

No

\* 37. What kind of a government initiative will help your pharmacy during this current economic situation?

Lowering of taxes

Simplification of regulations and policies

Government loans

Subsidies to keep employees on payroll

Other (please specify)

\* 38. What is your Black Economic Empowerment (BEE) status ?

- Non-compliance
- Compliance
- Not applicable (N/A)

\* 39. What percentage of this firm is owned by each of the following ?

Men

Women

\* 40. Are you aware from any financial support service from government that could benefit your pharmacy?

- Yes
- No

\* 41. Do you know of any support offered by the Department of Trade and Industry (DTI) to pharmacy ?

- Yes
- No

\* 42. Are you aware of any services offered by Small Enterprise Development Agency (SEDA), pharmacy?

- Yes
- No

\* 43. Are you currently satisfied with the efforts made by the Gauteng Provincial Government to support the growth and sustainability of your organisation?

- Yes
- No

44. How can Gauteng Provincial Government improve its service offering with regards to developing and sustaining your pharmacy establishment ?

\* 45. Does your pharmacy make use of media company houses to advertise?

Yes

No



## Sustainability framework for Community Pharmacies

5. Section C - Logic  
1

Media House

\* 46. If the answer is YES which type of media do you use ?

News paper

TV

Internet

Social network e.g. Facebook or Twitter account



## Sustainability framework for Community Pharmacies

6. Section C - Logic  
2

\* 47. Do you have any technology in your business which might help sustain and grow your pharmacy?

Yes

No



## Sustainability framework for Community Pharmacies

7. Section  
D

PERFORMANCE SKILLS - INTERNAL AND EXTERNAL

\* 48. Do you have Key performance indicators that you use to measure your business objectives and goals?

Yes

No



### Sustainability framework for Community Pharmacies

8. Section D - Logic  
3

PERFORMANCE SKILLS - INTERNAL AND EXTERNAL

49. If the answer is NO what are you using to measure performance to check if objectives and goals of the business are met?



### Sustainability framework for Community Pharmacies

9. Section D - Logic  
4

PERFORMANCE SKILLS - INTERNAL AND EXTERNAL

\* 50. How useful are non financial performance measures in effective decision making for your pharmacy?

\* 51. How often do you evaluate non financial performance measures in your pharmacy?

- less than 1 year                       6 to 10 years  
 1 to 2 years                               over 10 years  
 3 to 5 years

\* 52. Are your customers happy with your goods and services?

- Yes  
 No



Sustainability framework for Community Pharmacies

10. Section D - Logic  
5

PERFORMANCE SKILLS - INTERNAL AND EXTERNAL

53. If the answer is NO what are you doing to improve on your service delivery and the quality of goods you sell?

\* 54. Do you respond quickly to customer's queues and queries?

Yes

No

\* 55. How often do you review your business vision and mission?

less than 1 year

6 to 10 years

1 to 2 years

over 10 years

3 to 5 years

\* 56. How often do you perform your strategic analysis?

less than 1 year

6 to 10 years

1 to 2 years

over 10 years

3 to 5 years

\* 57. Do you use the Strength, Weakness, Opportunity and Threats(SWOT) analysis when you perform strategic analysis?

Yes

No

\* 58. What are your Business Strength, Weakness, opportunity and Threats

	Strength	Weakness	Opportunity	Threat
Location were the business is situated	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Competition from other or similar organisations in your area	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Extending services to new audiences and funding opportunity	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Local authority and government policies within the area you operate your business at.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Health and social services policies	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

\* 59. PESTEL analysis is a framework or tool used by businesses to analyse and monitor the macro-environmental (external business environment) factors that have an impact on a business. The result of which is used to identify threats and weaknesses which is used in a SWOT analysis. PESTEL stands for Political, Economic, Social, Technological, Environmental and Legal. Please rate according to the level of importance of each of the stated criteria below.

	Very Important	Moderately Important	Not Important
Political	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Economic	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Social	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Technological	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Environmental	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Legal	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>



11. Section  
E

MANAGERIAL SUCCESS FACTORS

\* 60. How is your business currently managed?

- Self managed
- Appointed manager
- Other (please specify)

\* 61. Importance of managerial criteria, which enhances sustainability. Please rate each criteria in relation to management.

