



The role of public procurement in development of SMME's in KwaZulu-Natal,

Lethukuthula Mbalenhle Gloria Bhengu

214582878

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Supervisor: Mr Christopher Chikandiwa

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DECLARATION

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Ngiyabonga!

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zidlula

ikhanda!

ABSTRACT

Small, medium and micro enterprises (SMME's) play a pivotal role in the development of the economy of any country. South Africa is a developing country with high unemployment, high poverty levels, low economic growth and disparities in wealth distribution. Further, it has the unenviable task of righting the wrongs of apartheid through uplifting of the previously disadvantaged people who happen to be the majority of the population. SMME's have been identified as the forerunners in contributing to assist in meeting these objectives. The government has to assist in providing opportunities for these small businesses through its procurement policies. This study investigated, within the province of KwaZulu-Natal, the link between public procurement and the promotion of SMME's and further, the factors for and against the promotion of SMME's by the public sector procurement policies and procedures. Furthermore, the initiatives which have been put into place by government were analysed and critiqued on their implementation. Mixed method research study was conducted through the completion of questionnaires by SCM practitioners and interviews with the SCM management of each organisation. Closed-ended questions were utilised for quantitative research. Open-ended questions and interviews were conducted for qualitative research. The population was made up of 105 SCM practitioners from different organs of state, who were based within KwaZulu-Natal, selected utilising random probability sampling. Data collected was descriptively and inferentially analysed and it was found that government procurement policies both assisted and hindered the development of SMMEs. The objectives of the policies included the development of local economies and uplifting of previously disadvantaged individuals. The three spheres of government were not equally as effective. The local sphere was found to be most effective. Centralisation of procurement also assisted in the quest for SMME development. While the SMME's themselves were found to lack business and management skills, they were also competing with bigger firms for the same government contracts. The biggest hindering factors were lack of access to finance, collateral and availability of funding. Aid provided by government in the way of workshops and training was insufficient and there were no collaborations between procurement units and business support structures. The study recommended more training for SMME's as well as access to finance and other resources. Government entities should work collectively and ensure proper reporting and tracking of progress.

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1 CHAPTER ONE: INTRODUCTION

Procurement is a major tool utilised by the government in meeting its goals and objectives. This section will give us a view into this and how this came to be and also look at the goals and objectives of South Africa. It also looks at highlighting the focus and purpose of the study, problem statement, research objectives, questions, expected outcome, limitations, delimitations and the assumptions for the research.

1.1 Background to the Study

South Africa may be regarded as a young country based on the fact that they only achieved independence in 1994. The business environment prior to 1994 was characterised by white-owned, large and established corporations and this was a barrier for any small enterprises wanting to enter the market (Bolton, 2006; Bogopane, 2013).

One of the objectives of this young democracy is the equal distribution of wealth and one of the avenues for this is through public procurement (Bolton, 2006; Ncwadi et al., 2014). Reddy (2011) declared that large amounts of financial resources were spent on procurement and Chetty (2014) agreed that this was utilised as a vehicle for improving the lives of those previously disadvantaged through targeted procurement.

In the case of South Africa, Berry et al. (2002) concluded that despite much research being conducted in terms of whether small businesses do in fact contribute to the goals of poverty alleviation, full employment and international competitiveness, it has proven to have given little clarity. This needs to be further investigated, even more so going deeper into the public procurement and that is the reason for this study.

1.2 Focus of the study

What, if anything, is the government doing to promote Small, Medium and Micro Enterprises? Does the government see the need to develop and promote these enterprises? Do the policies and procedures set by government allow for the development and uplifting of these enterprises? What is the impact of the development of these enterprises? Is it possible to

measure their development and if so, how is it measured? This study will be looking into these questions.

1.3 Problem Statement

High unemployment and poverty are prevalent in KZN. Government has a duty towards the improvement of the lives of the people of KZN. Small businesses have been identified as assisting in combating both unemployment and poverty (Bolton, 2006; Chetty, 2014). Public procurement is a way in which government can promote small businesses however the policies and procedures need to be investigated as to whether they do in fact do this and result in promotion of the small businesses within KZN. In studies conducted in Nigeria, Kenya and Lesotho the lack of funding, training, experience corruption, poor management as well as low demand for local goods and services had been identified as factors which hindered small business growth (Taiwo et al. 2012; Kedogo, 2013). This needed to be investigated if the policies in South Africa assisted or hindered the small business growth in KZN.

1.4 Purpose of the study

This study addressed the role of public procurement in the promotion and development of small businesses in KZN. An explanatory mixed methods design was used, and it involved collecting qualitative data after a quantitative phase in order to explain or follow up on the quantitative data in more depth. In the first quantitative phase of the study, questionnaire instrument data were collected from procurement officials at various government departments and municipalities to test whether public procurement, implemented together with appropriate government support, relates to the promotion and development of small businesses in KZN. The second qualitative phase was conducted in order to research initiatives conducted by the organs of state and to investigate the extent of their implementation, success and measurement. In this exploratory follow-up, the government support was tentatively explored with procurement officials at the various departments and municipalities. The reason for the exploratory follow-up is to assist in explaining the initial quantitative results and report upon the initiatives taken.

1.4.1 Specific Objectives

The objectives intended to be achieved through this study were:

- ✓ To determine the factors supporting successful small business promotion through public procurement in KwaZulu-Natal
- ✓ To determine the factors hindering successful small business promotion through public procurement in KwaZulu-Natal
- ✓ To determine the benefits of small business development through public procurement in KwaZulu-Natal and
- ✓ To recommend government support in public procurement in order to aid small business development in KwaZulu-Natal

1.4.2 Research Questions

The questions examined were:

- ✓ What are the factors supporting small business promotion and development through public procurement in KwaZulu-Natal?
- ✓ What are the factors hindering small business promotion and development through public procurement in KwaZulu-Natal?
- ✓ What are the benefits of small business promotion and development through public procurement in KwaZulu-Natal?
- ✓ What government support can be supplied in public procurement in order to aid in small business promotion and development in KwaZulu-Natal?

1.5 Expected outcome of the study

The expected outcome of this study was to provide information on whether the public procurement had any effect on the promotion and development of small businesses in KwaZulu-Natal and to what an extent this was achieved as stated in governments' policy objectives.

- This information will be useful to the policy makers and assist in reviewing current policies and provide input into necessitated future policies.
- It is through public sector procurement officials that implement the procurement policies that these objectives are met or not met. It therefore needed to be ascertained whether or not these officials were implementing the policies in a manner that achieved the objectives. The research will assist in identifying areas of training and development of the procuring officials as well as give guidance in compilation of standard operating procedures.
- The study thus needed to point out whether or not these policy objectives were being met, or how the public procurement could be better utilised in order to achieve the objective of small business development, and that these were properly and effectively monitored and reported on.
- The study will further provide innovations, improvements and possibilities to be implemented to further the goals of small business promotion and development.
- The study also serves as a foundation for future study which will incorporate the views of the small businesses, other organs of state providing support to small businesses as well as private enterprises in the pursuit of small business development.

1.6 Delimitations

This study concentrated on the small businesses located in the province of KwaZulu-Natal since this was the geographical location of the researcher. This study further researched from the viewpoint of the procurement officers within the national and provincial departments, as well as various local municipalities. In this way, all three spheres of government were examined. The view of the service providers was not investigated at this stage due to the time constraints of the study. This view of the service providers would require its own research in order to be able to comprehensively analyse and utilise a big enough sample to ensure good representation of the population. In terms of methodological procedures, observations were not utilised because of the lengthy public procurement processes. The study concentrated on the outcomes of the process and did not scrutinise in detail the everyday processes followed.

1.7 Limitation

As there were no interviews with the small business owners themselves, this was a limitation. This can be overcome by including interviews with officials in business support departments, where they are currently in place. Officials may very well not have performance targets geared toward the development of small businesses. This was further tested through the questionnaires and interviews. Low response rate as the officials usually work with tight time constraints. This was minimised by utilising online survey which was quickly completed while at the officials' desk and also handing out hard copies of the questionnaires at the unit staff meetings so they were completed and returned right then and there. The misinterpretation of any questions could also be limited in this environment.

1.8 Assumptions

South Africa as a government has a duty to correct the inequalities of the past, distorted distribution of wealth and job creation whilst providing services to the public (Bolton, 2006). Some of the tools utilised for this are public procurement and the development of small businesses. In order to investigate the relationship between these variables, it was expected that respondents would give their honest answers and professional opinions based on their experience in the field of public procurement. The respondents' replies are expected to be usable to generalise the whole population. All anonymity and confidentiality was maintained and further to this, participation was strictly voluntary and participants could withdraw at any time.

1.9 Summary

The background and need for the study were discussed in this chapter in that there is widespread poverty and unemployment within KZN. The objectives of the study were also highlighted as well as the expected outcome of the study and limitations encountered and how these were overcome. The study will be from the view point of the procurement officers within departments and municipalities. The next chapter will focus on the review of current literature on the subjects of small business promotion as well as public procurement policies and procedures. Further chapters include the explanation of the Research methodology as well as presentation and analysis of results with the final chapter being the Conclusion.

CHAPTER TWO: FRAMEWORK AND REVIEW OF BUSINESS, PUBLIC PROCUREMENT AND SMALL BUSINESSES

2.1. Introduction

Historically, White males dominated the economic landscape and enjoyed protection under apartheid rule to the extent that the colonial government initiated laws to monopolise the economic resources to the exclusion of Blacks. Some of the laws instituted to ensure this included the Republic of South Africa Land Act of 1913, the Republic of South Africa Native Act of 1950 and the Republic of South Africa Group Areas Act of 1950 (Bogopane, 2013). These laws basically restricted Blacks, Coloureds and Indians from owning land and operating business outside their designated areas (Bogopane, 2013).

In most countries, most of the government purchasing activities transpire through public procurement and this impacts greatly on the economy of the country (Lindskog et al., 2013). The small business sector has been identified as a great contributor to economic development, job creation, poverty alleviation and economic growth (Chetty, 2014; Bolton, 2006). Kesper (2001) indicated that in the highly industrialised countries like the Western Europe and Japan, the local economic development is achieved through small and medium sized enterprises (small businesses). Through these small and medium sized enterprises, the employment growth is also able to be achieved. The small businesses also are able to increase output and therefore employment, at rates faster than the large capital intensive firms (Bolton, 2006) so it would make economic sense to invest more in these.

This study will seek to establish the benefits between public procurement and small business promotion and development, evaluate the factors enabling and hindering small business promotion and development through the public sector procurement policies and procedures. It will further be studied as to whether there are initiatives and changes in public procurement which could aid in small business development and promotion. The sections in this chapter have been organised according to the objectives and questions of the study.

2.2. Background discussion

Through public procurement many agendas can be promoted. Public procurement was defined by Gitari and Kabare (2014) as an avenue through which the public sector being government, interacts with the private sector which is the business sector. They further defined public procurement as the purchasing or acquiring of goods and commodities as well as acquiring of services utilising state funds whether the funds be from grants, state budget, local authority budgets, foreign and domestic loans guaranteed by the state as well as revenues received by government in the economic activity of the state. Appelt and Galindo-Rueda (2016) concurred with this definition of public procurement as being the purchase of goods and services by the government and state-owned entities (Atawodi and Ojeka, 2012). These agenda include social objectives such as job creation, promoting the utilisation of local labour, preventing discrimination against minority groups, promoting the utilisation of disabled in employment and economic growth (Bolton, 2006; Fatoki, 2014). The government has to provide certain services to the community at large and it does this through purchasing the goods and services from the market (Gitari and Kabare, 2014). This effectively means that the government competes for the goods and services with the other businesses in the open market.

In terms of equal distribution of wealth Bogopane (2013) indicated that previously the white minority had preference in and monopolised economic resources to the exclusion of majority black population. When the new democratic government of 1994 took over, these were all the issues that had to be addressed. It has been thought that these could be effectively achieved through the promotion and development of small, micro and medium enterprises. The government has a lot to play in this and hence this study will be evaluating whether public procurement does in fact have any effect in small business promotion and development.

South Africa geographically spans a large area and as a result of this, the local government sphere was set up in order for it to concentrate on smaller geographical areas within the country. By implementing this, the policies should then be effective in all or most areas. This led to the concentration of developing the local economy. In their study, Ababio and Meyer (2012) found that the terms poverty alleviation and Local Economic Development were often confused and set out to differentiate between the two. Local economic development is a strategy utilised in order to achieve the goal of poverty alleviation. This is

one of the goals of the South African government. Poverty alleviation however cannot be achieved without the provision of basic services to the community as households as well as business enterprises. This therefore means that the local government sector has first to meet the basic needs and services of the community before they have any hope of achieving local economic development.

The public procurement has evolved and has had many changes with many different policies such as the Public Finance Management Act, Municipal Finance Management Act, Broad Based Black Economic Environment and Preferential Procurement Policy Framework Act being introduced since 1994. This has led to much of the research being obsolete as the policies have changed as well as the processes and procedures. Much research has been conducted especially by Rogerson on the public sector procurement in South Africa. This study will be hoping to add to this body of knowledge by examining the effects through the different levels of government procurement located within the KwaZulu-Natal Province. This study will not concentrate on one organisation but will conduct research with information from a national department located geographically within KwaZulu-Natal, KwaZulu-Natal provincial departments as well as municipalities. In this way, the policies applying to the country (national), province (provincial) as well as municipalities (local) government can be analysed and compared. The reason for this is that the national government provides policy guidelines for implementation of public procurement but the actual implementation lies with the individual institutions at the different spheres of government (Bogopane, 2013). This chapter contains the benefits to as well as factors for and against small business promotion and development.

2.3. Legislative Framework for Public Procurement

With all procurement in government there are binding rules to be followed. These rules and regulations all stem from the Constitution of South Africa (RSA, 1996). Section 217 of the Constitution sets out that all procurement by any organ of state whether at national, provincial or local level, should be conducted through a system which is “fair, equitable, transparent, competitive and cost-effective”. From the Constitution, further acts such as the Public Finance Management Act (PFMA) (1999) for departments and their associated entities, and the Municipal Finance Management Act (2003) for municipalities and their associated entities evolved.

The PFMA was enacted in order to regulate the financial management in national departments, provincial departments as well as their associated entities. This Act was to ensure all expenditure, revenue, liabilities and assets were effectively and efficiently managed. This Act also provided the duties of the officials responsible for financial management. Because the PFMA regulated only the departments, an equivalent act was required for local government.

These Acts gave further details and norms and standards on the procurement system as advised by the Constitution. These two Acts are further made more operational through the Treasury Regulations (2005b) for the PFMA and the Municipal Supply Chain Management Regulations (2005a) for the MFMA. The regulations explain in detail the composition and establishment of the Supply Chain Management Units as well as the procedures to be followed when implementing procurement in the public sector.

The South African government further promulgated the Preferential Procurement Framework Act (2000) (PPPFA) which was to providing a framework for the procurement system implementation as required by the Constitution Section 217 (2) (RSA, 1996) which required the procurement system to provide for the preference of allocation of contracts and the protection or advancement of previously disadvantaged individuals through discrimination which was not fair. The PPPFA was further fragmented down into PPPFA Regulations and even further to the guideline to implementation of PPPFA Regulations for more operationalization of the PPPFA Act.

The Broad Based Black Economic Empowerment Act 53 of 2003 (Act, 2004) was promulgated in order to promote the meaningful participation in the South African economy by black people, access to finance by small, medium and micro enterprises, meaningful change in ownership and control of enterprises based on racial quotas amongst its eight objectives.

For all construction related procurement, the South African government passed the Construction Industry Development Board Act (CIDB) (Act, 2000) which provided for the Construction Industry Development Board to be established. Through the Construction Industry Development Board, government regulates the reform, progression and improvement of the construction industry.

The province of KwaZulu-Natal, on top of legislation provided by National Province, further set up and implemented the Bid Appeals Tribunal. This Tribunal is regulated through the KZN Practice Note SCM-07 of 2006 (Treasury, 2006) and is made up of impartial and independent members. This tribunal was set up in order to listen to aggrieved service providers' issues and further make a recommendation on whether the Department was correct or incorrect on their intention to award. The Bid Appeals Tribunal makes a decision which is forwarded to the MEC for Finance within the Province to make a final decision on whether the decision made by the Department Bid Adjudication Committee or Accounting Officer should be upheld or set-aside. The equivalent of the Department Bid Appeals Tribunal is the Municipal Bid Appeals Tribunal. The Municipal Bid Appeals Tribunal was formulated in terms MFMA

Municipalities additionally have the Municipal Systems Act which was promulgated in order to provide the principles, systems and processes in order for municipalities to meet their functions of economic and social upliftment as well as provision of essential services to the local communities (Africa, 2000).

There are additional documents provided by the National Treasury, KZN Provincial Treasury as well Department of Trade and Industry which all impact on the functioning of the Supply Chain Management units within the organs of state in KwaZulu-Natal. These include the Guide to Accounting Officers for both PFMA and MFMA, Implementation guides, Circulars, Instruction Notes as well as Practice Notes

2.4. Characteristics of Successful SMMEs

SMME owners should have a desire to create and preserve long-term partnerships with customers, and should further monitor customer satisfaction levels in order to stand a good chance of success (Berman et al., 1995). Masupha (2014) identified the following as characteristics of successful SMMEs, namely, strong leadership, commitment to achieving organisational goals, good human relations, transparent motivating and rewarding employees as well as creativity and innovation. According to Chou (2017) harder work, marketing, brilliant business ideas all the time, technological tools associated with good business proposition were the recipe for successful business.

2.5. Factors Influencing Small Business Development through Public Procurement

There are many factors which contribute to the prosperity of small businesses. The business itself must have and implement a growth strategy which could include full and improved utilisation of its resources, capabilities and external environment (Bamiatzi and Kirchmaier, 2014). The business needs to factor both internal and external factors. Internal factors include management experience, operational skills, innovativeness as well as training and development whereas the external factors include competition, costs of doing business, finance and crime (Fatoki, 2014).

