



**SMALL AND MEDIUM ENTERPRISES (SMEs) GROWTH TAXONOMY IN
eTHEKWINI MUNICIPALITY- (IN SOUTH AFRICA)**

BY

ALFRED TAPIWA CHIBARO MOYO

216071081

**Thesis submitted in fulfilment of the requirements for the degree of
Doctor of Business Administration (DBA)**

Supervisor: Professor Theuns Pelsler

Graduate School of Business and Leadership

Faculty of Management Studies

2019

DECLARATION

I, Alfred Tapiwa Chibaro Moyo, declare that:

- (i) The research reported in this thesis, except where otherwise indicated, is my original research.
- (ii) This thesis has not been submitted for any degree or examination at any other University.
- (iii) This thesis does not contain other persons' data, picture, graphs or other information unless specifically acknowledged as being sourced from other persons.
- (iv) This thesis does not contain other persons' writing, unless specifically acknowledged as being sourced from other researchers. Where other written sources have been quoted, then:
 - (a) Their words have been re-written but the general information attributed to them has been referenced;
 - (b) Where their exact words have been used, their writing has been placed inside quotation marks, and referenced.
- (v) Where I have reproduced a publication of which I am author, co-author or editor, I have indicated in detail which part of the publication was actually written by myself alone and have fully referenced such publications.
- (vi) This thesis does not contain text, graphics or tables copied and pasted from the Internet, unless specifically acknowledged and the source being detailed in the thesis and in the References section.

Signed..... Date.....

Alfred Tapiwa Chibaro Moyo

DEDICATION

To my late wife, Gloria Moyo and my late mother Elder Hove, the two ladies who have shaped my life-MYSRIP.

Thank you for all you have meant to me. Your memories will live on forever.

ACKNOWLEDGEMENTS

A project of this size and magnitude could not have been completed through my own efforts. It was a long and arduous road only guided by the words of Isaiah 43:2 “When thou passest through the waters, I will be with thee; and through the rivers, they shall not overflow thee: when thou walkest through the fire, thou shalt not be burned; neither shall the flame kindle upon thee.” Praise goes to the Lord Almighty for the strength to walk, persevere and stay on when odds defined otherwise.

My Supervisor, Professor Theuns Pelsier gladly accepted all the persistent enquiries e-mails and sometimes phone-calls. Thank you for the invaluable contribution.

My three adult children; Dr Gwinyai Masukume and Dr Rumbidzai Masukume for the Financial assistance which was handy for the ‘the old man.’ Farirai Masukume (CA) for coming in to assist mainini in your small way-, to take care of the home, I really appreciate.

My three sisters, for keeping in touch. It made all the difference. I thank you all.

ABSTRACT

Small and Medium Enterprises (SMEs) are considered to be the engine of growth for many economies. Their contribution to GDP and employment creation is significant in both developed and developing countries.

The study sought to develop a growth taxonomy for SMEs in eThekweni Municipality Area. The main research instrument was a questionnaire aided by semi-structured interviews. Respondents ranked a number of variables and established that eight of these variables constitute the taxonomy. These variables are, namely: Innovation, The Business Plan, Training, Culture and Employees, Networking, Religious Beliefs, Relationships with Banks and Corruption. In addition, included in the taxonomy are Chinese companies and others which include Market Exposure, Sharing Information and Negotiation Skills. Measures of SME growth which are impacted upon by the mentioned eight variables are Sales Growth, Net Profit Growth and Employment creation. The study found out that both Chinese Public companies and SMEs make capital investments in Africa and do not intend to leave. Further, Chinese companies employ about 44 percent of local indigenous people in management positions.

A major deterrent to SME growth in eThekweni is the high crime rate which needs to be curbed by both the Municipality and the South African government. The study further established that there is a positive correlation between the number of employees and sales turnover. In addition, there is also a positive correlation between the number of years in business and sales turnover, pointing to the learning curve effect. The more the number of years an entrepreneur spends in business the more the increase in the following year's sales turnover.

In conclusion, a number of recommendations and suggestions among which the following stand out; that South African universities should expedite commercialisation of patents in order to promote SME development and growth and the need to improve relationships between banks and SMEs regarding funding and collateral security. The study further noted that South Africa lags behind many other countries in supporting and encouraging women entrepreneurs and revealed the need for both the South African government and eThekweni Municipality to find ways of encouraging women participation in entrepreneurship and SME development.