	Very Important	Moderately Important	Not Important
Planning and experience	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Knowing business competition	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Mainly market oriented	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Financial insights and management	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Knowledge and skills with regards to the business	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

\* 62. Product and service features rating. Please rate importance of goods and services features of the products that you sell.

	Very Important	Moderately Important	Not Important
Pricing and packaging	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Design and product quality	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Service delivery and after sales services	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

\* 63. The best practice of doing business , which of the following character traits below are important to you?

	Very Important	Moderately Important	Not Important
Honesty and trust	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Ethics and integrity	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Client orientated and open to change	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

\* 64. Does your pharmacy have a formulated ethical code of conduct?

- Yes
- No

\* 65. Access to finance/ capital. Indicate your source of start-up finance/ capital when the business was first started. Please tick the one that applies to you.

- Investors
- Family loan
- Business/ bank loan
- Private savings
- Other (please specify)

\* 66. Which of the following is important to your business sustainability. Please select the one most suitable for you.

- Financial support, economic climate and profitability
- Government programmes and policies
- Education and training
- Research and development transfer
- Commercial and professional infrastructure
- Capacity for entrepreneurship, culture and social norms
- Political , institutional and social context



## Sustainability framework for Community Pharmacies

12. Section  
F

### CHALLENGES FACED BY PHARMACIES

\* 67. Which of the following is an immediate challenge for your pharmacy sustainability? Please select the one most suitable to your pharmacy from the list below.

- Lack of managerial training and experience
- Inadequate education and skills to adopt to change
- Lack of access to credit
- Change in policies and regulations from SAPC & Government
- Patent subscription and price hikes of medicine
- Technological change
- Scanty Market information and
- Financial literacy and financial intelligence
- Financial support

\* 68. Do you have a financial manager ?

Yes

No



### Sustainability framework for Community Pharmacies

13. Section F - Logic  
6

#### CHALLENGES FACED BY PHARMACIES

69. If the answer is NO who handles financial matters at the pharmacy?



### Sustainability framework for Community Pharmacies

14. Section F - Logic  
7

#### CHALLENGES FACED BY PHARMACIES

\* 70. Has your company ever applied for credit/loan from a Bank?

- Yes
- No



## Sustainability framework for Community Pharmacies

15. Section - Logic  
8

### CHALLENGES FACED BY PHARMACIES

\* 71. Have you ever been refused or denied credit from a bank?

- Yes
- No

\* 72. In your opinion, what is the major constraint to the growth of your company?

- Lack of finance
- Competition
- High interest on bank loans
- Taxes
- Other (please specify)

\* 73. Which factors drive your business internally?

- Profit
- Growth (diversifying product offering)
- Sustainable customer base

\* 74. Based on the importance of strategy implementation, rate the following according to order of importance.

	Very Important	Moderately Important	Not Important
Established clear goals	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Good record system to track performance	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Strategic positioning and strategic fit	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Formal Business and marketing plan	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Understanding how business strategy links to financial outcomes	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

\* 75. What are the chances that your business will survive into the future? Please tick below

- High chance of survival
- Moderate chance of survival
- Unlikely to survive

76. Where do you see your pharmacy in the next 5 years in terms of growing prospect?

77. Completion of the questionnaire is anonymous. I would however be extending the study by conducting some interviews to get a more in-depth understanding about issues arising from the above questionnaire. If you would be willing to talk in more depth about your pharmacy, please feel free to provide your contact details in the spaces below. (NB: Provision of these details is voluntary and not compulsory. If you prefer not to provide any details, please leave the spaces blank.)

Name

Email

Telephone number



### Sustainability framework for Community Pharmacies

16. End of the survey

Thank you for taking the time to participate in the survey. I truly value the information you have provided. Please click DONE below to submit the survey

**APPENDIX  
INTERVIEWS**

**7:**

**SEMI-STRUCTURED**

**QUESTIONNAIRE:**



## GRADUATE SCHOOL OF BUSINESS & LEADERSHIP (GSBL)

### SEMI-STRUCTURED QUESTIONNAIRE FOR INTERVIEWS

#### Introduction of the Interviewer

Hello my name is Mulaudzi Tshifhiwa I want to do an interview as part of my Doctorate in Business Administration thesis titled, '*A BUSINESS SUSTAINABILITY FRAMEWORK FOR PHARMACEUTICAL SMALL, MICRO, MEDIUM ENTERPRISES (SMME's) IN SOUTH AFRICA, GAUTENG PROVINCE.*'