2.5.1. Internal Factors

The following section discusses internal factors influencing small business promotion and development in the public procurement.

2.5.1.1. SMME's Innovativeness

It has been found and documented that the majority of the population of South Africa who are the black population are not entrepreneurially inclined (Bogopane (2013); Agupusi, 2007a; Agupusi, 2007b). This concurred with Chetty (2014), and this means that of the majority of the population would rather seek jobs than to actually be involved in job creation (Bogopane, 2013). The study needs to research whether there are initiatives to promote this entrepreneurial spirit within the majority population and whether these are fully implemented throughout (Agupusi, 2007a). Ratten (2014) further pointed out that individuals need to have self-discipline and the willingness to take risks if they are to be successful entrepreneurs. This was something still to be developed in the citizens of developing countries like South Africa.

In research conducted by Appelt and Galindo-Rueda (2016) they found that the enterprises tended to utilise more funds or incur more expenses for research and development through the value of government contract received in the previous year. This meant that the businesses either now had funds for furthering their research or they were inspired to improve on their previous financial year's performance. This relationship was further proven in that with an increase in government contracts, the company's turnover also increased (Appelt and Galindo-Rueda, 2016). In order to grow, small enterprises need to invest in innovation activities (Omri and Ayadi-Frikha, 2014). This was also the finding by Bravo-Biosca et al. (2016) in that the financial development of a firm resulted in lower distribution of stable

companies versus a higher level of growing and dwindling companies. However, Bravo-Biosca et al. (2016) further contradicted the research and development incentives assisting in the growth of firms but actually found that the research and development incentives resulted in more stable firms and lesser growing and dwindling firms. Also, companies at different stages of development tend to interact with the government policies differently, hence there is no one solution for all companies (McFarland and McConnell, 2013).

2.5.1.2. Training and Development

King and McGrath (2002) found that the majority of SMMEs are operated by owners who lacked educational background and hence they were not well equipped to perform business routines for their emerging businesses. This was further echoed by Anderson and Dunkelberg (1993) who found that a lot of unsuccessful SMMEs owners did not have adequate business training and experience. The owners ran their business through trial and error which was not an efficient way of running businesses. The above conclusion was reached by Kedogo (2013) stating that trained SMME owners were able to improve the accountability levels, records management, customer relations, improved access to loans and other business relations. Masupha (2014) also added to this mentioning that training and lack of confidence in business ownership are some of the factors which may lead to slow growth or even failure for some SMMEs. Managerial and operational skills for emerging business owners in South Africa may be improved through training and capacity building.

2.5.2. External Factors

Though the government has put into practice the local content requirements for certain sectors it has not been fully implemented and reported on (Reddy, 2011; Rogerson, 2014). The full extent of implementation of this measure needs to be explored as well as the reasons for non-compliance recorded and measures put into place to ensure compliance by the purchasing organisations. The following section discusses external factors influencing small business promotion and development in the public procurement

2.5.2.1. Access to Information

It has been thought that small businesses do not have access to the opportunities in the market and to improve on this, Reddy (2011) has found that Ethekewini Municipality has put into place a website for potential suppliers to gain information on all current and open tenders,

support and training. In some countries, e-procurement has been implemented and this has allowed for informing of available opportunities, the bidding procedures to be followed as well as publishing results of bids (Kaspar and Puddephatt, 2012). Mahlangu (2016) however found that sufficient information was available to service providers on the opportunities in government. Where there was a shortfall, was access to information to opportunities in the large corporations in the private sector which falls outside of the scope of this study. Ethekekwini has also introduced a small business fair where the small businesses could meet with the buyers and form contacts which is in line with Walker and Brammer (2012). This small business fair could also assist the small businesses in forming networks which would coincide with the findings of the study by Tendai (2013) where they found that in order for a business to succeed it needs to network on different levels based on its life-cycle location at that point. The effect of these initiatives needs to be evaluated and whether these could or are also implemented and effective in areas other than the metropolitan/urban area.

It was one of the findings of Gitari and Kabare (2014) and Mahlangu (2016) that lack awareness of opportunities that are available in the public sector were factors which delayed small business growth. More information though was thought to be available on public sector opportunities as compared to opportunities in the private sector Mahlangu (2016).

2.5.2.2. Promotion of Local Products

The government has tried to put into place policies to promote locally produced goods, services or works and locally manufactured goods within designated sectors (Reddy, 2011). These designated sectors are decided on by National Treasury and the Department of Trade and Industry (DTI). Through these sectors, the departments hope to increase demand for locally manufactured products, services and works and therefore ensure the local suppliers are kept in business. In 1997, the Botswana government having identified the small businesses as the way to encourage locally owned small businesses, incorporated the Local Procurement Programme into their public purchasing. This was to encourage local ownership in the manufacturing sector (Nkwe, 2012).

2.5.2.3. Preferential Regulations

Partnerships between government and the private sector were proven to increase the small business growth (McFarland and McConnell, 2013). In South African government terms, this could be aligned to Public-Private partnerships as well as sub-contracting requirements.

These partnerships between the public and private sector could be utilised in improving product and service standards, environmental performance as well as building supply chain capacity and strengthening local distribution networks (Etuk et al., 2014).

Within developing countries there are clear divisions between the genders that need to be overcome and this has led to fewer opportunities for women to enter the business fraternity (Ratten, 2014). With the South African population being majority women, this needs to be addressed urgently and women in business promoted. The PPPFA Regulations were introduced in order to assist with this. This legislation allowed more points to organisations which have women ownership. Women were further found to be more inclined to participate in the service sector and their businesses tend to remain smaller (Wright et al., 2015).

2.5.2.4. Labour Unions Domination

Bravo-Biosca et al. (2016) further found that where stringent employment protection laws and an inflexible labour market existed, the lesser the promotion of firm growth. The investors were less likely to want to take the risk of growing their businesses when they had to consider the inflexible labour market. In the case of public procurement, the fact that contracts were for a set period allowed for employment contracts to also be for the same period and thereby limiting the risk to the company as they would employ the workers for the duration of the contract only.

2.5.2.5. Access to Finances

One of the other hindrances to small business development in general is access to finances (Reddy, 2011; Abdulsaleh and Worthington, 2013; Bravo-Biosca et al., 2016) . This would also apply to public procurement because the government does not pay before services are rendered or goods delivered. This situation is not unique to South Africa only as Nkonge (2013) also deduced the same finding in a study conducted in Kenya. Ramukumba (2014) agreed with this observation of limited access to funding and even went on to further suggest that a country specific strategy be formulated for the small business financing. This was after a study they conducted in the Western Cape yielded the results that 25% of small manufacturing enterprises and 38% of other enterprises recognised the ability to raise enough cash as a critical success factor in any business development (Ramukumba, 2014). Ratten (2014) also pointed out that the unavailability of funds for small businesses was as a result of inefficient arrangement and government policies. The government putting money into

venture start-ups however may not be the best utilisation of public funds as they may end up supporting non-viable enterprises (McFarland and McConnell, 2013).

2.5.2.6. Bidding Costs

South African public procurement uses the bidding system characterised by some features of a sealed reverse auction whereby the supplier do not see the bids of others, hand deliver only one bid and the lowest bidder's price is normally the contract value. The bidding costs are a major issue to emerging businesses. Costs do not include only costs incurred in the execution of contracts but also costs incurred during the bidding stages. Such costs for bid documents discourage some bidders (Gitari and Kabare, 2014). This further extended to the delay in payments by the government after services had been rendered.

2.5.2.7. Challenges in Building Customer Base

The businesses cannot rely solely on government as their core customers but need to establish themselves and be able to generate their own repeat customers. Ability to attract repeat customers was identified as the most critical factor to small business development, however, this may not be pursued by public procurement as by the very nature of public procurement, it was established to ensure fairness of distribution of wealth (Ramukumba, 2014). The view of emerging businesses in the Johannesburg area was that the rotation of service providers in the public procurement system hindered their chances of growth in terms of profit so this factor is common among many areas (Mahlangu, 2016).

2.5.2.8. Long Term Contracts

Another viewpoint of the above is that the long-term contracts assist in the businesses securing orders for a two or three year period. This was highlighted as a hindrance by the respondents in a study conducted by Gitari and Kabare (2014) and the respondents actually preferred smaller, shorter term contracts in order for the state to engage more suppliers and to further support more businesses. This was contradicted by Mahlangu (2016) where the service providers actually preferred long term contracts but felt that they were hard to attain.

Another hindrance identified was the red tape in conducting business with the public sector and Rogerson (2014) identified the initiative taken by Department of Cooperative Governance and Traditional Affairs that these need to be addressed. The red tape and administrative burdens will be investigated through this study and suggestions made in order

to minimise these. The public procurement is very administrative and labour intensive and therefore is very open to ethical malpractices and differing conditions of tender per document or organisations in Kenya (Nkonge, 2013). Akenroye and Aju (2013) also found that the long and arduous and stringent processes in the public sector was a hindrance to small businesses. An additional suggestion by Nkonge was the further research of how the process of tendering is influenced by ethics in public procurement. This can be said to be the same in South Africa as well.

2.5.2.9. Bid Committee Competence Levels

The competence level of bid committees was also highlighted in a study conducted in Kenya by Gitari and Kabare (2014) and this could lead to incorrect service providers being appointed or the purposeful manipulation of outcomes of bids. The lack of transparency was also a factor as it could result in obscure tender practices and decision-making practices. This was also further exacerbated by the lack of accountability and lack of analysis of utilisation of public funds (Kaspar and Puddephatt, 2012). Poor accountability was also highlighted by Etuk et al. (2014) as well as poor governance in the public service as being a hindrance to small business development through the public procurement system. This could further be expanded upon to include the public officials who were not skilled in procurement or supply chain management as well as the non-centralisation of public procurement resulting in different units making their own purchases (Flynn and Davis, 2016). Additional to the centralisation of procurement activities, is the training of these officials in their duties and maintaining open lines of communication between the purchasing units and the end-user departments. This would further aid in ensuring the purchasing goals of government are met. These open lines of communication should further be extended to all public sector buyers for example through workshops or online information sharing tools (Flynn and Davis, 2016). As a result of the different spheres of government in place in South Africa, it may happen that there may be differing goals to be achieved. This is not unique in South Africa but has also been documented by Lindskog et al. (2013) as happening in Europe.

All of these factors, even if addressed, cannot ensure the development of small businesses unless the businesses are actually aware of the opportunities available to them. Another factor which is also not unique to South Africa or KwaZulu-Natal is the austerity measures and budget cuts adopted by government (Georghiou et al., 2014). These result in less public procurement expenditure by government.

2.5.2.10. Corruption and Unethical Behaviour

Long term successful entrepreneurs are characterised by ethical values and beliefs which are in turn articulated to employee who eventually practice these ethics (Clarke, 2007). The law defining permissible community actions, organisational policies and procedures which are guidelines for human beings on their daily decisions making as well as the moral values taught to humans in their early life stages and practiced when one encounters life challenges are the three levels of ethical standards (Scarborough, 2011). Corruption has been a hindrance in many countries (Kaspar and Puddephatt, 2012). Corruption was also found by Mahlangu (2016) to be a factor as well as nepotism in hindering the development of small businesses.

2.5.2.11. Business Location

Nurmet et al. (2012) argued that many factors regarding the success of SMMEs were in favour of the urban-located SMMEs because they were bigger in size, had easier access to a skilled and educated workforce as compared to the rural SMMEs and were likely to be situated in growing sectors of the economy. An opposing view by Booyens (2011) found in his study was that emerging SMMEs had a greater possibility of rapid growth in most rural areas as compared to those in urban areas because of the advantages associated with operating in markets with lower debt loads and lower entry modes.

2.5.2.12. SMME's Growth Hindrances in other Countries

Most of the hindrances which were identified were similar for most countries. The limitations were also identified in Nigeria as lack of funding, training and experience, corruption and poor management as well as poor infrastructure and low demand for goods and services (Taiwo et al., 2012). The training of the bid committees or lack thereof was also highlighted by Gitari and Kabare (2014). The Municipal Supply Chain Management Regulations (Regulation 8) (2005a) dictate that all officials involved in the implementation of a municipality's supply chain policy should be trained as per Treasury Guidelines on training. The South African government has further gone on to state the minimum competency levels for SCM officials within the municipalities Treasury (2007).

A study conducted in Kenya on factors influencing business growth found more-or-less the same factors as in South Africa, which were peer pressure whereby business owners conducted business to fulfil their egos instead of filling a need in the marketplace; lack of innovation; higher interest rates to acquire funding, tax policies, training and competence

(Kedogo, 2013). Another study conducted in Lesotho by Masupha (2014) revealed factors such as access to financial resources, training and development, business management, customers, competitors, employees, political sub environment, economic sub environment, socio-cultural sub environment, and technological environment to be influencing small business growth .

2.6. Benefits of small business development through public procurement

In terms of Reddy (2011), public procurement can be defined as when goods and services are purchased by government from the private sector and that preferential procurement has been utilised as a strategy for government to uplift those groups which were previously disadvantaged. Government has put into place policies and practices which give preference to the promotion of businesses by these previously disadvantaged groups (Chetty, 2014; Bolton, 2006). This concurs with the definition of Wittig (2003) who sums up public procurement as being a business process which is within a political system. Through public procurement, the government pushes and promotes the agendas of the ruling party (political system) within the laws and policies of the country (Diggs and Roman, 2012). Clashes may arise between good business sense and other goals being pushed through public procurement as noted by Lindskog et al. (2013) and Bogopane (2013).

Where other countries refer to SMEs, South Africa refers to SMME's as defined in the National Small Business Act 102 of 1996. The Act defines five categories of businesses in South Africa however in practice, survivalist enterprises were often categorised as part of the micro-enterprise sector. These definitions are more clearly defined in the table hereunder. Small businesses are diverse in terms of formation, sizes, industries they conduct business in as well as their outputs (McFarland and McConnell, 2013). Each country has their own definition of what constitutes a small business (Gbandi and Amissah, 2014). This makes the comparison of small businesses across the globe or even the continent difficult.

Table 2.1 Definitions of SMMEs given in the National Small Business Act

Enterprise size	No. employees	Annual turnover	Gross assets, excluding fixed property
Medium	Fewer than 100 to 200, depending on industry	Less than R4m to R50m depending upon industry	Less than R2 to R18m depending on industry
Small	Fewer than 50	Less than R2m to R25m, depending on industry	Less than R2m to R4.5m, depending on industry
Very small	Fewer than 10 to 20, depending on industry	Less than R200 000 up to R500 000 depending on industry	Less than R150 000 to R500 000, depending on industry
Micro	Fewer than 5	Less than R150 000	Less than R100 000

Adapted from Falkena et al. (2001: 26) Falkena H, Abedian I, von Blottnitz M, et al. (2001) SMEs Access to Finance in South Africa—A Supply-Side Regulatory Review by the Task Group of the Policy Board for Financial Services and Regulation. Internal Report. November. p26.

Agupusi (2007a) contradicted the other studies in that small businesses did not assist in alleviating poverty. This was due however to the businesses being mostly semi-formal and informal and also not having the requisite skills. Bates and Nucci (1990), in a study conducted in the USA, found that small businesses with no employees have a high failure rate which would hinder any chance of achieving social goals. Unfortunately these are the majority of small firms in South Africa. A study conducted in Ethiopia had the same results in that it was found that the growth of small firms was offset by the high failure rate of these small enterprises, and furthermore that the large firms paid better wages and had higher levels of productivity (Page and Söderbom, 2015). Olawale and Garwe (2010) also found that new small businesses did not grow and further had a very high failure rate of 75% in South Africa. Wright et al. (2015) found it to be the same in the United Kingdom as in South Africa, so the high failure rate is not unique to only developing countries. More emphasis needs to be put on development of high growth firms rather than the promotion of start-up companies however in times of recession, small businesses have proven to increase employment where the previously employed start new ventures whether out of desire or necessity (Mason and

Brown, 2013). Wright et al. (2015) noted that when it comes to rapid growth potential, both start-ups and established businesses were contenders.

Etuk et al. (2014) also found that the promotion of SME's resulted in assisting the government in growing the GDP of the country (Nigeria) as well as generating taxes and revenue to the government. This resulted in the country being in a position to further increase their procurement spend and assisted in bringing stability to the politics of the country (Etuk et al., 2014).

In Nigeria, Taiwo et al. (2012) found that development of small businesses led to better utilisation of local raw materials and employment generation. It further led to encouragement of rural development and the development of entrepreneurship (Gbandi and Amissah, 2014). Etuk et al. (2014) also found that the small businesses were able to provide gains to the corporate world through their production of specialised goods and services which may be unique from the bigger businesses. Small businesses also have the advantage of being able to reach even the furthest corners of any country, unlike the much bigger enterprises (Atawodi and Ojeka, 2012). In line with the findings of Etuk et al. (2014), Malemela and Yingi (2016) also noted that local economic development was identified as a vehicle for uplifting local economies. This was concentrated at municipality level. Ratten (2014) and Malemela and Yingi (2016) concurred with small business development increasing the creation of jobs and further leading to countries and companies being competitive globally. These are some of the goals of the South African government and it needs to be tested whether this development would have the same effect on South Africa as in Nigeria.

2.7. Government Support in Public Procurement to Aid Small Business Development

There is not much data collection and recording by the different levels of government and this therefore hinders effective monitoring of targeted procurement (Bolton, 2006). There was no clear indication of how small businesses were measured and therefore whether they improved or regressed in terms of their development. This is one of the shortfalls found in the literature and one of the proposed outcomes is to suggest measurements of tracking small business development. This was also the view of Ababio and Meyer (2012) in that there's lacking data collection with regards to achievement of set outcomes. This is partly due to the fact that at local government level the municipalities are usually short-staffed, underskilled

and also have pressure put on them by councillors to constantly deliver, leaving little or no time to progress monitoring and evaluation. Data collection by the government as a whole needs to be improved upon (Love and Roper, 2015). This non-collection of data is not unique to South Africa. This was also the findings in Nigeria where Gbandi and Amissah (2014) noted that there was not readily available data on the number of small businesses in the country. Nigeria is utilising the data received from their statistics bureau to compile list of small businesses. This could be an avenue that South Africa also considers while a proper reporting and tracking tool or mechanism is compiled. The voluntary agreements as noted by Bryden et al. (2013) were found to be effective where there were incentives such as public recognition and this assisted in information sharing. Voluntary agreements would be where the companies voluntarily agree to meet certain requirements but which are not legally compulsory for them to meet. These would be unlike the compulsory legal requirement for example tax returns.