CONTENTS

Declaration.....	(i)
Dedication.....	(ii)
Acknowledgements.....	(iii)
Abstract.....	(iv)

CHAPTER ONE: INTRODUCTION AND BACKGROUND

1.0 INTRODUCTION.....	1
1.1 Background the study.....	6
1.2 The Municipality of eThekweni’s Demographic Statistics.....	7
1.3 Problem Statement.....	8
1.4 Aim and objectives of study.....	12
1.4.1 Study’s Aim.....	12
1.4.2 Objectives.....	12
1.4.3 Research Questions.....	13
1.5 Delimitations and assumption of the study.....	13
1.6 Justification of the study.....	13
1.7 Who will benefit from the study.....	14
1.8 Application of theory	15
CONCLUSION.....	16

CHAPTER TWO: LITERATURE REVIEW

2.0 INTRODUCTION.....	18
2.1 The Review-Global and African Perspectives.....	18
2.1.1 Factors impeding SME growth in Africa and some African countries.....	19
2.2 Global impact of Chinese businesses on SME growth with particular reference to South Africa.....	22
2.3 Competitive Small and Medium Enterprises-The World Bank’s perspective.....	26
2.4 Entrepreneurial Push and Pull Factors in eThekweni.....	28
2.5 The Business Model as a business starting point for SMEs.....	29

2.6 Risk-taking and challenging for the SME entrepreneur.....	30
2.7 Impact of culture on SME business growth.....	31
2.8 The effect of Religion on Entrepreneurship.....	33
2.9 Impact of corruption on SME entrepreneurship development.....	34
2.10 The Importance of innovative SMEs and entrepreneurship on job creation and growth.....	35
2.11 The Importance of provision of Finance for the growth of SMEs.....	36
2.12 Access to Finance for women entrepreneurs in South Africa: challenges and opportunities.....	37
2.13 The need for Training and Development for growth of SMEs.....	37
2.14 Networking a critical requirement for SME growth and development.....	39
2.15 Success factors and barriers to small businesses.....	40
2.16 Other challenges facing SMEs in South Africa.....	41
2.16.1 Reasons for SMEs failure.....	41
2.17 Small Business Department (SBD) intended initiatives to grow SMEs.....	42
2.18 Towards a typology for SMEs in eThekweni Municipality.....	42
2.18.1 Typology of Diaspora Entrepreneurship.....	43
2.18.2 Typology of Family Firm Corporation Entrepreneurship.....	43
2.18.3 A Diagnostic typology of competitive intelligence practice: empirical evidence from SME sector in Turkey.....	46
2.18.4 A typology of European countries based on innovation efficiency and technology gaps: The role of early-stage entrepreneurship	46
2.19 Critical evaluation of the Literature Review.....	47
CONCLUSION.....	49

CHAPTER THREE: RESEARCH METHODOLOGY

3.0 INTRODUCTION.....	51
3.1 Timetable/Guide.....	51
3.2 Research Philosophy.....	52

3.2.1 Research Design	52
3.2.2 Research Strategy.....	53
3.3 The Population and Sample.....	53
3.3.1 Justification for a sample of 600 SMEs-Statistical and non-statistical considerations....	54
3.4 Data Collection Instruments.....	55
3.4.1 Questionnaire.....	55
3.4.2 Advantages of Questionnaires.....	56
3.4.3 Disadvantages of Questionnaires.....	56
3.4.4 Pilot Testing.....	57
3.4.5 Semi-Structure Interviews.....	57
3.5 Data Collection Procedures.....	58
3.6 Data Analysis.....	58
3.7 Reliability and Validity of the study.....	59
3.8 Bias.....	60
CONCLUSION	60

CHAPTER FOUR: ANALYSIS OF DATA

4.0 INTRODUCTION.....	62
4.1 Gender.....	63
4.2 Marital Status.....	63
4.3 Age.....	64
4.4 Racial Category.....	65
4.5 Educational Level.....	66
4.6 What motivated you to start your own business?	67
4.7 What type of business do you operate?	68
4.8 In which sector is your business?	69
4.9 Location of business.....	70
4.10 Average years in business.....	70
4.11 Average monthly turnover in my business	71
4.12 How many people do you employ?	71