During the interview, I would like to discuss the following topics, *challenges faced by community pharmaceutical SMEs, role of pharmaceutical SMEs in employment creation and economic growth, how can community pharmaceutical SMEs be sustained profitably, effectiveness of government programmes, support towards pharmaceutical SMEs development, availability of technology to sustain the community pharmacies, internal and external performance indicators to measure pharmaceutical SMEs sustainability. The use of Media to enhance sustainability and profit and managerial success factor.*

**QUESTIONNAIRE NUMBER** :

**DISTRICT** :

(TO BE USED BY THE RESEARCHER CONDUCTING THE INTERVIEW)

**PART I**

**SECTION A: GENERAL SME AND BIOGRAPHICAL INFORMATION**

Interviewer: \_\_\_\_\_

Interview Date: \_\_\_\_\_

**Please answer the questions below by placing a tick (✓) in the box that is appropriate.**

A1. What is your gender?

- |                          |           |
|--------------------------|-----------|
| <input type="checkbox"/> | 1. Male   |
| <input type="checkbox"/> | 2. Female |

A2. What is your age group?

- |                          |                  |
|--------------------------|------------------|
| <input type="checkbox"/> | 1. 16 – 25 years |
| <input type="checkbox"/> | 2. 26 - 35 years |
| <input type="checkbox"/> | 3. 36 – 45 years |
| <input type="checkbox"/> | 4. 46 – 55 years |
| <input type="checkbox"/> | 5. 56 – 65 years |
| <input type="checkbox"/> | 6. 66+ years     |

A3. What is your ethnicity?

- 1. Black
- 2. White
- 3. Asian
- 4. Coloured
- 5. Indian

A4. What is your highest qualification?

- 1. Diploma
- 2. Degree
- 3. Honours
- 4. Masters
- 5. PhD
- 6. Others: Specify

A5. What is your role/job function within the business?

- 1. Investor
- 2. General manager
- 3. Pharmacist
- 4. Chief executive officer (CEO)
- 5. Both owner and manager

A6. Field of study?

- 1. Health Sciences
- 2. Humanities
- 3. Management and Law
- 4. Sciences and Agriculture
- 5. Other (please specify)

A7. How many years have you been operating?

<input type="checkbox"/>	1. 1 - 5 years
<input type="checkbox"/>	2. 6 - 10 years
<input type="checkbox"/>	3. 11- 15 years
<input type="checkbox"/>	4. 16 - 20 years
<input type="checkbox"/>	5. 21 - 25 years
<input type="checkbox"/>	6. 26 - 30 years
<input type="checkbox"/>	7. 31 - 35 years
<input type="checkbox"/>	8. 36 - 40 years
<input type="checkbox"/>	9. 41 - 45 years
<input type="checkbox"/>	10. 46 - 50 years
<input type="checkbox"/>	11. 51+ years

A8. How much is your total net profit for the year?

<input type="checkbox"/>	1. Less than R1 million
<input type="checkbox"/>	2. R1m to R5m
<input type="checkbox"/>	3. R6m to R10m
<input type="checkbox"/>	4. R11 to R20m
<input type="checkbox"/>	5. R21 to R30m
<input type="checkbox"/>	6. Over R30m

A9. Geographical location/district of the business (Pharmacy)?

<input type="checkbox"/>	1. Pretoria
<input type="checkbox"/>	2. Johannesburg

A10. Classification of geographical location

<input type="checkbox"/>	1. Rural
<input type="checkbox"/>	2. Semi-rural
<input type="checkbox"/>	3. Semi-urban
<input type="checkbox"/>	4. Urban

**END OF QUESTIONNAIRE**

---

**PART 2: SECTION B**  
**INTERVIEW GUIDELINES: SEMI-STRUCTURED**  
**QUESTIONNAIRE**

---

## Topic 1: Challenges faced by pharmaceutical SMEs

1.1 Tell us why you started your business in pharmaceutical industry?

PROBES

Tell me more about what business knowledge and skills your business need and how you think there can be acquired?