The government has created some agencies to assist in the development of the small businesses however these have not proven to be effective (Agupusi, 2007a). Some of these are discussed in Table 2.2 hereunder.

Table 2.2 Government support to small businesses

Institutions	Activities
SEDA	SEDA offers a range of business development services. It provides non-financial services through integrated support agencies across the nation with more than 284 Enterprise Information Centres in the municipalities across the nation.
Khula Enterprises	Khula facilitates access to finance for small businesses. It has various financing products and works with major commercial banks and private organisations such as Business Partners. Khula’s operations involve loans and credit guarantees through commercial banks. It also offers a mentorship programme.
National Empowerment Fund (NEF)	NEF provides various start-ups for small businesses and rural and community transformation. Its financing capacity ranges from R250 000 to R10million. NEF focuses specifically on disadvantaged individuals.

Institutions		Activities
Industrial Development Corporation (IDC)		IDC generates its funds independently of the government. It provides various sector-focused financing products ranging from R1million with specific focus on SMEs and empowerment.
South Africa Micro Apex (SAMAF)	Africa Finance Fund	SAMAF is modelled on the Grameen Bank in Bangladesh. It provides loans of up to R10 000 to micro and survivalist enterprises in poor areas. Its main focus is poverty alleviation.

Adapted from Agupusi (2007b: 4) Small business development and poverty alleviation in Alexandra, South Africa. Berlin

Ababio and Meyer (2012) stressed that local government as the lowest government level was however the level closest to the people. It should therefore be the main level where the government policies are implemented and where government resources are allocated and spent. This level should rightfully then be yielding the most impact in meeting the goals of the government such as local economic development and poverty alleviation. This also means that this is where most of the agencies should be located in order to be closer to the communities and be easily accessible.

In Nigeria it was found that most small businesses did not contribute to tax as they feared the tax payable was too high and was inescapable for registered businesses (Atawodi and Ojeka, 2012). This led to the enterprises remaining in the non-formal sector and could therefore not grow into larger enterprises. The South African government, in its tax laws, makes provision for a smaller tax rate for small businesses (Amra et al., 2013). It was a recommendation by Etuk et al. (2014) that government should provide financial and tax incentives for small businesses in order for them to improve from the non-formal to the formal sector. Further incentives other than the special tax rate need to be investigated.

A common factor for small business failure is lack of management and business skills with citizens gaining experience from family run operations or by observing businesses in their communities (Malemela and Yingi, 2016). The inability to compile business plans was also indicated as a skill shortfall (Mahlangu, 2016). Management and business training assistance

has been given to small businesses in other governments through small business development centres (McFarland and McConnell, 2013). This was also the finding in Nigeria by Gbandi and Amisshah (2014). These skills could further be supplement by a friendlier regulatory environment Etuk et al. (2014).

Etuk et al. (2014) however identifies that there was a difference between entrepreneurship and small business. They defined entrepreneurship as the process of creative, innovative, risk taking and organisation by individuals to create and nurture a business venture. This differed from small businesses as it could not be guaranteed that the small businesses were innovative (Etuk et al., 2014). The citizens of South Africa and KwaZulu-Natal especially need to be trained on identifying opportunities and creating innovative products and services in order to create sustainable business ventures.

2.8. Conceptual Framework

The following conceptual framework was deduced from the literature review. SMME's growth (dependent variables) is influenced by competence and skills, management experience, finance, business location, access to information, size of business (independent variables) which were moderated by tax laws, government policies, government officials and services provided by government (moderating variable).

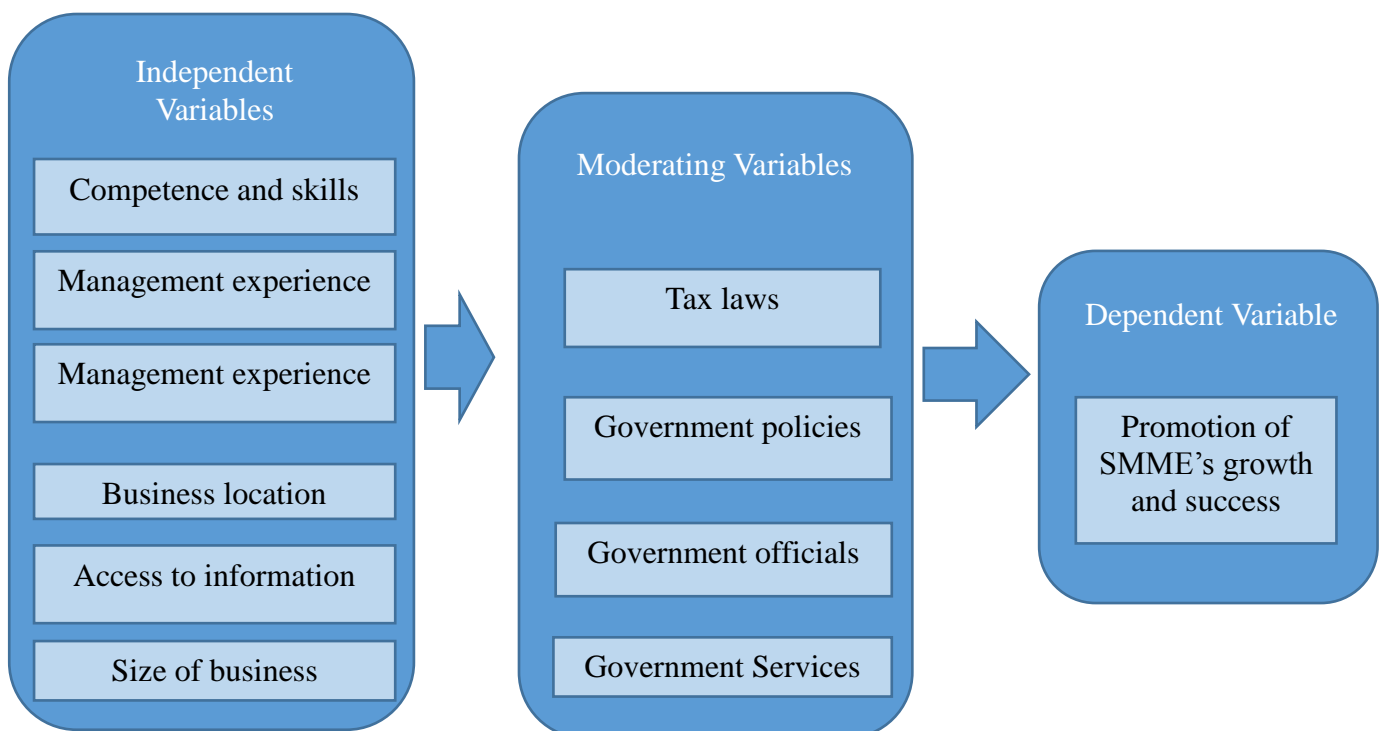


Figure 2.1: Conceptual Framework (writers own)

2.9. Conclusion

There are different definitions of what a small business is with each country having their own definition. In most countries small businesses did contribute greatly to economic development, job creation, poverty alleviation and economic growth. Factors which influenced the success of small business was its own innovativeness as well as training and development. The external factors identified were access to information and finance as well as promotion and demand of local products. The laws in terms of preferential regulations and labour unions were also a factor. Within the staff employed by government, there were issues of competence levels, corruption as well as unethical behaviour which were highlighted. There were also some benefits highlighted of small business development and support provided to small businesses by government.

The following chapter discusses how this research study was conducted by looking at the methodology, target population, research instruments utilised and how data was analysed.

3. CHAPTER THREE: METHODOLOGY

3.1 Introduction

This section explains the method of how this study was conducted. To be discussed are the Research Design, Study area, Target population, Sampling Technique followed, Sample size, Research instruments, Pre-Testing, Validity and Reliability, Data Collection Techniques, Data Analysis, Ethical considerations as well as Conceptual framework and measurement of variables.

3.2 Research Design

Research design outlines how the research problems are aligned to the research. It further outlines what information needs to be acquired, the manner in which the information would be collected, how it would be analysed as well as presented (van Wyk, 2012). Research is a process whereby information is collected in order to answer preset questions and objectives of the study. The studies or research may be garnered to be exploratory, explanatory, descriptive, causal, evaluative, predictive or historical.

Information collected and analysed may be primary information in the form of surveys, questionnaires, case studies etc, as well as the analysis of existing information (van Wyk, 2012; Zohrabi, 2013). The methods utilised for conducting research are split into qualitative, quantitative and mixed-method (Bordens and Abbott, 2011). Quantitative methods utilised to collect data are questionnaires with closed-ended questions as well case tests as it utilises numeric data. Qualitative methods utilise open-ended questions, interviews, surveys as well as interviews in the collection of data as it utilises narrative data (Zohrabi, 2013). Mixed method utilised both quantitative and qualitative methods in conducting research. While the quantitative data may be more efficient and easier to analyse and explain, qualitative data may provide more detailed information (Zohrabi, 2013)

This study was conducted utilising the mixed-method strategy. When considering the mixed methods, the researcher was able to consider and utilise multiple methods of collecting and analysing data. The mixed method research design strategy is where closed-ended questionnaires, open-ended questionnaires, interviews as well as classroom observations are

conducted (Zohrabi, 2013). This decision was also due to the pragmatic worldview (w Creswell, 2009). It was a requirement of this study to evaluate the extent of small business development through public procurement. In order for this to be evaluated and measured (outcomes), closed-ended questions (survey) in questionnaire format were utilised on the respondents. The open-ended questions and interviews were utilised in order to acquire knowledge on processes and initiatives followed by the different institutions. The mixed-method design was restricted by the pragmatic world view taken by the researcher and therefore required that both quantitative and qualitative data be collected sequentially (w Creswell, 2009).

3.2.1 Mixed method strategy

The mixed method strategy supplements the information thereby boosting its validity and dependability by mixing both the closed-ended questionnaires, open-ended questionnaires and interviews (Zohrabi, 2013). Through this, both quantitative and qualitative information may be collected and further analysed. Mixed method may be further separated into qualitatively-driven mixed method or quantitatively-driven mixed method. This depends on which information the researcher puts more emphasis on (Morse and Cheek, 2014). The core component of the study could be published alone as it is a complete and saturated study however, with the inclusion of the other set of data, known as the supplemental component, a different dimension of the study is attained. A further advantage of utilising the mixed-method is that it could bypass the need for a further separate research to be conducted in future. Hence why the biggest reason for utilising mixed-method is comprehensiveness (O'Cathain et al., 2007).

The rationale for utilisation of the mixed-method strategy for this research was to:

- Identify whether any factors existed which gave rise to the promotion of small businesses within KZN through the public procurement systems, policies and procedures,
- Identify whether there were any factors which hindered the promotion of small businesses within KZN through the public procurement systems, policies and procedures,
- Understand the benefits of small business development, if any, through public procurement systems and policies,

- Unearth any initiatives by government in order to promote small businesses within KZN.

3.3 Study Area

This study was conducted in the province of KwaZulu-Natal (KZN). It was targeted at national departments, provincial departments and municipalities located geographically within KZN. The departments are located in Pietermaritzburg as the capital of KZN. This is where most of the head offices are located and where most of the procurement activities take place. This was therefore where the procurement officials were located. The Department of Transport, notwithstanding the head office, further has Cost Centres and Regional Offices throughout the province. Through these smaller offices, the quotations (up to R500 000) are sourced and finalised. All bids are handled by the head office in Pietermaritzburg.

The targeted municipalities were eThekweni Municipality as they are the largest and only metropolitan municipality within the province of KZN, as well as Ubuhlebezwe Local Municipality as they are more rural and were able to supply a comparison between the urban metro and small rural municipalities. Ethekwini Municipality commands a R45 billion split between R37.5 billion operational budget and R7.5 billion capital budget (Ethekwini, 2017). Ubuhlebezwe Municipality in comparison handles R202.8 million total budget, which is split between R141.2 million operational and R61.6 million capital budget (Ubuhlebezwe, 2017).

The KZN Provincial Treasury are the leaders in financial management in the Province. The Department is responsible for law making in the Province as well as playing an oversight and support role as delegated by the PFMA and MFMA. This department is further one of the few government institutions who have received clean audits by the Auditor-General and were therefore regarded as having implemented good financial management and implementation of policies and procedures. Within KZN Provincial Treasury is the directorate Provincial SCM Unit. The officials from the KZN Provincial Treasury Provincial SCM Unit were utilised as they were the SCM Specialists within the Province. Further to this, the officials from this unit were responsible for supporting and advising all municipalities and Provincial departments within the province in terms of SCM.

3.4 Target Population

A population may be defined as all people who are affected by the topic being researched (Bordens and Abbott, 2011). In the case of this study, the population was officials employed within the SCM units of the chosen institutions indicated as follows:

- Department of Rural Development and Land Reform (13),
- KZN Provincial Treasury (36),
- KZN Department of Transport Head Office (13),
- eThekweni Municipality (34), and
- Ubuhlebezwe Local Municipality (9).

The procurement officials in these identified organisations are indicated above. These figures have been sourced from the organograms of the institutions. The posts on the organogram were further analysed and selection of population was made. It was not possible to peruse all the job descriptions and therefore the job titles, as an indication of the functions and duties performed by the officials, were utilised in the selection of the officials. The SCM Head for Ethekeweni Municipality was also approached in order to assist in identifying possible respondents.

3.5 Sampling Techniques

Quantitative and qualitative research studies utilise different sampling techniques. This study having utilised the mixed-method strategy also had a combination of sampling techniques. Probability sampling is usually utilised in quantitative studies where from the population, a large number of units are selected with each participant having an equal chance of being selected (Teddlie and Yu, 2007). Random probability sampling was utilised therefore each official had an equal chance of being included in the sample. This was conducted in order to get a general view of the population, their understanding and their opinions. The sample of 83 SCM practitioners also reflected the ethnic population of the different organisations and spheres of government in that the majority of officials in the Supply Chain sections within the different organisations were African which was in line with the population makeup of the KwaZulu-Natal province. The sample included both males and females.

Purposive sampling techniques are mostly utilised in qualitative studies where units are selected based on answering specific questions within the research in order to meet set purposes (Teddlie and Yu, 2007). The SCM heads of each institution or their delegated official were included in this part of the study in order to garner more detailed information with regards to the qualitative questions.

3.6 Sample Size

It was not practical to utilise the whole population and hence an acceptable sample was chosen (Bordens and Abbott, 2011). The sample was demonstrative of the total population. As per Barlett et al. (2001), the information gathered from the research was utilised in order to draw conclusions to the general population and Bordens and Abbott (2011) concurred with this. Several rules of thumb have been utilised in order to determine the rule of thumb but Muthén and Muthén (2002) suggested that there was no hard and set rule for the calculation to fit any and all studies. The size of the sample also depended on the type of study being conducted. Teddlie and Yu (2007) agreed with this and further elaborated on how there were different sample sizes when mixed-method research studies were being conducted. Out of the total population of 105, the sample size utilised was 83. These consisted of the following:

Table 1: Profile of institutions

ORGANISATION	SPHERE OF GOVERNMENT	TARGET POPULATION
KZN Provincial Treasury (CFO's office)	Provincial	12
KZN Provincial Treasury	Provincial	24
KZN Department of Transport	Provincial	13
Dept of Rural Development and Land Reform	National	13
Ethekwini Municipality	Local (Metro)	34
Ubuhlebezwe Municipality	Local	9
	TOTAL POPULATION	105

The sample size was arrived at utilising the margin of error and level of confidence utilising the Raosoft calculator. The margin of error was set at 5% while the confidence level was set at 95%. The margin of error is the precision of the estimate, also explained as the likely variation from one sample to the next (Bordens and Abbott, 2011). Using the calculator, with a total population of 105, margin of error at 5%, confidence level at 95%, the recommended sample size was 83 in order to give valid and accurate conclusions. The respondents were recruited through electronic mail whereby the approval by their Accounting Officer was forwarded to them with the invitation to participate in the survey, consent forms and research questionnaire.

3.7 Research Instruments

The researcher utilised a closed-ended questions questionnaire (Appendix A) for the data gathering process to get quantitative data. The primary aim of the questionnaire was to determine the extent of the relationship between public procurement and small business development through the views of the procuring officials. A closed question is one that has pre-determined answers. Through closed questions, the researcher was able to limit responses that were within the scope of this study. Brislin (1986) in 1986 advised that the environment may require the researcher to alter their plan and that is still the case now in 2017 as one of the departments chosen did not have internet access for the officials and therefore online questionnaires could not be utilised.

This research also utilised more open-ended questions in the questionnaire and semi-structured interviews (Appendix B) were conducted for further clarity and information where needed. Through these, any initiatives and further ideas were discussed and measured, also any clarity required was sought (explanatory usage). A subjective approach was utilised when conducting the interviews.

3.8 Pre-Testing

The questionnaire (both closed and open-ended questions) was tested on ten (10) officials who were similar to the target group (Fink, 2012). This was conducted before administering the questionnaires on the actual participants in the study, This was done in order to verify the time taken to complete the questionnaire, clarify that all instructions and questions were clear

and unambiguous as well as get any further comments relating to omissions in the questions, layout or opinions (Bell, 2014). Any errors were then altered to ensure the required information would be collected.

3.9 Validity and Reliability

Validity and reliability are key measures of the quality of the research tool utilised. Validity refers to the applicableness of the data collected, whether it is actually answering what the researcher was looking for (Kimberlin and Winetrstein, 2008). The content validity was tested through utilising a panel of officials and assessed whether each question in the questionnaire was “essential, useful but not essential or not necessary” (Creswell, 2013: 450). The questionnaires were then amended based on this feedback.