4.13 In my business, I consider the following to be important	72
4.14 I consider eThekwini as:	72
4.15 My business derives the following benefits from being located in eThekwini Municipality area	73
4.16 It is difficult for my business to operate within eThekwini Municipality area because.....	74
4.17 How would you describe your business?.....	74
4.18 In what ways do you think your business will possibly improve?.....	75
4.19 Have you ever accessed support for your business?.....	76
4.20 How would you describe the satisfaction expressed from the support as per 4.3.1?.....	76
4.21 Are you aware of Business Development Services available to you?	77
4.22 Are you aware of the following Business Development Services (BDS)?	77
4.23 Which of the following services have you made use of?	80
4.24 Who were the main providers of the services?.....	81
4.25 How easy was it for you to be able to access the services?	82
4.26 How would you rate the services in terms of your satisfaction?.....	82
4.27 Did the services you receive help to grow your business?.....	83
4.28 Would you make use of the services again?.....	83
4.29 Did you pay for the services you received?	84
4.30 If yes, how much did you spend on the service received?.....	84
4.31 I will pay, will not pay for the following services.....	85
4.32 Correlations: Average Turnover Q 2.6 vs Number of people employed Q 2.8.....	87
4.33 Correlations: Average Turnover Q2.6 vs Average Years in Business Q 2.5.....	87
4.34 Give reasons why you consider eThekwini an excellent place to conduct business.....	88
4.35 How can your business operation environment be improved by:.....	88
4.36 Could the Private Sector such as Banks and Training Providers help to improve the operating environment in eThekwini?.....	88
4.37 What problem(s) is/are your business currently experiencing?.....	88
4.38 What type of support do you need to address these problems?.....	88
4.39 Who do you think should pay more in supporting small business?.....	88

4.40 How should small businesses be supported by those you mentioned in 4.5?.....	89
4.41 What was the reason(s) for using the services?	89
4.42 Who informed you of this service?.....	89
4.43 If not satisfied, why not?.....	89
4.44 How did the services help in growing your business?.....	89
4.45 Would you have any suggestions to grow your business?.....	89
4.46 Background.....	89
4.47 What services do you offer to SMEs?.....	90
4.48 How do you offer these services?.....	89
4.49 Does your organisation have a vision for SMEs?.....	90
4.50 If no, explain how your services impact on SMEs.....	90
4.51 Are you aware of any relevant legislation that relates to SME Development?	90
4.52 Are there any clearly defined structures within your organisation to address SME development?.....	90
4.53 What can you say about repayment of funds borrowed from your organisation?.....	90
4.54 Have SMEs failed to pay back money borrowed from your organisation?.....	91
4.55 If yes, what could be the reason for this?.....	91
4.56 Have you had bad debts for money borrowed from you by SMEs?.....	91
4.57 If yes, was this after legal recourse?.....	91
4.58 If no, how does your organisation manage to do this?	91
4.59 Would you have any suggestions to improve SME development in South Africa?.....	91
4.60 Is there anything else you would like to mention or comment about growth of SMEs in South Africa and the role of Funding Institutions?.....	92
4.61 Background.....	92
4.62 Who are your customers/clients?.....	92
4.63 How do you get clients?	92
4.64 What determines your clients' needs?.....	93
4.65 Have you ever referred your clients to other service providers for assistance?.....	93
4.66 Indicate some programmes which you have in place to meet the needs of your clients.....	93

4.67 Do you have processes and procedures in place to monitor performance of clients?.....	93
4.68 How do you determine payment rate for your clients?	94
4.69 Do you know any key problems concerning small business development?	94
4.70 What possible solutions do you recommend?	94
4.71 Comparing Qualitative, Quantitative and Mixed Methods Research.....	94
4.71.2 Strengths and Weaknesses of Quantitative and Qualitative Research	95
4.72 Why the use of the Mixed Methods Data Analysis?.....	96
4.73 What is the Mixed Method Data Analysis?.....	97
4.74 Priority of analytical components.....	98
4.75 Strengths and Weaknesses of Mixed Research.....	98
4.77 Gender.....	99
4.77.1 Women in business-the global context.....	99
4.77.2 Women in business- the African context.....	99
4.77.3 Women in business –the South African context.....	100
4.77.4 Main barriers to entry in business for women in South Africa.....	100
4.77.5 Challenges faced by women in business.....	100
4.78. Marital Status.....	101
4.79. Age.....	102
4.80 Racial Category.....	102
4.81 Educational Level.....	104
4.82 Motivating Factors to go into business.....	105
4.82.1 Entrepreneurial Motivating Factors: Internal and External Factors	105
4.82.2 Another perspective on Motivating Factors to go into business.....	107
4.82.3 It is not money that motivates people to go into business.....	108
4.83. Type of business owned.....	109
4.83.1 Sole Proprietorship.....	109
4.83.2 Partnership	109
4.83.2.1 Characteristics of Partnerships.....	109
4.83.2.2 Assets and Liabilities.....	110