1.2 Could you please tell us the challenges faced by your businesses?

PROBES

What did you mean when you said .....? Are there any other challenges you would like to tell me about? How did you overcome some of these challenges like financing, human resources skills, government interference? What did you do?

PROBES

Tell me more about what business knowledge and skills your business has and how you think there can be improved / acquired?

1.3 Do you think that some of these challenges can be addressed by government? Which ones in particular?

PROBES

What do you think government should do to address those problems? What initiatives is government currently doing to solve your problems? Do you have suggestions on things that could be done differently to be more effective?

1.4 How did you finance your pharmaceutical business from inception?

PROBES

Was there a possibility for you to get funding from government? Can you give me more details? How would you describe the impact of interest rates and taxes on your business? What challenges, if any, did you experience to access finance?

1.5 How has your business changed your life?

PROBES

Has your business benefited the community? How did it benefit the community?

1.6 What are the major obstacles your business is currently facing?

PROBES

How can these problems be overcome? What difficulties, if any, have you had in accessing business networks? What difficulties, if any, have you experienced in accessing market information?

## **Topic 2: Role of pharmaceutical SME's in economic growth and critical sustainability factors**

2.1 What is the role of the pharmaceutical SMEs in economic growth and development?

PROBES

Is your business contributing to the economy? What do you think can be done by government to boost your contribution towards economy?

2.2 What are the factors considered critical for pharmaceutical sustainability?

2.3 What future difficulties do you anticipate in the pharmaceutical SME's in Gauteng?

PROBES

What solutions do you have to address these difficulties? How can these difficulties be avoided?

## **Topic 3: Role of pharmaceutical SME's in employment creation, use of technology and media houses to advertise**

3.1 What is the contribution of pharmaceutical SMEs towards employment creation?

PROBES

Can you expand a little on this? How many people does your business employ? How many are permanent and contract?

PROBES

Is there any possibility to increase this number? What do you think should be the role of government in ensuring more people are employed within the pharmaceutical SMEs?

3.2 Do you use social media houses to advertise? Do have any technology that might help sustain your organisation.

PROBES

Are you an affiliate of South African Pharmacy Council/ Independent community Pharmacy Association? Why are you happy / not happy with the support you get from the organisation above?

3.3 Does creativity or innovation help sustain your business? Does profit drive your business internally and who manage the business?

#### **Topic 4: Government initiatives and tools to support pharmaceutical SMEs**

4.1 Do you get any support from the government that can benefit your pharmacy?

PROBES

What do you think government should do to address that?

4.2 What programmes have been created by government to promote the development and sustainability of pharmaceutical SMEs?

PROBES

Has your business benefited from any of these? Why? Which of these support initiatives has your business benefited from? How did you benefit from these programmes? What else do you think the government should do?

4.3 How can Gauteng provincial government improve its service offering with regards to development and sustaining your pharmacy establishment?

PROBES
--------

Is there anything else you would want to tell me? What skills development programmes offered by government have you attended since you started your business? Would you recommend other pharmacy business owners attend these programmes and why?

### **Topic 5: Conclusion**

5.1 What comments or questions do you have for me? What would you like to tell me that you have thought about during this focus group interview?

5.2 I would like to return to some of the earlier discussions to ensure that I have understood you correctly and to ensure that we have captured all the viewpoints.

5.3 I thank you very much for your time and your valuable insights that you have shared with me during this discussion/ interview.

### **END OF SEMI-STRUCTURED INTERVIEW**

My contact numbers are: 076 771 5066

Email: [mulaudzitg@gmail.com](mailto:mulaudzitg@gmail.com)

**APPENDIX 8: RESEARCH ASSISTANTS**

**UNIVERSITY OF KWAZULU-NATAL  
GRADUATE SCHOOL OF BUSINESS AND LEADERSHIP**

**DBA/PHD Research Project**

**TITLE: DEVELOPING A BUSINESS SUSTAINABILITY FRAMEWORK FOR  
PHARMACEUTICAL SMES IN SA, GAUTENG PROVINCE**

**Researcher:** Tshifhiwa Gift Mulaudzi

Email: [mulaudzitg@gmail.com](mailto:mulaudzitg@gmail.com)