Reliability means the data is consistently collected. This was tested through test-retest method to verify the responses given in the first and second tests as well as comparing answers to alternative forms of the same question (Creswell, 2013).

3.10 Data Collection Techniques

Data was collected through two stages. The first stage consisted of administering the self-complete questionnaires to the SCM Practitioners of the chosen organisations. There are various ways in which questionnaires can be administered. These include postage where the respondents are geographically located far from the researcher, over the internet, over the telephone or administered face-to-face (Zohrabi, 2013).

Respondents were required to complete the questionnaire with a scale of fixed-alternatives as the answers to measure the relationship between the independent and dependent variables. The responses were *strongly disagree, disagree, neutral, agree and strongly disagree*. The information collected from the first phase assisted in formulation of open-ended questions for the qualitative questions.

The questionnaires were emailed to respondents at Ethekewini Municipality and Ubuhlebezwe Municipality in order to complete and email back to the researcher as the respondents were not all located in one place. Further, those with access to the internet were also provided the

option to complete and submit the questionnaire online. There is however, usually a very low return rate when questionnaires were administered online or sent through mail (Zohrabi, 2013). It was for this reason that hard copies were also submitted to the respondents at Dept of Rural Development and Land Reform (13) and Dept of Transport (24). There were collected after completion. Notwithstanding the method of administering the questionnaire, all respondents were provided with a letter of consent for confidentiality was provided. In order for the respondents to be better informed, the purpose of the study was also explained before the questionnaire was administered. It was also explained that participation in the research was voluntary. The responses were further captured and stored anonymously in order to not identify the participants personally. Analysis was conducted on the 83 received completed questionnaires.

The second stage of data collection consisted of interviews with semi-structured open-ended questions with a member of management from each of the organisations, therefore six interviews were conducted. Interviews were viewed as the second best method of collecting data. They were conducted on a one-on-one basis in order to obtain first-hand information from the respondents. Over and above the information supplied, the researcher would also hear any other issues that the respondent would wish to have discussed (Ritchie et al., 2013).

These interviews were pre-arranged in order to ensure respondents had sufficient time for the interview and questions were prepared before-hand. Notes from the interviews were scribed.

3.11 Data Analysis

Data analysis results in presenting the data of the study in different forms, whether numerical, narrative or graphically. O'Cathain et al. (2007) advised that the results of one method can affect the results of the other method, which is in essence what the mixed-method was supposed to reflect.

With the sequential explanatory method being followed, the statistical relationship between public procurement and government support and outcomes in small business promotion and development was first inferentially analysed (Phase 1). In the Phase 2 of the study, using qualitative method, the specific initiatives taken were studied. The response number and rate was reported in tabular format. A few nonrespondents were selected and contacted

telephonically to determine if their responses differed substantially from the respondents in order to determine the response bias. In terms of the Phase 2 of the study, all interviews were transcribed. The validity of the data was checked through member checking in order to verify the accuracy of the qualitative findings (Creswell, 2013).

3.12 Ethical Considerations and how they were managed

As noted by (Creswell, 2013), ethical issues arise at different stages of the research and therefore needed to be considered when the initial planning was conducted. Bordens and Abbott (2011) further elaborated in that the security, dignity, welfare and rights of the respondents had to be protected. As suggested by Ritchie et al. (2013) approval was sought from the UKZN ethics committee to ensure the study did not infringe on the rights of any of the participants. They were further informed of the purpose of the research study.

A major ethical issue was the privacy of the respondents. The respondents' privacy was respected in that they were given full choice of whether to participate in the study, they were not contacted outside of working hours or at home, all anonymity was strictly upheld and the information utilised only for the intended purpose of research. No information furnished would be utilised for any other use or given to others for utilisation. The respondents were also allowed to view the research report. They were also allowed to withdraw at any time.

3.13 Summary

The research design utilised for this research was outlined in this chapter as well as how the data utilised in the research was obtained. This study entailed a mixed-method approach. The target population and sample for the study were further discussed, as well as the institutions utilised in the study and how the selection of the participants was conducted. The data collection tools were discussed including the ethical considerations taken during the study.

The first phase of the study was the quantitative data collection through the closed-ended questions questionnaire. The second phase of the study was one-on-one interviews with selected officials from each institution. The data analysis methods were further discussed. The next chapter will be the presentation of the collected data from both phases of the study.

4. CHAPTER FOUR: PRESENTATION OF RESULTS

4.1 Introduction

The previous chapter described the methodology utilised for this research study. This chapter presents the findings of the study beginning firstly with presentation of the demographics of the respondents.

4.2 Response rate

When one analyses the number of completed questionnaires versus the number that were distributed to respondents, this then provides the study response rate. In any study, the researcher is at the mercy of the participants as they have to be willing to participate. Multiple reminders were sent to the respondents encouraging them to participate as advised by McPeake et al. (2014), as well as personal visits to the institutions. There were five organisations approached with a total of 105 questionnaires distributed. Of this number, 83 completed questionnaires were received back. The response rate was therefore 79%.

4.3 Demographical data

In this section, the demographical characteristics of the respondents will be summarised. The respondents are grouped into sub groups in terms of their gender, highest education level and years of supply chain management experience. Further to this, they are also grouped into their relevant post levels and current organisation.

4.3.1 Gender

Each respondent was requested to indicate their gender in order to obtain an understanding of the gender distribution of the study participants. Of the 83 study participants, there were 61% female and 39% male. 9% of the participants did not select either of the genders.

4.3.2 Education level

The majority of the respondents were highly educated in that 41% of them had a post-graduate qualification, 23% had an under-graduate degree and 26% had diplomas. Only 10% of the participants had a Matric only. If this data is used to represent the whole population of

SCM practitioners in KwaZulu-Natal, this meant that the majority practitioners had tertiary qualifications. 1% of the respondents did not indicate their education level. The education level of respondents is represented in the following figure.

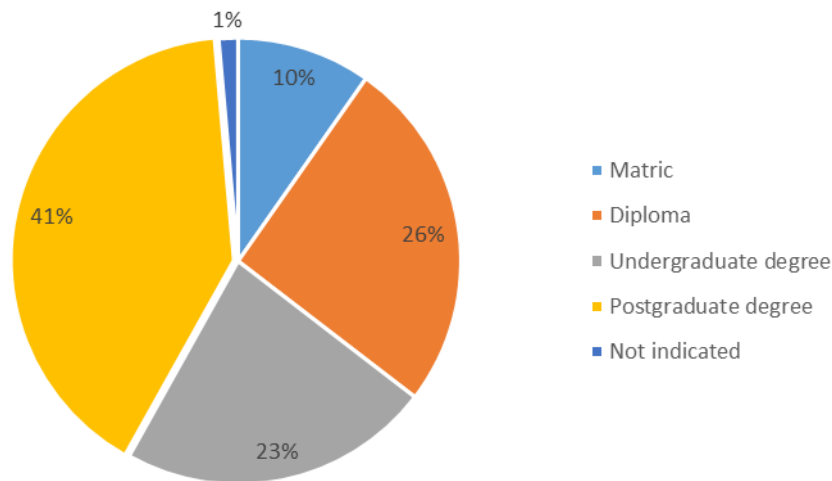


Figure 4.1 Highest education qualification of respondents

4.3.3 SCM experience

The majority of SCM practitioners had more than 10 years experience with the next highest group being those with 5 to 7 years experience. 26% of respondents had less than 5 years experience in the supply chain environment with only 14% having between 8 and 10 years experience. Figure 4.2 is a representation of these groups.

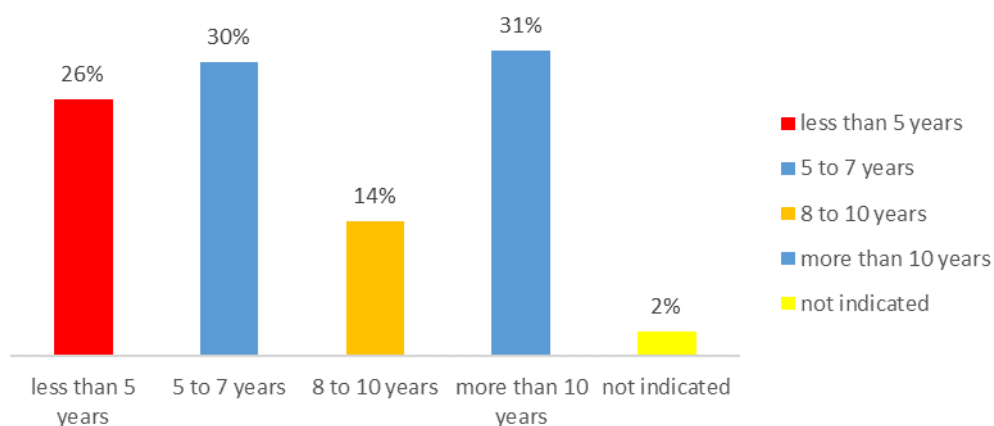


Figure 4.2 Representation of the SCM experience of respondents

4.3.4 Post level

The post level was grouped to reflect senior and middle management as well as the final group being junior staff. Only 6% of the respondents indicated that they were in senior management with 38% indicating they were in middle management. The biggest group of respondents was the group of junior staff comprising of 56% of the respondents. The organisational structures of the different institutions had a factor the post level of the respondents as there was both large and small organisations utilised in the research study.

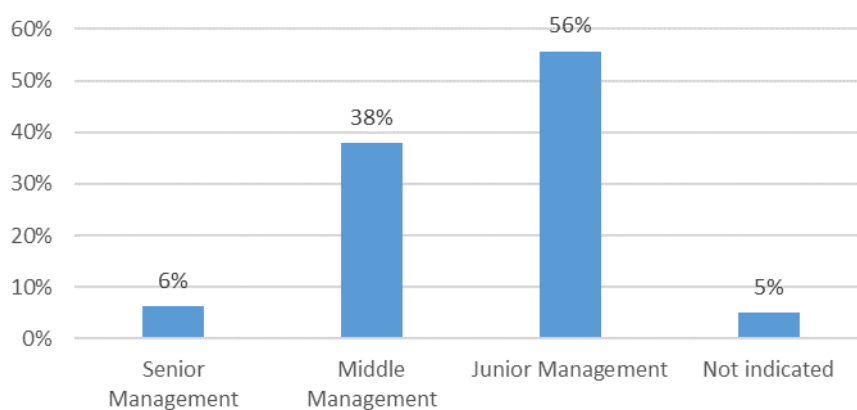


Figure 4.3 Representation of job employment levels of respondents

4.3.5 Current organisation level

The research looked at five different organisations. These organisations varied from a national department, provincial department, Metropolitan municipality as well as local municipality. One of the purposes of the study was to analyse the impact of each sphere of government in terms of small business development.

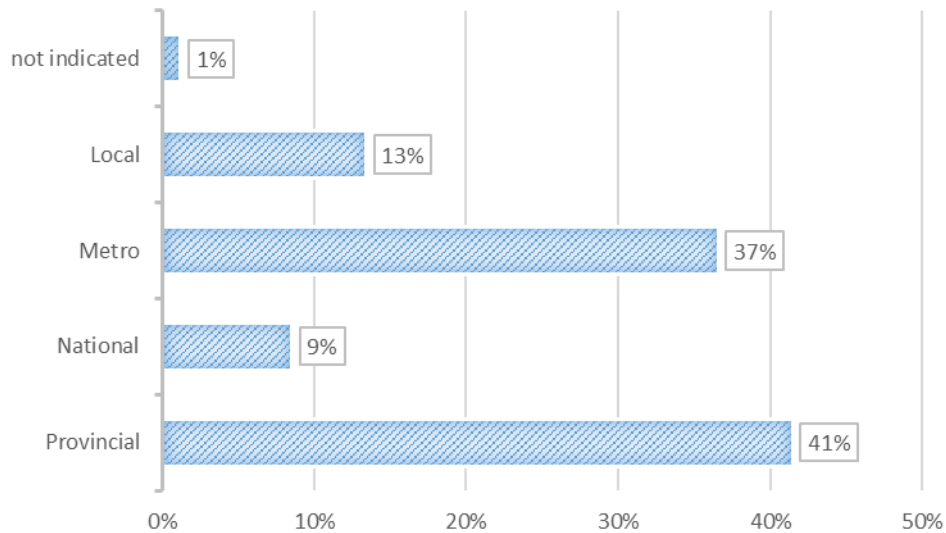


Figure 4.4 Sphere of government where respondents employed

4.4 Objective 1: To determine factors supporting successful small business promotion through public procurement

4.4.1 Definition of SMME

In order for small businesses to be supported and promoted through public procurement, one needs to know exactly which businesses these are. The study found that 23% and 57% of respondents strongly agreed and agreed that the SMME's were clearly defined in South Africa. Of note though was that 16% of respondents chose neutral meaning they could not agree or disagree with the statement.

4.4.2 Duty towards development of SMME's

It was noted that the respondents felt that the government had a duty towards the development of SMME's. An immense majority of 46% of respondents strongly agreed and 39% agreed that government indeed had a duty to aid in the small businesses development. 11% of the participants responded as neutral with another 1% and 13% of respondents disagreeing or strongly disagreeing that government had a duty to the development of small businesses.

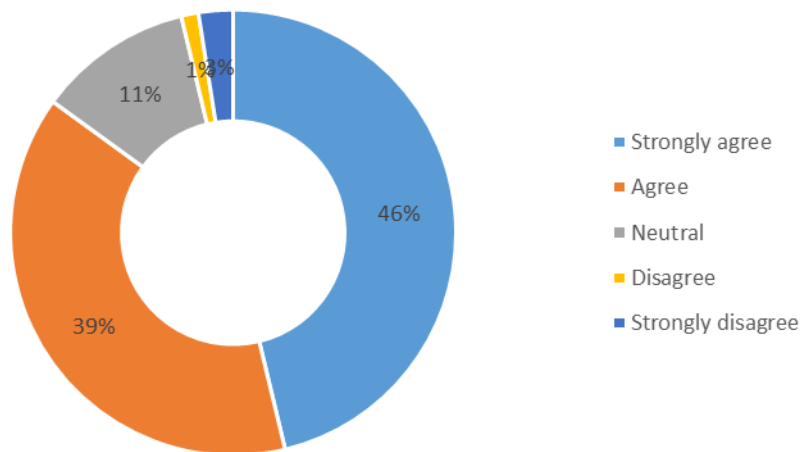


Figure 4.5 Government's duty towards development of SMME's

4.4.3 Government procurement policies

The respondents felt that government procurement policies catered for SMME's however this was not as strongly as their feelings towards governments duty for the development of SMME's. Of the respondents, a total of 73%, made up of 29% strongly agreeing and 44% agreeing, agreed with this statement. 18% of respondents chose to remain neutral to this statement with 8% and 1% disagreeing or strongly disagreeing.

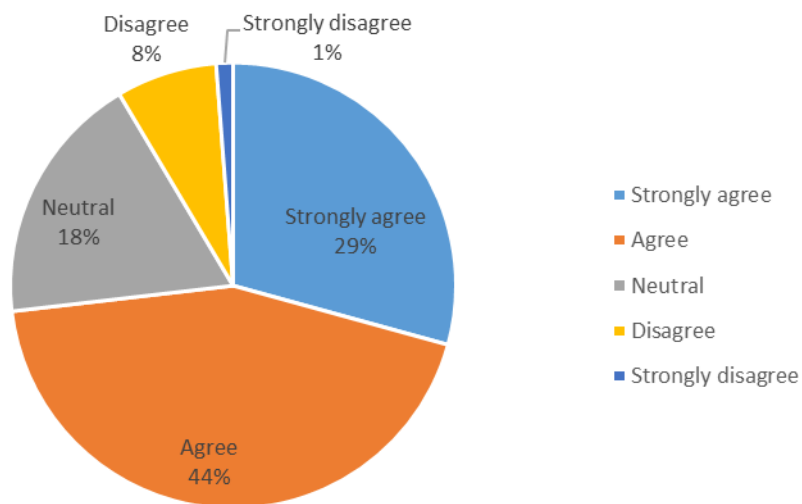


Figure 4.6: Government procurement policies cater for SMME's

When the respondents were requested to comment based on whether government procurement policies promoted the development of SMME's, there was strong agreement that indeed the policies promoted this. This was evident in that 25% and 41% of respondents strongly agreed or agreed with this statement. Only 11% and 1% disagreed or strongly disagreed respectively with this statement. 22% of the respondents felt that they were neutral and would not agree or disagree with this statement.

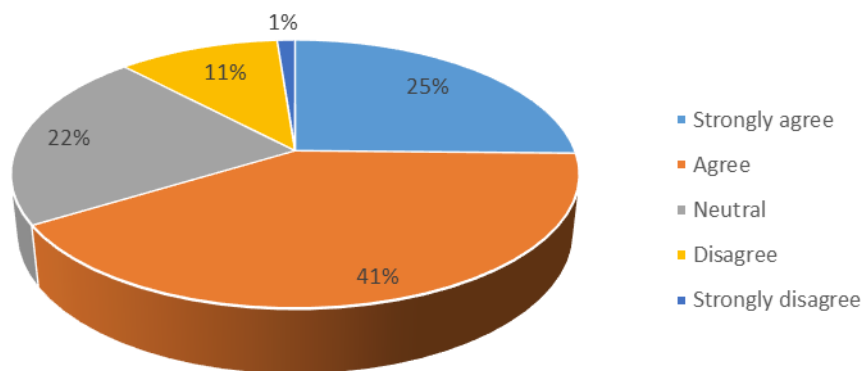


Figure 4.7: Government procurement policies promote development of SMME's

4.4.4 Public officials understanding their duties on implementation of procurement policies

The consensus among the officials was that they as SCM Practitioners understood their duties when it came to their core function of implementing procurement policies. Figure 4.8 exhibits the findings of 22% and 43% strongly agreeing and agreeing respectively. 27% of respondents remained neutral while 6% and 2% disagreed or strongly disagreed with the suggestion that public officials knew and understood their duties in the implementation of the procurement policies.