Mobile: +27 76 771 5066

**Supervisor:** Dr Emmanuel Mutambara

Telephone: +27 31 260 8129

Mobile : +27 74 561 5083

**Research Office:** Ms P Ximba

Telephone: +27 31 260 3587

**GSBL Research administrator:** Zikhona Mojapelo

Telephone: +27 31 260 2784

**APPENDIX 9: TIME SCALE – WORKPLAN**

## Doctor of Business Administration (DBA) – GSBL

Completed Stages		Dates	Status
1	Registration – DBA Student No. 216071084	Feb-16	Done
2	Doctoral Proposals Seminars and Supervisor Allocation	April 2016 – May 2016	Done
3	Proposal Defence	Mar-17	Done
4	Ethical Clearance – Ref: HSS/1336/017D	April – Sep 2017	Done
5	Chapter 1 : Introduction	April – June 2017	Done
6	Chapter 2: Literature Review	July – August 2017	Done
7	Chapter 3: Theoretical and Conceptual Frameworks for Informality	August - September 2017	Done
8	Chapter 4: Research Methodology and Research Design	October - November 2017	Done
9	Data Collection and Fieldwork	November 2017 - February 2018	Done
10	Data Analysis – Quantitative Data	February – March 2018	Done
11	Chapter 5: Data Presentation, Analysis and Interpretation: Quantitative Data	April – July 2018	Done
12	Chapter 6 : Data Analysis – Qualitative Data	August – September 2018	Done
13	Chapter 6: Data Presentation, Analysis and Interpretation: Qualitative Data	Oct-18	Done
14	Chapter 7: Discussion of Findings, Analysis and Interpretation: Mixed-method and the Proposed Model.	Nov-18	Done
15	Chapter 8: Summary of Findings, Conclusions and Recommendations	November - December 2018	Done
16	Presentation of the First Draft Thesis	Dec-18	Done
17	Intention to submit	Dec-18	Done
18	Correcting the First Draft Thesis	January - June 2019	Pending
19	Professional Language Editing	July 2019	Pending
20	Submitting the Final Draft Thesis for marking	July 2019	Pending
21	Submitting the Final Thesis	July 2019	Pending

**APPENDIX 10: MONETARY BUDGET**

**BUDGET**

<b>Item</b>	<b>Description</b>	<b>Cost (ZAR)</b>
1	Travel – Johannesburg to Durban	30 000.00
2	Residence while at Durban	40 000
2	Electronic Questionnaire Design and emailing	3 500.00
3	Printing, Delivery and collection of Hardcopy Questionnaires	15 000.00
4	Internet Browsing and Library Services	2 000.00
5	Thesis Editing of First Draft	5 000.00
6	Editing of Final Dissertation	5 000.00
7	Printing and Binding	2 000.00
8	Publication Charges	7 000.00
9	Telephone Calls – Follow up to Questionnaires	5 000.00
	<b>Total Cost</b>	<b>114 500.00</b>

**APPENDIX 11: INTERVIEW SCHEDULE – CODE BOOK**

## **GRADUATE SCHOOL OF BUSINESS & LEADERSHIP (GSBL)**

### **Themes, codes and nodes which were used to analyse qualitative data**

1.1 Tell us why did you start your business in the pharmaceutical industry?

- Community need and access to health
- Retrenchment and or company closed
- Inheritance and family business
- Unemployment after graduating
- Creation of wealth
- Intrinsic motivation or entrepreneur

1.2 Could you please tell us the challenges faced by your business?

- Access to finance
- Competition
- Expensive operational cost
- Harsh economic conditions
- Regulations and policies
- Unstable price of medication

1.3 Tell me more about what business knowledge and skills your business has and how you think there can be improved acquired?