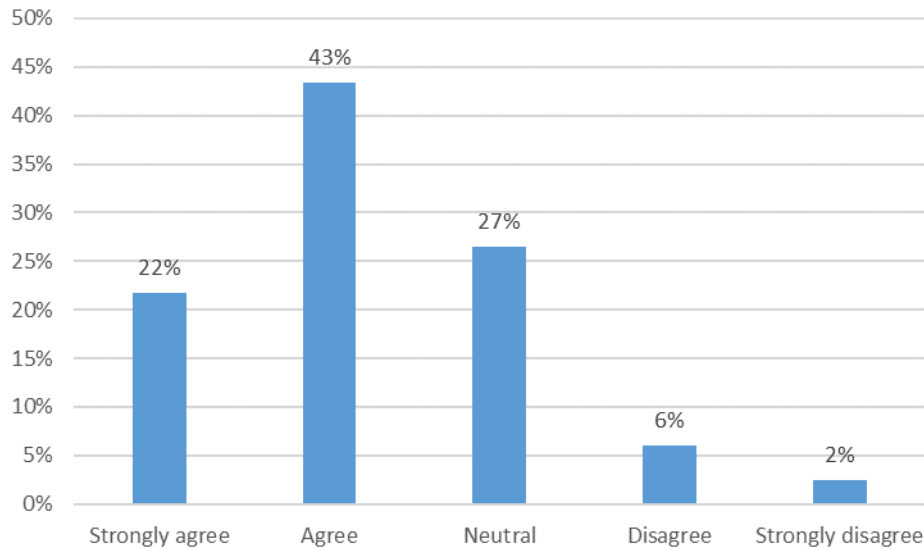


Figure 4.8 SCM Practitioners understood their duties

4.4.5 Centralisation of SCM functions

In government all procurement functions should be centralised to the SCM units only. The respondents were requested to answer on whether they believe the centralisation of procurement functions assisted in SMME development. In the case of this statement, there was 24% and 21% of respondents who strongly agreed and agreed that this assisted. The biggest single group of respondents however were those that were neutral to the statement as this amounted to 36% of respondents. Another 14% and 4% disagreed and strongly disagreed with the statement.

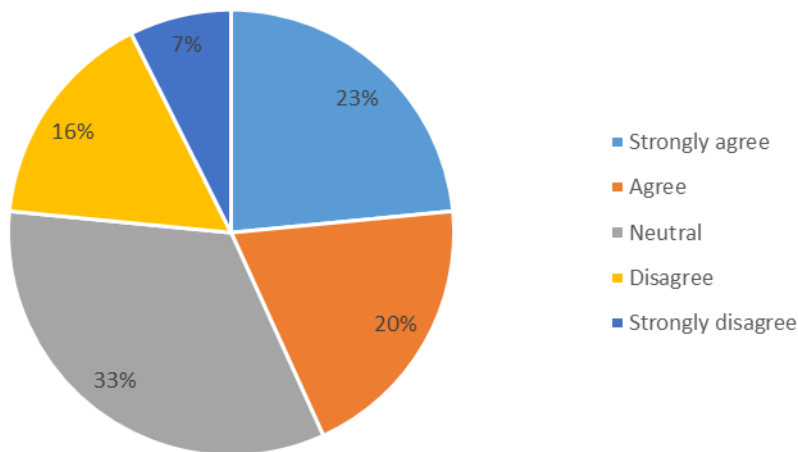


Figure 4.9 Centralisation of procurement functions assisted in SMME development

4.5 Objective 2: To determine factors hindering successful small business promotion through public procurement

4.5.1 Sizes of competing firms

When respondents were asked to respond on whether the public procurement system allows for firms to compete with firms of similar size without the interference of larger firms, the responses indicated that almost half of them didn't believe this was so. 32% disagreed and 22% strongly disagreed with this statement. Only 1% strongly agreed with it and 11% agreed with it. A majority figure of 34% of respondents elected to be neutral as diagrammed in Figure 4.10.

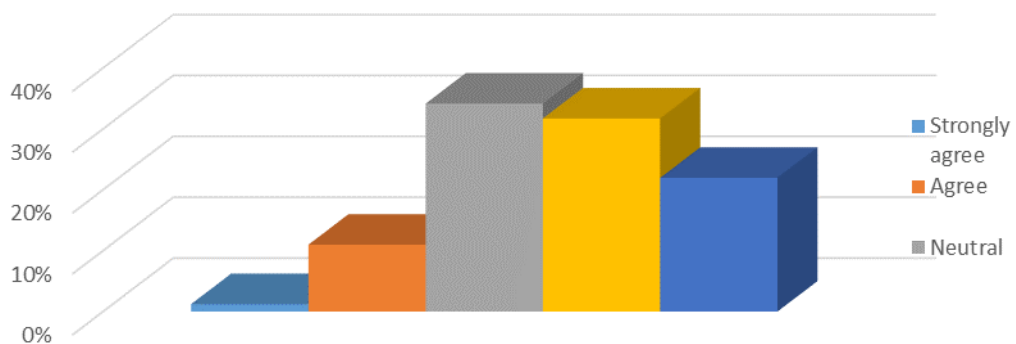


Figure 4.10 Same size firms compete with similar firms without interference of larger firms

4.5.2 Finance collateral

The study participants were requested to respond on the impact of finance in the success of the small businesses. The majority of the responses were in agreement that lack of access to finance and lack of collateral had an impact on and hampered small business development. When looked at these factors in combination, 37% and 20% strongly agreed and 39% and 48% agreed that lack of finance and collateral were hindering factors while 18% and 29% of respondents remained neutral. The remaining 1% and 2% and 5% disagreed while 5% and 1% strongly disagreed that these factors impacted on the success of the small business. This is depicted by Figure 4.11 with Series 1 representing finance and Series 2 – representing collateral. When incorporating the question of whether funding opportunities were sufficiently accessible to SMME's, the majority of respondents were neutral with the next majority disagreeing (28%). 16% of responded either agreeing or strongly disagreeing with the statement. The remaining 6% strongly agreed that the opportunities were sufficient. This meant that 44% disagreed, 35% were neutral and 22% agreed and therefore there was a small majority difference. The Figure 4.12 represents an overall look at the responses for all three factor of access to finance (Series 2), collateral (series 3) and funding opportunities (series 1) as factors hindering the development of small businesses.

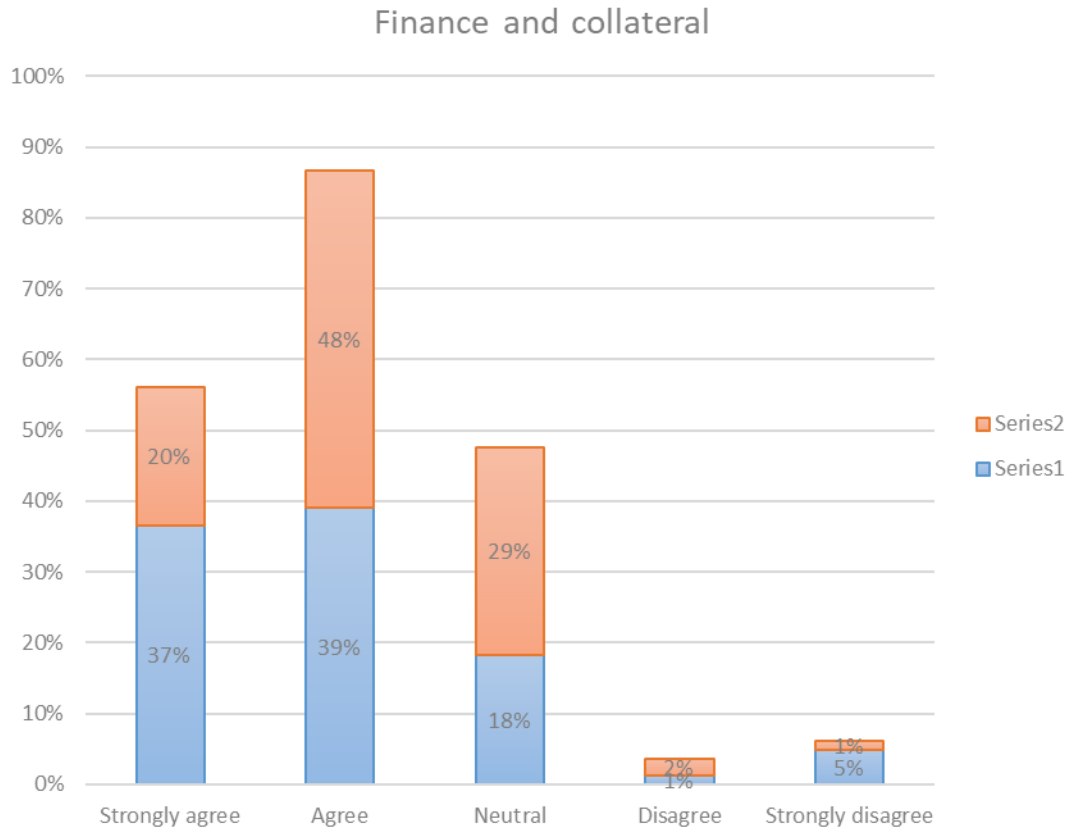


Figure 4.11 Access to finance and collateral as hindering factors in SMME development

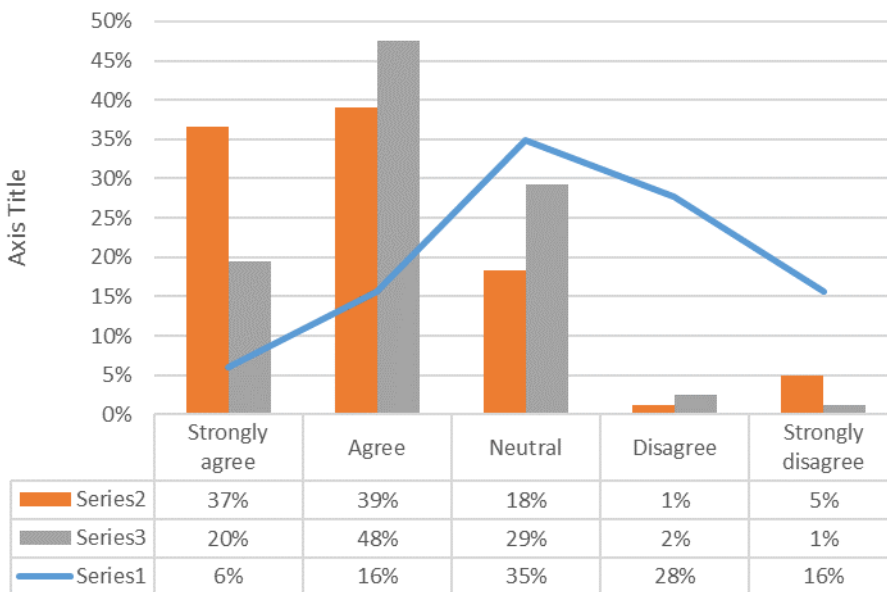


Figure 4.12: Access to finance and collateral as hindering factors and funding opportunity availability in SMME development

4.5.3 Business skills and management experience

The study participants indicated that small businesses lack of skills as well as management experience were a hindrance to their development. In terms of the skills (Series 1), 29% strongly agreed and 57% agreed that lack of skills was a factor. An insignificant 10% remained neutral and even less (4% and 1%) disagreed or strongly disagreed that lack of skills was a factor. When questioned on management experience, 40% strongly agreed and 45% agreed that this was a big factor in the development of small businesses. 12% of respondents were neutral while the remaining 4% disagreed with this statement with no respondents strongly disagreeing with it.

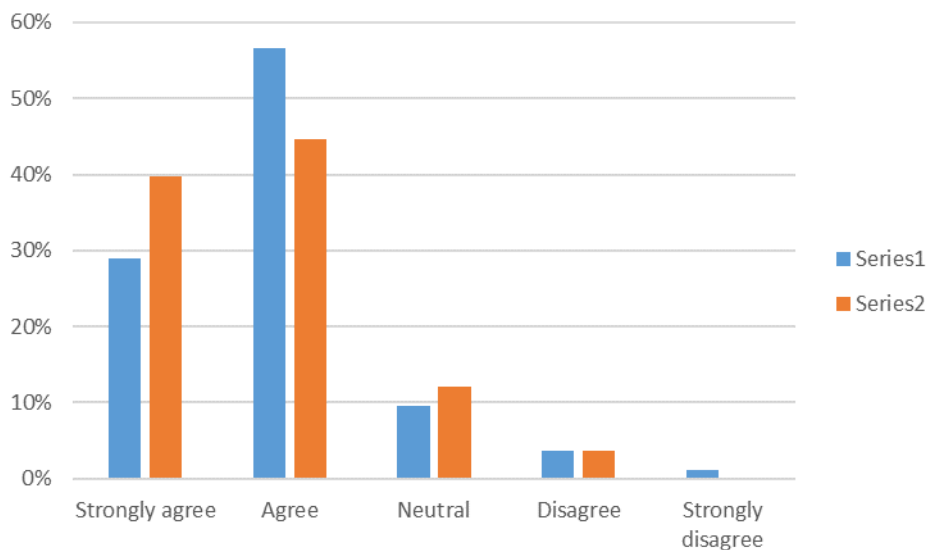


Figure 4.13: response on lack of skills and management experience

4.5.4 Initiative by the small business owners to up skill themselves

When requested to indicate, the respondents did not give a clear indication that they thought the small businesses took any initiative to up skill themselves in the operations and management of their businesses. This deduction was apparent as only 2% and 24% strongly agreed and agreed with this statement (Series 2). The majority of respondents though chose to remain neutral on this point and this was represented by 55% of the study community. This was the opposite of whether the respondents believed the small business owners were sufficiently skilled to operate and manage their businesses (Series 1) where there was a clear majority of respondents who disagreed or strongly disagreed (40% and 20% respectively) that

the small business owners were sufficiently skilled to operate and manage their small businesses. Of note, was also that 31% of respondents were neutral to this question. Figure 4.14 gives a graphic representation of this.

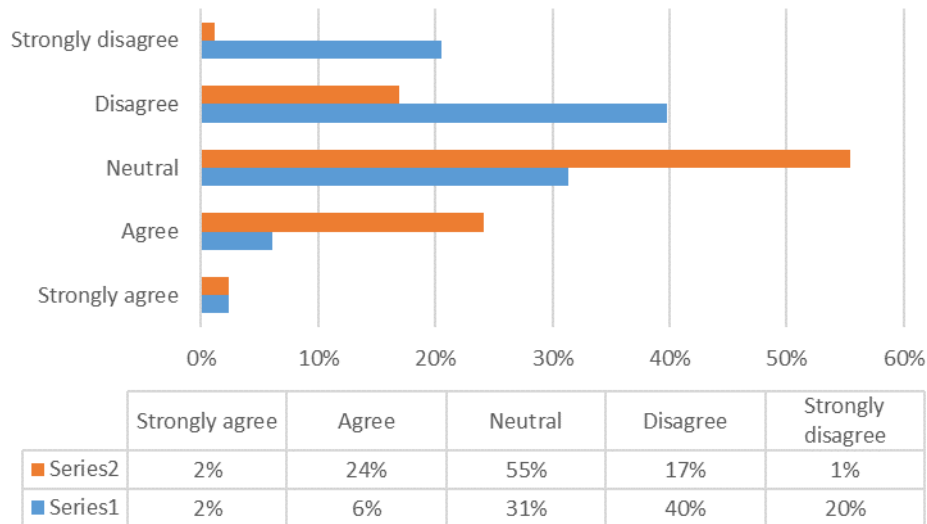


Figure 4.14 Initiative to up skill compared to skills held

4.5.5 Equal opportunities for small and big business

In public procurement, most of the purchases were open to all service providers. The respondents felt that there were unequal opportunities between the small and big businesses. A resounding 39% and 12% either disagreed or strongly disagreed with the statement that there were equal opportunities for both small and large businesses meaning that more than half the respondents (51%) disagreed with this statement. A modest 13% and 11% each agreed and strongly agreed with the statement. An almost equal amount of respondents (25%) remained neutral to the statement. This is depicted in Figure 4.15.

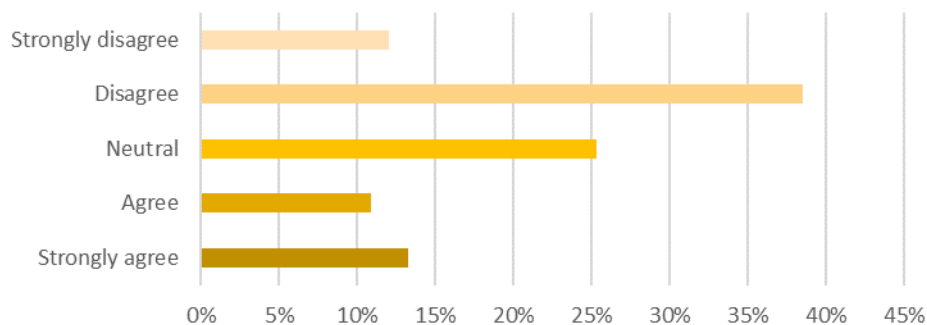


Figure 4.15: There are equal opportunities for large and small business

4.5.6 Reporting on progress of supplier development

The respondents were further requested to give their opinion on whether there was reporting on supplier development in government. The responses showed that there wasn't much reporting conducted. This was evident by 27% and 19% of respondents disagreeing or strongly disagreeing with the statement that there was sufficient reporting mechanisms. This was a total of 46% of the respondents that disagreed. 6% and 23% (total 29%) of respondents strongly agreed or agreed that there was sufficient reporting mechanisms. 25% of the respondents chose to remain neutral on the statement. The responses are illustrated in Figure 4.16.

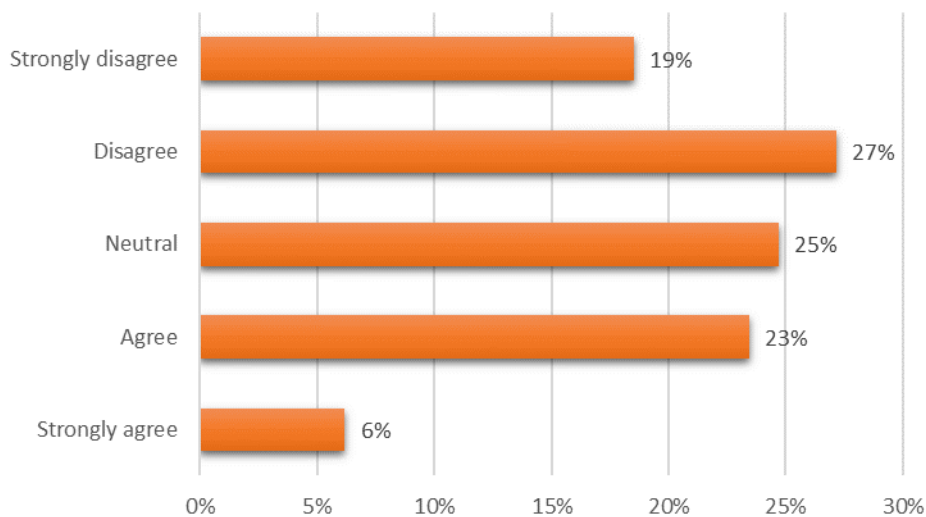


Figure 4.16: There are sufficient reporting mechanisms to track supplier development

4.6 Objective 3: To determine the benefits of small business development through public procurement

4.6.1 Performance of SMME's

Represented in Figure 4.17 is the view of the respondents on whether the general performance of SMME's was good. The views of the respondents were that 5% and 41% of them strongly agreed or agreed with this statement whereas 17% disagreed with it. It was also found that 37% of respondents were neutral and could not sway either way. It further proceeds to show comparison on whether the performance can be improved upon. An unquestionable 47% and 43% strongly agreed or agreed that indeed performance can be improved upon. 10% of the respondents were neutral this this suggestion.

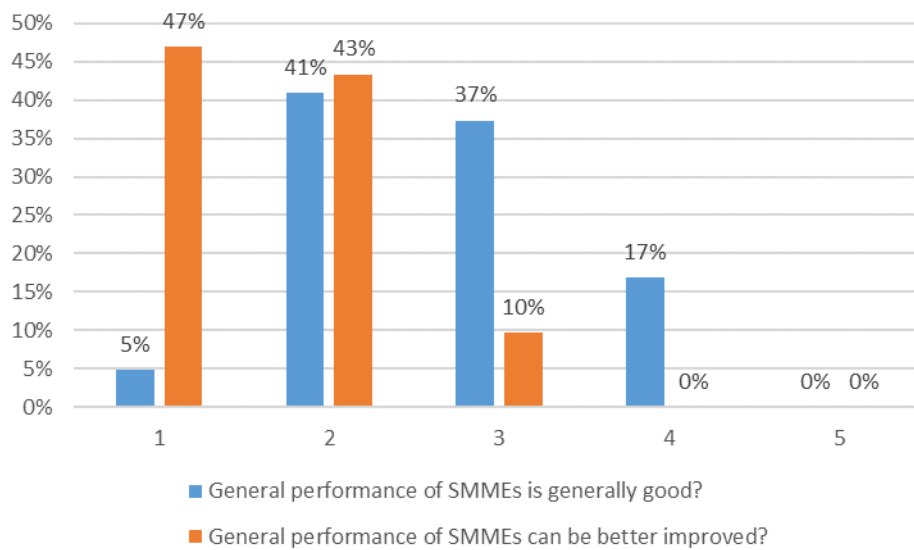


Figure 4.17 Comparison of whether general performance of SMME's is good versus performance can be improved upon

4.6.2 Success of the organisation

In terms of whether the size of the organisation contributes to the success of the organisation, the respondents once again could not provide conclusive results. A majority 42% of respondents elected to remain neutral whereas 17% and 20% (37% combined) strongly agreed or agreed with this. The remaining 21% disagreed with this statement and this was depicted in Figure 4.18.

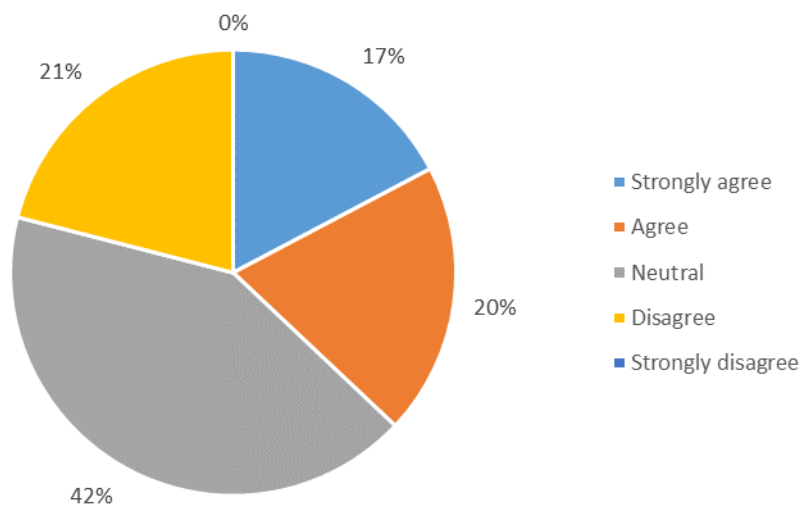


Figure 4.18 Size of the organisation contributes to success of the organisation

4.7 Objective 4: To recommend government support in public procurement in order to aid small business development

4.7.1 Government can do more

As evidenced in Figure 4.19, it was of a resounding agreement between the respondents that government can do more to assist small business owners. Of the respondents, 90% either agreed (36%) or strongly agreed (54%) that government could do more. Only 1 % indicated that they strongly disagreed with this statement while the remaining 8% were neutral and one further respondent chose not to respond.

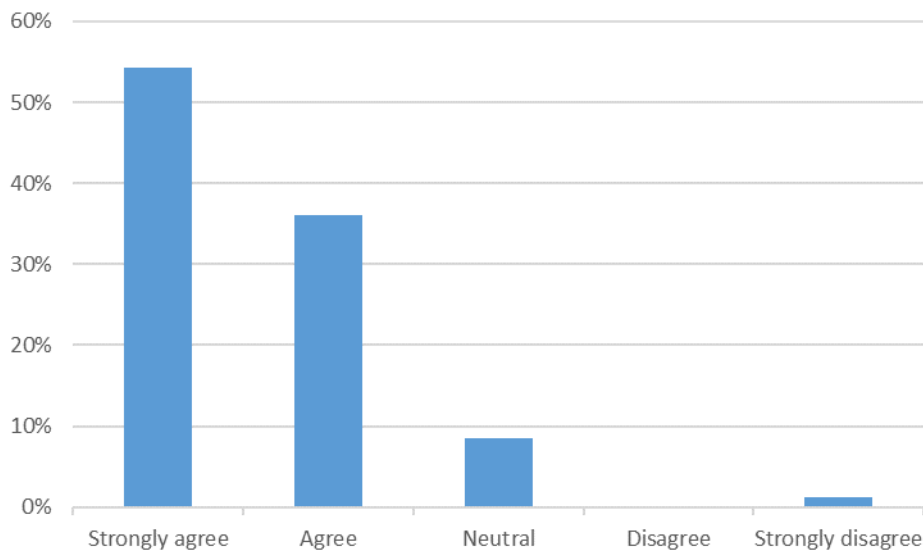


Figure 4.19: There is more that government can do to assist small businesses

The responses in terms of whether sufficient training and guidance was provided by government to SMME's showed 6% and 29% either strongly agreeing or agreeing that it was sufficient. They further also showed 27% and 6% either disagreeing or strongly disagreeing whereas 32% of respondents chose to remain neutral. This is illustrated in Figure 4.20 below.

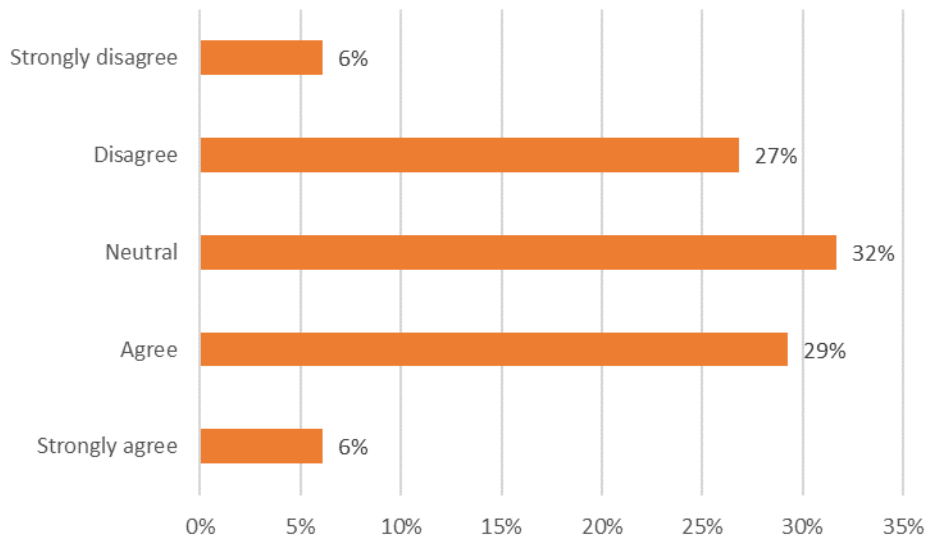


Figure 4.20 Sufficient training and guidance is provided by government to SMME's

4.7.2 Interaction between SCM practitioners and service providers

Where the respondents could not provide full clarity was whether interactions between the SCM practitioners and the service providers actually assisted or hindered the development of the individual businesses. Those who strongly agreed or agreed were 7% and 24% respectively, resulting in a total of 31% of respondents. Those who disagreed or strongly disagreed were 24% and 6% respectively which resulted in a total of 30%. The last group was those who selected neutral and this was a further 39% of respondents. This clearly shows that there is no set agreement, either way. These results do not clearly indicate whether interaction between the practitioners and service providers has any impact on the development of the businesses, as depicted in Figure 4.21.

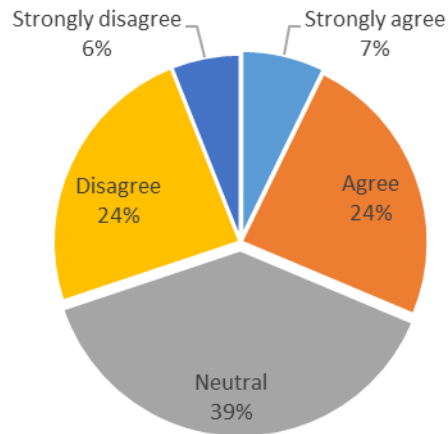


Figure 4.21: Interaction between SCM practitioners and Service providers is sufficient to assist in development of individual businesses

4.7.3 Objectives of government clearly defined

What could assist the government is clearly setting out the objectives they want to achieve through the public procurement. Currently, as depicted in Figure 4.22, of the respondents, who are the officials actually tasked with public procurement, only 37% strongly feel that government has clearly spelt out its objectives. The majority of 53% agree with 7% and 2% being neutral or disagreeing with the statement.

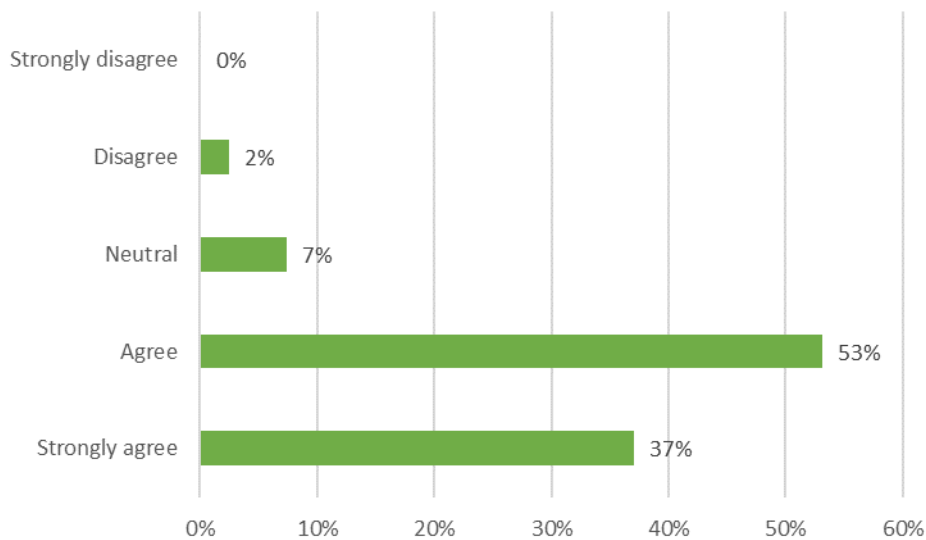


Figure 4.22: Government objectives to be achieved through public procurement were clearly outlined

4.7.4 Improvement of procurement policies

The respondents further also felt that the procurement policies could be improved upon and this would assist in the objective of promoting and developing SMME's. A resounding equal 42% of respondents strongly agreed and agreed with this statement respectively. This was an overwhelming majority compared to the 7% and 1% who disagreed or strongly disagreed with the statement. An additional 7% of respondents were neutral to the statement. This is illustrated in Figure 4.23.

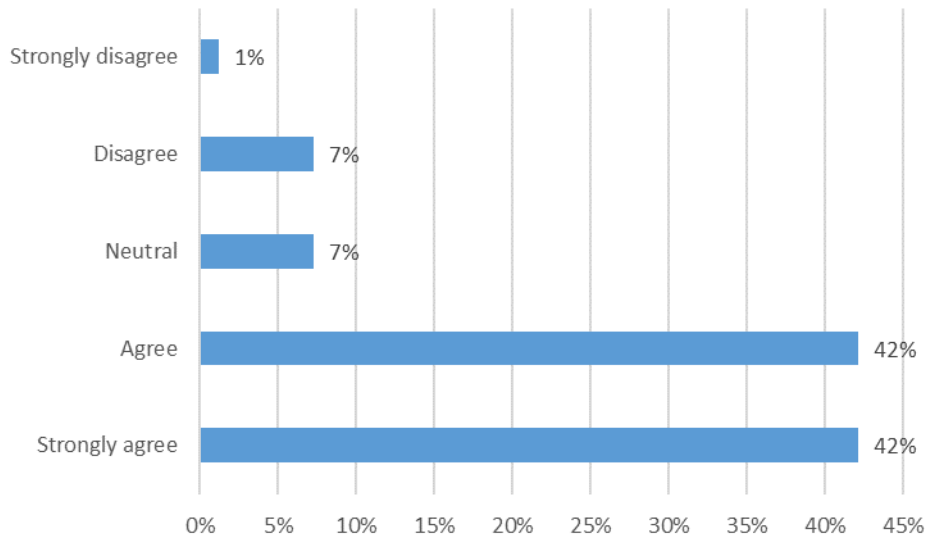


Figure 4.23: Improvement of SCM policies would assist better in SMME development

4.7.5 Category set-asides

Other than the policy alterations, the respondents also agreed that government could implement more set-asides in specific categories of procurement in order to better target the small businesses and further assist in their development. Figure 4.24 depicts how a large majority of 41% and 40% of respondents strongly agreed and agreed with this proposal. 17% of respondents however indicated that they were neutral to this statement and 1% each strongly disagreed and disagreed with the suggestion.

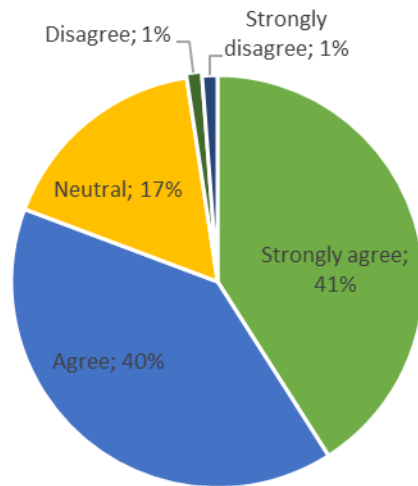


Figure 4.24: Category set asides would assist in SMME development

4.8 Interviews feedback

Interviews were conducted with management of each organisation. 66% of the respondents were male with the remaining 34% being female. In terms of educational qualifications, there was an even split of 33% for Diploma, Undergraduate Degree and for Post Graduate degree. With regards to experience, all of the respondents had more than five (5) years supply chain experience, with 66.7% of them having more than ten (10) years experience within SCM.

4.8.1 Targets for small business development

All but one of the respondents advised that they did not have any targets. Respondent 6 advised that their organisation “set target of 70% of procurement of goods and services to be acquired from small, historically disadvantaged groups”. This was done through utilising BBBEE points and giving advantage to black empowerment. Respondent 2 advised that there were not “any set targets but the Council always insists on developing local entrepreneurs/business people.” Respondent 2 advised that they were not aware of any targets. Contrary to the others, Respondent 3 advised that “setting aside of contracts for any category of enterprise had been prohibited”. Respondent 1 and 4 responded in that there were no set targets either however they still reported on ownership of the appointed service providers. Respondent 1 further added that they had to also monitor and report on the sub-contractors as a result of implementation of the 2017 Preferential Procurement Regulations.

4.8.2 Initiatives to develop small businesses (business support services to help firms to bid for government contracts)

All respondents indicated holding workshops for their suppliers and assisting with the compulsory Central Suppliers Database registration. These workshops further also included updates on legislation and tendering processes however Respondent 5 advised that they had stopped holding the workshops due to poor attendance by the service providers. Respondent 6 advised that they “went further and also allowed well established financial service providers to be present for briefing in order to assist small businesses with start-up capital”.