- Business strategy
- Customer Management
- Inadequate management experience
- Inventory procurement
- Lack of Financial background

1.4 Do you think that some of these challenges can be addressed by government Which ones in particular?

- Awareness and training
- Government loans
- Lowering of Taxes and fines
- Regulation of medication prices
- Subsidy

1.4 Probe What do you think government should do to address those problems What initiatives is government currently doing to solve your problems Do you have suggestions on things that could be done differently to be more effective

- Government bank
- Information sharing
- Regulation of prices
- Research and development
- Subsidy of vaccination

1.5 How did you finance your pharmaceutical business from inception

- Bank loan
- Family loan
- Inherited money
- Pension fund
- Savings or Investments

1.5 Probe Was there a possibility for you to get funding from government bank Can you give me more details How would you describe the impact of interest rates and taxes on your business What challenges, if any, did you experience to access finance

- Bank access
- Denied bank access
- No
- Yes

1.6 How has your business changed your life?

- Critical thinker
- Enhanced affordability
- Increased self-worth
- Strategic and forward thinking

1.7 Has your business benefited the community How did it benefit the community

- Access to medication
- Helping charity organisations
- Provision of employment & Job opportunity
- Provision of Vaccine

1.8 What are the major obstacles your business is currently facing

- Access to finance
- Harsh economic conditions
- Limited financial skills
- Online stores (Pharmacies)

- Price hikes of medication

1.8 Probe How can these problems be overcome What difficulties, if any, have you had in accessing business networks What difficulties, if any, have you experienced in accessing market information

- Enhanced access to finance
- External business factors
- Financial training programs
- Government rules and regulations
- Location of business
- R & D and information sharing

2.1 What is the role of the pharmaceutical SMEs in economic growth and development

- Access to medication
- Income tax
- Job opportunity and employment
- Not sure
- Positive contribution

2.1 Probe Is your business contributing to the economy What do you think can be done by government to boost your contribution towards economy

- Government subsidy
- Low interest loans
- No comment
- Special tax brackets

2.2 what are the factors considered critical for pharmaceutical sustainability

- Access to finance
- Financial management
- Managing competition and customer base
- Partnership and collaborations
- Regulations and compliance

2.3 What future difficulties do you anticipate in the pharmaceutical SME's in Gauteng

- Change of rules and regulations
- Medication price hikes
- Online purchase of medication
- Organised competition
- Price erosion

2.3 Probe What solutions do you have to address these difficulties How can these difficulties be avoided

- Buying in groups
- Cannot be avoided
- Online medication regulations
- Safe distance between pharmacies

3.1 Probe Can you expand a little on this How many people does your business employ How many are permanent and contract

- Expanding
- Not expanding

3.1 Probe 2 Is there any possibility to increase this number What do you think should be the role of government in ensuring more people are employed within the pharmaceutical SMEs

- Business model
- Government subsidy
- Not sure
- Tax rebates

3.2 Do you use social media houses to advertise Do have any technology that might help sustain your organisation

- Facebook page
- News paper
- No
- Other Social media
- Yes

3.2 Probe Are you an affiliate member of South African Pharmacy Council and or Independent Community Pharmacy Association, why are you happy or not happy with the support you get from the organisation above

- Affiliated with SAPC & ICPA
- Affiliated with ICPA
- Affiliated with SAPC

3.3 Does creativity or innovation help sustain your business Does profit drive your business internally and who manage the business

- Benefited from Creativity and innovation
- Driven by Profit
- Financial manager

- I manage the business
- Not driven by creativity & innovation

#### 4.1 Do you get any support from the government that can benefit your pharmacy

- No we do not receive support
- Yes, we receive support

#### 4.1 Probe What do you think government should do to address that

- Access to finance with affordable interest
- Information sharing and knowledge transfer
- No comment
- Provision of subsidy and tax rebates
- Training and development

#### 4.2 What programs have been created by government to promote the development and sustainability of pharmaceutical SMEs

- Educational training
- None
- Not aware

#### 4.3 How can Gauteng provincial government improve its service offering with regards to development and sustaining your pharmacy establishment

- Access to finance & low interest loan
- Awareness & involvement
- Create a healthy competitive environment
- Enhance business skills
- No comment
- Research & development

## **APPENDIX 12: INTENTION TO SUBMIT**



UNIVERSITY OF  
KWAZULU-NATAL

INYUVESI  
YAKWAZULU-NATALI

**COLLEGE OF LAW AND MANAGEMENT STUDIES**

**Confirmation of Intention to Submit Thesis**

*(This Form Is to Be Completed 3 Months before Submission of Masters Thesis & 6 Months before Submission of PHD Thesis/Coursework, form is to be Handed to the supervisor/s for there signature and then a copy is to be sent to the PostGrad Office. Original is kept by the school)*