Respondent 1 and 5 advised that they had within their organisations separate Business support units or Local Economic Development units which dealt with assisting of businesses operating within their geographical areas. Respondent 1 further added that the Business Support Unit “focused mainly on SMME development in general, when we should be focusing primarily on the SMME’s that actually are successful on tenders with the municipality”. Respondent 1 further highlighted that over and above the separate business support unit, they also fund some of the operations of the SEDA office located geographically within their area. Respondent 2 acknowledged that they “don’t know of any initiatives outside of the service providers being given preference points in the sourcing process”. Respondent 3 was also not aware of any initiatives within their organisation. Respondent 4 informed that they have a policy which “was passed and which functions as small business incubator programme”. This directorate assisted small companies with “completion of bid documents as well as pricing of works. The contracts of smaller values are ring-fenced specifically for Grade 1 up to Grade 4, values of project from R1 to R5 million.”

4.8.3 Feedback on and measurement of initiatives

As the workshops were once off occasions, there was not much feedback received from the service providers as there were no follow up meetings. Only the questionnaires at the end of the workshop were used for feedback. The only other measure of success for the workshops, according to Respondent 6, was “more small business have been able to register on CSD and as a result has obtained more opportunity to quote”. In terms of the funds forwarded to SEDA for their operations, Respondent 1 advised that there were no IT systems linked in

order to provide feedback on service providers assisted through this avenue and that they hope to “link the payment, performance and success rate to come up with targeted strategies and policies to support SMME/EME development.”

Respondent 4 advised that they reported on all the small business incubator appointments however “there was no limit on how long a service provider could stay on the same grade, and therefore, like CIDB, service providers chose to stay on the lower grades as there are more job opportunities there”. Respondent 5 informed that it was difficult to get the service providers to attend the workshops and it would be even more difficult to obtain any feedback from them.

4.8.4 Tools utilised to measure small business development

Respondent 6 monitored the “percentage of organisation procurement have been allocated to Level 1 BBBEE companies”, which was the highest level. They further monitored the number of service providers registering on the CSD at the workshops. The other respondents did not have such monitoring however the workshops were held on yearly basis. The Respondent 1 highlighted that there was no single or integrated IT system to manage and monitor the small business management. They had identified that this was a problem as funds were being spent however it could not be quantified whether they were having any effect. The magnitude of the number of service providers dealt also played a role in not being able to effectively track the success or failures of support provided. A business outline had been in the making for a couple of years which would integrate all the role players and business processes conducted by the municipality in order to ensure targets are met and feedback supplied to all stakeholders.

4.8.5 Formal organisational structures

Respondent 4 was the only respondent whose organisation had a structure utilised through the SCM process in terms of development of service providers. The directorate dealt only with “roads and projects and not any other services or acquisitions”. Respondent 1 and 5 had the Business Support Unit and Local Economic Development department which functioned outside of the SCM processes. Respondent 3 advised that there was no such structure in their organisation as the SMME promotion was a core function of the Department of Economic Development, Tourism and Environmental Affairs (DEDTEA). Respondents 2 and 6 advised that there were no such structures within their organisations.

4.8.6 Outcomes and benefits of developed small businesses

All the respondents agreed that the success of small businesses resulted in poverty alleviation, economic growth, utilisation of local resources and growing of the country's GDP. Respondent 3 however advised that job creation was limited at times. Respondent 6 also added that "tender documents mainly stipulated that local labour are to be used for general labour" thereby ensuring local people were employed. These same unemployed people would also "end up being entrepreneurs by doing tenders", thereby developing that entrepreneurial spirit. Respondent 4 disagreed within however, as they stated that "tenderpreneurs do not do other businesses other than tenders and this is a big problem". Respondent 4 further felt that promotion of small business did not increase export opportunities as "the people made the same items and provided same services, nothing differentiated them from each other". This was also their feeling in terms of production of specialised goods and services

These benefits are highlighted in Figure 4.25 hereunder.

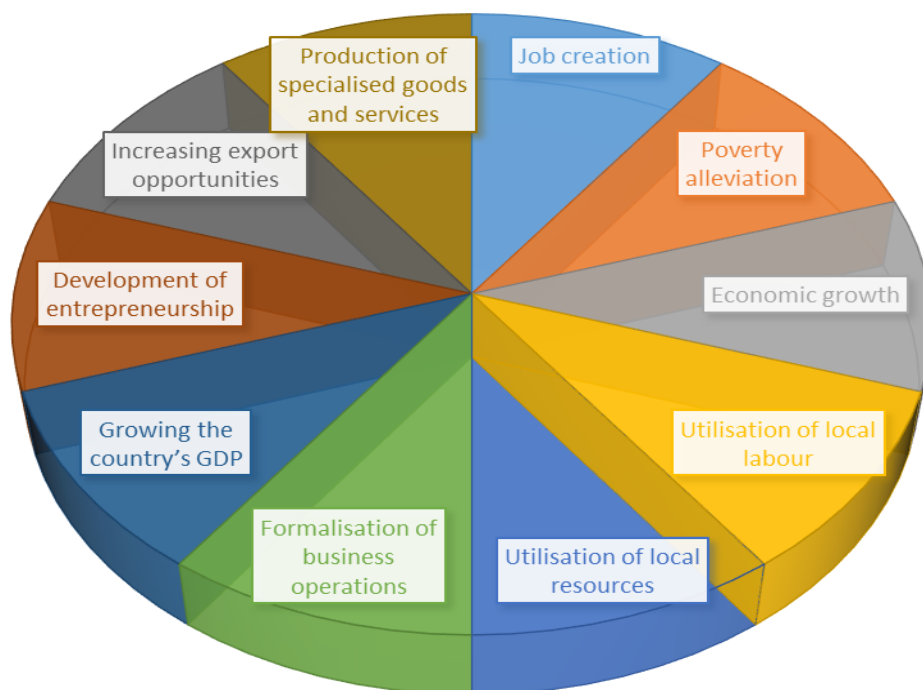


Figure 4.25 Benefits derived from developed small businesses

4.9 Conclusion

This chapter focused on presentation of the results of the study. The respondents were described in terms of their qualifications, experience, gender, position held and the sphere of government where they were employed. The findings were documented in terms of the objectives of the study. The next chapter will focus on the analysis and discussing of the findings.

CHAPTER FIVE: DISCUSSION OF FINDINGS

5.1 Introduction

Chapter four presented the findings in a statistical manner. The analytical results acquired in the preceding chapter are utilised in this chapter to make an understanding of whether the objectives of the study were met, whether they were not met and whether they show any consistency with the previous theories and findings of other studies as discussed in the literature in chapter 2 of this research study.

5.2 Analysis of findings

5.2.1 Factors supporting small business promotion

In order for any small business to develop, the section on the literature discussed factors which needed to be addressed. These were classified in terms of internal factors being innovativeness as well as training and development; and external factors being access to information, preferential regulations, labour unions domination, access to finance, bidding costs, challenges in building customer base, long term contracts, bid committee competence levels, corruption and ethical behaviour as well as business location. The government, through public procurement, could not assist in the internal factor of innovativeness, as identified by Omri and Ayadi-Frikha (2014) as that is for the small business owner. In terms of the second requirement of training and development, the government could assist to a certain point. . The literature identified external factors of access to information, promotion of local products, preferential regulations, labour unions domination, access to finances, bidding costs, challenges in building customer base, long term contracts, bid committee competence levels, corruption and ethical behaviour and business location are discussed further.

The competence levels of SCM personnel and bid committees had been questioned by Gitari and Kabare (2014) in their study conducted in Kenya however this study showed that the respondents believed the SCM officials understood their duties in terms of implementation of the procurement policies of the Republic. This was also collaborated by Provincial Treasury in the interview in that workshops were conducted by the KZN Provincial Treasury, Provincial SCM unit in terms of training the bid committee officials and SCM practitioners. These workshops were conducted for provincial departments, provincial entities, municipalities and municipal entities. The majority (being 90% of the respondents) had post

Matric qualifications meaning they had either Diplomas, Degrees or post graduate qualifications. Notwithstanding the qualifications and workshops conducted, 32% of Provincial officials still remained neutral on this point of competence levels of SCM practitioners. This was the same percentage as those who agreed with the observation that SCM officials clearly understood their duties.

This further brings in the argument made by Flynn and Davis (2016) in terms of the issues that arise when there's non-centralisation and each section conducts their own purchasing. According to the study, there were wide views on whether the centralisation of procurement assists in the development of the SMME's. This study's result that 33% of the respondents chose to remain neutral was a clear indication of the differing opinions. When assessing the responses based on the sphere of government where the respondents were located, there was majority respondents in provincial and local government spheres who were neutral. The majority at the Metro believed the centralisation of SCM assisted the SMME development whereas the majority at national level disagreed with this notion. This could be because those at Metro level dealt specifically with service providers in their general vicinity whereas at national level they handled all procurement for vast areas. This therefore does not allow them to concentrate on certain areas or see the impact of the government spending in those specific areas as they were far and wide.

What contradicted however, were the results of the local government sphere. The majority of the respondents were neutral (55%) with the next number being those who disagreed that centralisation of procurement activities assisted in SMME development. The one factor which could have caused the difference between the Metro and the local municipality was the budget allocations of the institutions. Where the Metro handled billions of Rands worth of contracts, the small municipality handled a total budget of R202 million for the financial year 2017/2018 (Ubhlebezwe, 2017; Ethekwini, 2017). This difference in budget could therefore be a factor as well as the location of the municipality and therefore the location of the businesses. The local municipality is in a rural area whereas the Metro is predominantly urban and therefore has more resources for the upliftment and utilisation of the service providers. This would be in line with the findings of Kesper (2001) and Nurmet et al. (2012) who found that small businesses thrived in the highly industrial countries and urban areas. This could be equated to industrial areas as compared to rural areas. However this contradicted with Booyens (2011) whose study was pro rural located SMME's.

The majority of respondents understood what an SMME was and felt that they were well defined however 18% of the respondents indicated they were neutral. This meant that almost a fifth of the SCM practitioners would then not be able to identify the small businesses which they had a duty to develop. Indeed the definitions could be confusing as there are multiple definitions of what constitutes a small business in South Africa depending on the core function of the businesses and this is what could have led to the confusion of the SCM practitioners (McFarland and McConnell, 2013). There was no difference between the different levels of government in terms of understanding what an SMME was. In all spheres of government more than 70% of the respondents believed that SMMEs were well defined and therefore they should be able to identify them and report on their development, should that be so required.

The BBBEE Act (Act, 2004), Constitution (RSA, 1996) and other pieces of legislation all refer to the development of the small businesses and the previously disadvantaged individuals. The Municipal Systems Act (Africa, 2000) is more specific in terms of economic and social upliftment in their local communities and the SCM officials agreed that the policies catered for SMME's as well as their development thereof. The respondents agreed that the government had a duty towards the upliftment of small businesses and further that the policies facilitated the promotion of SMME's. This finding was more prevalent in the organs of state governed by the Municipal Systems Act. In fact 90% of respondents from the Metro municipality agreed that the policies promoted the SMME development whereas at provincial government level only 50% of the respondents believed this. This is another indication that the most beneficial procurement in terms of SMME development happens at municipal level as opposed to provincial or national level. Only 57% of national department respondents believed the policies promoted the advancement of SMMEs.

The government can only do so much to promote innovativeness in businesses. The public procurement policies do allow for innovativeness in terms of their dealings on unsolicited bids however the majority of the time the government has pre-determined requirements which the service providers would then have to meet. The government in its purchasing and in implementation of the preferential procurement points system, the majority of the points are allocated towards price (80 or 90 points) with the minority being allocated to preference (20 or 10 points). This then effectively means that the small businesses are competing mostly on price. This is an opportunity for them to become innovative in terms of reducing costs in

the production of their goods and services. Unsolicited bids were those where proposals were submitted by companies for products or services which were unique and proven to be beneficial to the organ of state. This evidenced that the government was willing to consider and commend innovativeness further reiterating that policies allowed for the promotion of small businesses (Agupusi, 2007b). The conditions and steps to be followed were clearly indicated in Regulation 37 of the MFMA (2005a) for Metro and local spheres of government. There was no such clear instruction though when it came to the national and provincial spheres of government, further giving the notion that local government is where the empowerment and development of business enterprise lay.

5.2.2 Factors hindering small business promotion

It has been discussed that government policies do promote SMMEs however this was not all one-sided. One of the factors for development and growth of any business was the size of it as well as the competition, the costs of conducting business as well as finance and crime (Fatoki, 2014). It was proven that public procurement policies do not allow for firms to be competing with similar size firms and this was confirmed by 54% of the respondents. With further analysis, the provincial and national sectors of government majorly disagreed that policies allowed for firms to compete with like size firms without interference from larger size firms. The local sphere of government seemed to be conflicted in that at Metro level there was no clear majority indication. 47% of respondents chose to remain neutral and 40% disagreed with the statement whereas at local sphere, an equal amount (36%) chose to remain neutral or disagreed. The issue at metro level could be that they deal with all different sizes of firms, within specialised and general fields and therefore these factors could cancel each other out (Fatoki, 2014). This outcome further raises the issue of fair competition within the public sector procurement.

The public procurement system could not assist in terms of training and development to the extent that the SCM practitioners could place it as a factor promoting small business promotion. In terms of government policies, the areas where small businesses could be trained through the public procurement system was where the sub-contracting was enforced. This was not the case for all bids and quotations, however the new PPPFA Regulations 2017 seek to address this issue for all large bids above R30 million threshold. These regulations require a minimum of 30% of the work to be sub-contracted to smaller businesses. This

could assist in the skills transfer however since there was no reporting mechanisms identified by the practitioners, this could also lead to being a fruitless or non-reportable exercise. The study results indicated that the training was predominantly in the form of general workshops which highlighted legislation and the public tendering process. The duty for development lay with the Business support or LED (Local Economic Development) units.

Businesses need to utilise fully their own resources and well as implement some sort of growth strategy (Bamiatzi and Kirchmaier, 2014) however the study shows that the SMME's are not seen to be having the requisite business skills in order to improve their businesses. This was an area where a good majority of the respondents were unanimous. The small businesses needed to be skilled in not only their core business but also the management and leadership skills. One may have the good ideas however their implementation and running a business are skills which need to be acquired. The SMME's would do well to study business skills as well as attend courses to improve on their operational skills. These courses may or may not be provided by the government. This is in line with McGrath and King (2002) and Anderson and Dunkelberg (1993). This was not a phenomenon inherent only to South Africa as this study's finding agrees with that of Masupha (2014) which was conducted in Maseru, Lesotho.

A factor which has been identified by many studies indicating the lack of finance to be a hindrance to small business development (Reddy, 2011; Abdulsaleh and Worthington, 2013; Bravo-Biosca et al, 2016; Nkonge, 2013). This was a strong factor that the respondents of the study agreed with. Not only finances but the availability of collateral for business loans was also a huge factor. This was the feeling across all spheres of government, with the majority of those at local government however electing to remain neutral. When questioned on the lack of collateral, more respondents chose to remain neutral than when compared with access to finance. An alarming 64% from the local sphere of government remained neutral whereas the other spheres of government ranged between 20% and 29% remaining neutral. Agupusi (2007) noted that the agencies created to assist in the development of the small businesses had proven to be non-effective. This study concurred with this in terms of the agencies created to assist with financing. A majority of 44% of all respondents felt that there were insufficient funding opportunities accessible to the small business owner with 35% remaining neutral. When factoring this information between the spheres of government, it was noted that once again the Metro and local spheres had the majority of the respondents

who were neutral, while in national and provincial spheres the majority of respondents were those who informed that there were insufficient funding opportunities. These results could be influenced by the location of the support agencies. The National Empowerment Fund had one office located in Durban, the Industrial Development Corporation also had one office located in Durban whereas the Small Enterprise Finance Agency (merger of SEDA, Khula Enterprises and South Africa Micro Finance Apex Fund) had offices in 6 locations throughout the province of KZN. Ababio and Meyer (2012) had stressed that government resources should be allocated and spent at local government level in order to be effective. This was not the case in terms of the agencies which dealt with financing of small businesses.

Without set targets, one did not know what was required of them. This was the view of many studies including those by Bolton (2006) and agreed with Ababio and Meyer (2012) as well as Love and Roper (2015) and this study concurred with these findings. There were definite shortfalls in terms of reporting on supplier development. This could be confounded by the many different definitions of what an SMME was, the different spheres of government and their applicable reach as well as no standard tool utilised measure growth of the small businesses.

5.2.3 Benefits of small business promotion

Berman et al. (1995) identified that monitoring customer satisfaction levels would lead to a higher chance of success in terms of the business. Indeed the results show that the SCM officials believe that the performance of the SMME's was good however these can be improved upon. By the performance being improved the businesses would stand a higher chance of success and contribute more to the economy of the country and the study further showed that the size of the business has a great impact on the success of the organisation (Anderson and Dunkelberg, 1993; Kedogo, 2013). The more successful the businesses the higher the tax they would be liable to pay and therefore increase government budget and the government could supply more services to the general public, as noted by Kedogo (2013).

5.2.4 Recommended government support in public procurement in order to aid small business development

The government policies in place inform that the government should assist in local and economic development. The belief of the respondents was that government can do more to

assist the businesses, especially through the public procurement (Chetty, 2014; Bolton, 2006). A resounding 90% of respondents believed this. They further believed that this could be done through procurement policy amendments as well as category set asides to better target the SMMEs.

However, Provincial Treasury advised that category set asides were specifically prohibited but rather these should be implemented through the new Preferential Procurement Policy Framework Act Regulations which came into place from 1st April 2017. Seemingly, the spheres of government have embraced the introduction of the PPPFA Regulations 2017 as all levels indicated they are utilising them in order to attain their targeted procurement. The effectiveness of these new regulations will have to be determined once they are fully implemented over at least a full year period. The PPPFA Regulations 2017 further gave preference to women in that service providers who had 50% or more female ownership were on a better level than those who weren't. This would assist in promoting female businesses which Wright et al. (2015) and Ratten (2014) highlighted.

It was a further finding of the study that more training was required, concurring with previous studies (Anderson and Dunkelberg, 1993; Masupha, 2014). In order to curb this shortfall both provincial and national spheres of government conducted workshops throughout the province in terms of new legislation, tendering specifics and tendering processes. These were however, one day workshops and which were not accredited by any academic institution. Further, there was no feedback recorded from the recipients of the workshop. There was also no measuring whether the workshops were having any impact with regards to educating the SMMEs. It would be advisable for government to not only record the responses from the service providers but also to make follow ups on the service providers who had attended the workshops on how they were continuing to operate, whether the insight received from the workshop was of assistance and how these workshops could be improved upon in order for them to be more effective. This would result in expenditure incurred not being fruitless but rather assist in achieving the goals of government. Other than the specific SCM workshops, the local sphere of government relied on the other directorates within their organisations to train the SMMEs. These included the Local Economic Development (LED) Office as well as Business Support Unit (BSU). The results of these workshops and trainings could not be quantified by the respondents as they were not part of them. Further, the Metro advised that it was a shortfall that they allocated funds to the BSU however they were not targeting those

service providers who were doing business with the municipality. A more integrated approach needs to be initiated. The national department has commenced this with inviting the financial institutions to their supplier workshops but the many organs of state should collaborate and hold simultaneous workshops where the suppliers may gain knowledge of public procurement processes as well as gain access or insight into what is available through the other organs of state.

The municipality was still conducting the SMME fairs as noted by Reddy (2011). These workshops assisted in service providers meeting the buyers on all levels within the province and since some of the workshops included bigger more established companies they further facilitated the opportunity for joint venture, subcontracting and upliftment contracts (Tendai, 2013). These could be further developed and duplicated in other areas by also including the government departments to assist with suppliers' database registrations and workshopping on legislation and tender processes for each institution.

The interaction between the government officials and service providers is believed to be acceptable as there will not be any development without some sort of interaction between both parties. This is regardless of the fraud and corruption which has been seen to emanate from relations between officials and suppliers however the officials should maintain their ethical code and follow all procedures including declaration of any gifts, sponsorships etc received or offered by service providers. The officials and service providers would do well to uphold these standards and act ethically and morally (Clarke, 2007; Mahlangu, 2016).

5.3 Discussion of interview results

In terms of the interviews, this study was able to prove that workshops were held, in-line with Taiwo et al. 2012; Kedogo, 2013, to assist in the training and development of the service providers, however the participation of the service providers was questionable as well as there not being much feedback received by the organs of state.

The organs of state did not have set targets however they had to and did report on ownership of appointed service providers. Further to this, it was highlighted that politicians were appointed based on votes and therefore they needed the community votes. This agreed with Diggs and Roman (2012) that politics was a factor in appointment of service providers.

In addition to the budget and location, the Metro also had a different unit (Business Support Unit) which was a big structure and assisted in development of small businesses. The BSU at the Metro level was the equivalent of the LED at local government level however, by the results of the quantitative study, the Metro was better able to assist their service providers.

Only one organisation had a small business incubator program however even with this policy, there were no targets set and no monitoring in terms of progression onto the higher levels. The organs of state assisted only in the registration of onto the Central Suppliers Database and gave clarity whenever there were site briefing minutes. There is a need to link the systems and operations of government in order to successfully monitor and assess success of the programs. All organisations were in agreement with utilisation of the PPPFA 2017 regulations however only one organisation mentioned monitoring of the sub-contractors.

5.4 Summary

It is clear that to a certain extent, the government does achieve its objectives of empowering those previously underprivileged. The study as well as the literature highlighted policies of government which assisted and hindered the development of SMMEs. The benefits of developing small businesses was agreed between the literature and the study. The different spheres of government mostly agreed however there were situations where the local sphere of government was seen to be more effective in the development of small businesses, especially as they had clear mandate of local economic development and were the institutions who worked mostly in the same areas and had closer or more frequent contact with the service providers. The final chapter in this thesis will be discussing the conclusion of the findings as well as recommendations for future studies.

6. CHAPTER SIX: CONCLUSION

6.1 Introduction

The findings of the study were presented, analysed and discussed in the preceding chapters. This chapter concludes what has been written about the subject as well as what was proven by the research study conducted. The limitations of the research as well as recommendations for future studies are also discussed.

6.2 Conclusion

The purpose of this study was to assess the role which was played by public procurement in the development and promotion of small businesses within the province of KwaZulu-Natal. The study objectives were set to determine factors which both hindered or supported the development of small businesses through the public procurement of government; to determine the benefits of small business development as well as to recommend government support in order to aid the development of small businesses.

What emerged from the research was that the study participants felt the objectives of government were clear however they could be better articulated and broken down into the policies and procedures. The policies were seen to assist in the development of the small business to a certain extent however there was still much to be done. The officials further were knowledgeable on the policies and procedures and were therefore able to implement them. The centralisation of procurement was also preferred as this assisted the government to have a central point for dealing with all purchasing.

The major factor identified as a hindrance was funding. This extended to availability of finance, availability of collateral as well as financing opportunities to the small businesses. The skills, experience, training of the small businesses were also seen as hindrances as they were not properly trained in not only their core functions but also in running a business. They were seen to lack management skill and further did not take much initiative to up skill themselves. The fact that they were competing with bigger sized organisations was also a hindrance as they had to compete for the same opportunities. There was no equal opportunities for both small and big businesses alike.

There was a widespread opinion that government can do more to assist the small businesses. The setting aside of specific procurement for small businesses was a popular mechanism to

assist in this objective as it would allow for small companies to compete with each other without the added competition of bigger businesses. The study also found that more training and guidance should be provided by government to the small businesses and further receive feedback on these and monitor progression of service providers.

6.3 Implications of this research

The policies for procurement in the public sector were set to improve the lives of the public as a whole. The policies were however short in terms of fully assisting with the development of the small businesses. This study highlighted where the policies assist and where they lack and this information should be useful to policy makers in reviewing of current policies as well as drafting of new ones. The information will further assist in the compilation of procedure manuals which could be used by all spheres of government.

The officials tasked with implementing of the policies are assisting in being made aware of where the small businesses lack and how they can assist in their development, especially with regards to trainings and workshops. This study further informs the other organs of state who are tasked with business development and business support of the crucial elements which are critical in the development of any business, the resources required as well as the utilisation and recording thereof.

6.4 Limitations of the study

A few challenges were encountered in conducting this research study. The study focused on six different organisations and to receive approval for all the organisations was difficult and time consuming as each organisation had their own process to be followed and signatories to be received before final approval could be granted.

The study was limited to only the public servants within the SCM environment and did not further include the officials within the business support units. The administration of the questionnaires went smoothly for some of the organisations with e-mail being the best manner of communication however this did not work with all respondents. Multiple requests and reminders had to be forwarded to the respondents requesting them to participate in the study. The time allocated was also a factor as some respondents took longer than anticipated to respond with some promising but inevitably not responding. As participation was voluntary, completion and return of the questionnaires could not be enforced. What could

assist would be getting the possible respondents in one location at the same time for the administration of the questionnaires. It might also be beneficial if the respondents could put a face to a name rather than receive electronic communication from someone they have never dealt with before. This could further increase the response rate.

The questionnaire was restrictive in that it had set responses and some of the respondents voiced that they would have liked to be provided with facility to make further comments. This could be curbed in future by changing the research method or including a comments section for any or all questions, however this would then require more analysis by the researcher.

6.5 Recommendations to solve the research problem

The policies enable the development of small businesses. With the new PPPFA Regulations (2017) the compulsory sub-contracting is seen to be an influential enabler. The Accounting Officers of each spheres of government are at liberty to decrease the set minimum of R30 million contracts as a requisite for the sub-contracting. This should be decreased to much smaller contracts and further include compulsory employment of local labour, not only unskilled labour but also the skilling of individuals from the area where the contract is located who have the qualifications but not the requisite experience (e.g. engineering, accounting, administration etc). By including this in the specifications then the service providers would be compelled to implement it.

The government through enforcing the skilling of local labour through their contracts, will in one way be dealing with the issue of training and experience. This should be accompanied with the current workshops held by the different entities. These workshops should be co-ordinated to have representatives from each organ of state conducting business in a certain area in order for each organisation to give feedback on problems they enquired when evaluating quotations and proposals, as well as inform the service providers on what they required for their quotes and tenders. Feedback should be required from the service providers in the form of questionnaires administered at the end of the sessions as well as follow up conducted months after the workshop.

Initiatives are taken by different organs of state but these are not coordinated and there is little or no communication between the different entities. The information should be

collected and collated from the different organisations and this could be included as a different page on the Central Suppliers Database as this has the information of all service providers wishing to conduct business with the state. It should be a requirement that each service provider who qualifies as a small business attend at least one workshop per year or risk being not invited to quote. This would assist in bringing the service providers up to date and further facilitate communication between the service provider and officials.

Any business is a risk. The small business owners should understand this and be willing to sacrifice whatever they have if they believe they have a valid business idea. The SMME's should be workshopped on finance options as well as conducting feasibility studies. The government should further compile guidelines for prepayments when service providers receive business from the state, and not only provide these for big businesses but also small ones. The government needs to workshop these to both suppliers and officials. Interest should be payable by government for all delayed payments where the service providers have submitted all requisite documents for processing of payments and these amounts should be declared as irregular expenditure and amounts recouped from officials who caused the delays. This would ensure the small businesses were able to receive their money within the set time of 30 days.

The directorates and entities tasked with business support should be communicating with SCM directorates. There should be regular co-ordinated meetings between the LED, BSU, and other development agencies as there could be multiple duplications in work conducted and further yielding minimal results.

6.6 Recommendations for future studies

The study was conducted through SCM officials. It is recommended that future studies extend to the business support units, the contract management units. This would assist in acquiring a holistic view of the challenges faced, enablers as well as initiatives already being conducted and the response thereof.

Further studies are also recommended to research who benefits from the development of the SMME's with a look at when the companies grow, who benefits. The risk of mechanisation and job numbers once the businesses have been developed and the owners learned with

regards to cost reductions also needs to be looked at. Implementation of MFMA Regulation 37 for unsolicited bids should be examined as to whether it is being utilised or whether the service providers know it, and the implications thereof.

6.7 Summary

The findings of this research study show that government procurement policies both aid and hinder small business development. The policies have the objective to cater for the SMMEs as well as their development thereof. The different spheres of government are not equally effective in the development of SMMEs with the local spheres of government seen to be more effective. This could be as a result of their concentration in one geographical area whereas the provincial and national departments dealt with service providers in vast areas. The centralisation of procurement activities further assisted in developing the SMMEs however the shortfalls and hindrances were the skills of the business owners themselves. The study showed that they had insufficient business and management skills further did not take much initiative to up skill themselves. This did not assist them as they were competing for the same government contracts with other small but also big firms, they were not competing only against like size firms.

The trainings provided by the different government institutions was not sufficient in order to bring the service providers to the required levels and further, not much feedback was received on the same workshops and trainings. The different organs of state worked separately and there were not collaborations between the procuring units and the business support units which was something that needed to be improved upon.

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APPENDIX A

RESEARCH STUDY ON THE ROLE OF PUBLIC PROCUREMENT IN THE DEVELOPMENT OF SMME'S IN KWAZULU-NATAL

SECTION A – PERSONAL DATA (X)

PERSONAL DATA				
1.1 Gender	Female		Male	
1.2 Highest Education Level	Matric	Diploma	Undergraduate degree	Postgraduate qualification
1.3 Years of SCM experience	Less than 5 years	5 to 7 years	8 to 10 years	More than 10 years
1.4 Post level	Senior Management	Middle Management	Junior staff	
1.5 Current organisation	Provincial Department	National Department	Metro Municipality	Local Municipality
1.6 Previous job industry	Public Sector	Private Sector	N/A	

SECTION B

Statement	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
1. The government clearly outlines their objectives to be achieved through their public procurement policies and procedures					
2. SMMEs are clearly defined					
3. The government has no duty towards SMMEs					
4. The government has a duty towards the development of SMMEs					
5. The government procurement policies cater for SMMEs					
6. The government procurement policies effectively promote the development of SMMEs					
7. The public officials clearly understand their duties when it comes to understanding and implementing procurement policies					
8. The public procurement policies encourage SMME development					
9. The public procurement policies hinder SMME development					

Statement	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
10. Centralisation of procurement assists in SMME development					
11. Funding opportunities are sufficiently accessible to SMMEs					
12. Sufficient training and guidance is provided by government to SMMEs					
13. There are equal opportunities for both small and large businesses in public procurement					
14. The size of the organisation contributes to the success of the organisation					
15. There is sufficient interaction between service providers and procuring officials to effectively assist in development of the individual businesses					
16. There are sufficient reporting mechanisms to track supplier development					
17. Small business owners are sufficiently skilled to operate and improve their businesses					
18. Public procurement allows firms to compete with those of like size without interference from larger size firms					
19. SMMEs believe in or take action steps to up skill themselves					
20. General performance of SMMEs is generally good					
21. General performance of SMMEs can be better improved					
22. Access to finance hampers SMME development					
23. Lack of collateral is a factor in small business development					
24. Lack of skills is a factor in small business development					
25. Management experience is a factor in small business development					
26. There is more government can do towards SMME development					
27. Improvements in procurement policy can assist better in SMME development					
28. Government can set-aside categories of opportunity to better target SMME's					

APPENDIX B

OPEN-ENDED (QUALITATIVE QUESTIONS)

Please remember that your responses will be treated in the strictest confidence, as your thoughts and views are extremely important to mature recommendations resulting from this research. Your open and honest responses will therefore be greatly appreciated.

Open-ended (Qualitative) questions
<p>1. Are there any targets your organisation set for small business development? If yes, what are they? If not, why not?</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p>
<p>2. What initiatives has your organisation put into place in order to develop small businesses? (business support services to help firms to bid for government contracts)</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p>
<p>3. If yes to Question 2, have you been able to measure the initiatives' success?</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p>
<p>4. What tool was utilised in order to measure their success?</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p>

Open-ended (Qualitative) questions

5. What feedback do you have from the service provider on these support services rendered?

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6. What formal organisational structures are there in place to promote small business development?

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7. What initiatives or support would you suggest the government put in place in order to develop small businesses?

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Open-ended (Qualitative) questions

8. Small businesses result in the following?

NO.	QUESTION	Y	N	COMMENTS
8.1	Job creation			
8.2	Poverty alleviation			
8.3	Economic growth			
8.4	Utilisation of local labour			
8.5	Utilisation of local resources			
8.6	Formalisation of business operations			
8.7	Growing the country's GDP			
8.8	Development of entrepreneurship			
8.9	Increasing export opportunities			
8.10	Production of specialised goods and services			
	Any others? If so, what are they?			8.11 8.12 8.13 8.14 8.15 8.16 8.17 8.18 8.19 8.20

APPENDIX C

Informed Consent Letter 3C

**UNIVERSITY OF KWAZULU-NATAL
GRADUATE SCHOOL OF BUSINESS AND LEADERSHIP**

Dear Respondent,

MBA Research Project

Researcher: Mbalenhle Bhengu (0838007264)

Supervisor: Chris Chikandiwa (031 260 8882)

Research Office: Ms P Ximba 031-2603587

I, LETHUKUTHULA MBALENHLE GLORIA BHENGU an MBA student, at the Graduate School of Business and Leadership, of the University of KwaZulu Natal. You are invited to participate in a research project entitled **THE ROLE OF PUBLIC PROCUREMENT IN THE DEVELOPMENT OF SMME'S IN KWAZULU-NATAL**. The aim of this study is to:

- Determine the factors supporting/hindering successful small business promotion through public procurement;
- Determine the benefits of small business development through public procurement; and
- Recommend government support in public procurement in order to aid small business development.

Through your participation I hope to understand your role, understanding and involvement in attaining the aims stated above. The results of the focus group are intended to contribute to making recommendations for enhanced government support in public procurement to aid small business development.

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 10 minutes to complete. I hope you will take the time to complete this survey.

Sincerely

Investigator's signature _____ Date _____

This page is to be retained by participant

**UNIVERSITY OF KWAZULU-NATAL
GRADUATE SCHOOL OF BUSINESS AND LEADERSHIP**

MBA Research Project
Researcher: Mbalenhle Bhengu (083 800 7264)
Supervisor: Chris Chikandiwa (031 260 8882)
Research Office: Ms P Ximba 031-2603587

CONSENT

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

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

SIGNATURE OF PARTICIPANT

DATE

.....

This page is to be retained by researcher

APPENDIX D



14 August 2017

Ms Lethukuthula Mbalenhle Gloria Bhengu (214582878)
Graduate School of Business & Leadership
Westville Campus

Dear Ms Bhengu,

Protocol reference number: HSS/1156/017M

Project title: Role of Public Procurement in the development of SMME's in KwaZulu-Natal

Full Approval – Expedited Application

In response to your application received on 21 July 2017, the Humanities & Social Sciences Research Ethics Committee has considered the abovementioned application and FULL APPROVAL for the protocol has been granted.

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

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

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

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

Yours faithfully

Dr Shamila Naidoo (Deputy Chair)

/ms

Cc Supervisor: Mr Christopher Chikandiwa
Cc Academic Leader Research: Dr Muhammad Hoque
Cc School Administrator: Ms Zarina Bullyraj

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 4609 Email: ximbap@ukzn.ac.za / snvmanm@ukzn.ac.za / mohunp@ukzn.ac.za

Website: www.ukzn.ac.za



Founding Campuses: Edgewood Howard College Medical School Pietermaritzburg Westville

APPENDIX E

role of public procurement in SMME development

ORIGINALITY REPORT

3%	2%	1%	3%
SIMILARITY INDEX	INTERNET SOURCES	PUBLICATIONS	STUDENT PAPERS

PRIMARY SOURCES

1	Submitted to University of KwaZulu-Natal Student Paper	1%
2	led.co.za Internet Source	1%
3	www.pdfio.com Internet Source	1%
4	Submitted to Laureate Higher Education Group Student Paper	<1%
5	ivythesis.typepad.com Internet Source	<1%
6	scholar.sun.ac.za Internet Source	<1%
7	Submitted to The Maldives National University Student Paper	<1%
8	ir.msu.ac.zw:8080 Internet Source	<1%
9	trap.ncirl.ie Internet Source	<1%