**NAME OF STUDENT:** Tshifhiwa Gift Mulaudzi

**STUDENT NUMBER:** 216071084

**DEGREE:** Doctor of Business Administration

**SCHOOL:** Graduate School of Business and Leadership

**TITLE OF THESIS:** DEVELOPING A BUSINESS SUSTAINABILITY FRAMEWORK FOR PHARMACEUTICAL SMES IN SA, GAUTENG PROVINCE.

**NAME OF SUPERVISOR:** Dr Emmanuel Mutambara

**SUPERVISOR SIGNATURE:** \_\_\_\_\_

**DATE OF INTENTION TO SUBMIT:** 31 December 2018

**POSTAL ADDRESS:** Orange Blossom Str, Fairway Gardens Estate, Park Crescent Unit 209, The Orchards, Pretoria 0182

**TELEPHONE NUMBER:** 012 521 3515

**CELLPHONE:** 076 771 5066

**E-MAIL ADDRESS:** [mulaudzita@gmail.com](mailto:mulaudzita@gmail.com)

**DATE:** 31/07/2018

## APPENDIX 13: EDITING CERTIFICATE



**EDITORIAL**

**CERTIFICATE**

Author: Tshifhiwa Gift Mulaudzi

Document title: Developing a Business Sustainability Framework for Pharmaceutical SMEs in South Africa

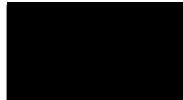
Date issued: 19/10/2019

## **SUPREME EDITOR**

This document certifies that the above manuscript was proofread and edited by Dr Gift Mheta (PhD, Linguistics).

The document was edited for proper English language, grammar, punctuation, spelling and overall style. The editor endeavoured to ensure that the author's intended meaning was not altered during the review. All amendments were tracked with the Microsoft Word "Track Changes" feature. Therefore, the authors had the option to reject or accept each change individually.

Kind regards



Dr Gift Mheta (Cell: 073 954 8913)



**SUPREME EDITOR**

**APPENDIX 14: TURN IT IN REPORT**

# DEVELOPING A BUSINESS SUSTAINABILITY FRAMEWORK FOR PHARMACEUTICAL SMES IN SA, GAUTENG PROVINCE (1.1)

## ORIGINALITY REPORT

<b>10%</b>	<b>9%</b>	<b>0%</b>	<b>2%</b>
SIMILARITY INDEX	INTERNET SOURCES	PUBLICATIONS	STUDENT PAPERS

## PRIMARY SOURCES

<b>1</b>	<b>uir.unisa.ac.za</b> Internet Source	<b>8%</b>
<b>2</b>	<b>Submitted to University of Witwatersrand</b> Student Paper	<b>1%</b>
<b>3</b>	<b>ulspace.ul.ac.za</b> Internet Source	<b>1%</b>

Exclude quotes On  
Exclude bibliography On

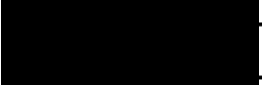
Exclude matches < 1%

## **APPENDIX 15: PERMISSION TO SUBMIT DISSERTATION**



**College of Law and Management Studies**  
**Graduate School of Business & Leadership**

**Supervisors Permission to Submit dissertation**

Name: Tshifhiwa Gift Mulaudzi	No: 216071084
Title of dissertation: DEVELOPING A BUSINESS SUSTAINABILITY FRAMEWORK FOR PHARMACEUTICAL SMES IN SA, GAUTENG PROVINCE	
Qualification: Doctor of Business Administration (DBA)	School: GSB&L
	Yes No
To the best of my knowledge, the Proposal is primarily the student's own work and the student has acknowledged all reference sources	<input checked="" type="checkbox"/> <input type="checkbox"/>
The English language is of a suitable standard for examination without going for professional editing.	<input checked="" type="checkbox"/> <input type="checkbox"/>
Turnitin Report	10%
Comment if % is over 10%:	
I agree to the submission of this dissertation	<input checked="" type="checkbox"/> <input type="checkbox"/>
Supervisors Name: Mutambara E	
Supervisors Signature: 	
Date:	03/12/2019
Co- Supervisors Name:	
Co- Supervisors Signature:	