4.83.3 Private Company or (Pty) Ltd.....	110
4.84.1 Top 5 Sectors for South African Entrepreneurs.....	112
4.84 Sectors of business.....	110
4.85 Average year in business.....	113
4.85.1 Correlations: Average Turnover Q2.6 vs Average years in Business Q2.5	114
4.86 Average monthly turnover in business	114
4.87 Correlations: Average Turnover Q2.6 vs Number of people employed Q2.8.....	115
4.88 How many people do you employ?.....	115
4.89 Ranking in order of importance to SME business.....	116
4.89.1 Elements of Innovation	116
4.89.1.2 Barriers to Innovation in SMEs-a global view.....	117
4.89.1.4 Competence barriers.....	118
4.89.1.5 Factors Promoting Innovation.....	119
4.89.1.6 Are South African SMEs innovative enough to compete in the market?	120
4.90 Training and its importance to SME development.....	121
4.91.1 Challenges of Training	121
4.91.2 The European Union (EU) context of SME Training Challenges	122
4.91.3 The role of SDL (Skills Development Levy) in South Africa.....	122
4.92 Networking and its importance to SME development.....	123
4.92.1 Operational Networking.....	124
4.92.2 Personal Networking	124
4.92.3 Strategic Networking	124
4.92.4 Benefits of networking.....	125
4.92.5 Functions of networking in the growth of a business venture.....	126
4.93 Relationship with Banks and its importance to SME development.....	127
4.93.1 The role of the Banking Sector.....	128
4.93.2 Findings of the 2015 and 2016 National Small Business Survey and pointers to Relationships between Banks and SMEs	129

4.93.3 National Small Business Survey Findings.....	130
4.93.4 Factors considered important for building relationships between Banks and SMEs.....	130
4.93.5 Need for SMEs and Commercial Bank behaviours in building relationships.....	130
4.94 The Business Plan and its importance to SME development.....	131
4.95 Culture and Employees and their importance to SME development.....	134
4.95.1 Consequences of failing to consider culture in localisation projects	135
4.96 Corruption and its impact on SME development.....	136
4.97 Religious beliefs and their role in SME development.....	136
4.98 The Rankings by respondents.....	139
4.99 I consider eThekweni as:	139
4.100 In what ways do you think your business will possibly improve?.....	140
4.101 Have you ever accessed support for your business?.....	143
4.102 How would you describe the satisfaction expressed from the support you received?.....	143
4.103 Are you aware of Business Development Services available to you?.....	144
4.103.1 Mechanisms of payment for services.....	144
4.103.2 Who are the service providers?.....	144
4.104 Are you aware of the following Business Development Services?.....	145
4.104.1 Potential Benefits of Business Linkages for large firms, local communities and Small and Medium Enterprises	146
4.104.2 Importance of Mentorship for women in business (SMEs)	149
4.104.3 Skills Development in South Africa.....	150
4.104.4 Important Negotiation Skills	153
4.104.5 Which of the following services have you made use of?.....	154
4.105 Who were the main providers of the services?.....	159
4.106 How easy was it for you to be able to access the service?.....	160
4.107 How would you rate the services in terms of your satisfaction?	160
4.107.1 Did the services you receive help to grow your business?.....	161

4.108 Would you make use of the services again?.....	161
4.109 Did you pay for the services you received?	162
4.110 If yes, how much did you spend on the service received?.....	163
4.111 I will pay; will not pay for the following services.....	165
4.112 Addressing the Research Questions.....	167
4.112.1 What are the building blocks to a growth taxonomy which are exhibited by growth oriented SMEs in eThekweni Municipal Area?.....	167
4.112.3 Do culture and religious beliefs constitute building blocks to the growth taxonomy for SMEs in eThekweni Municipal Area?.....	167
4.112.3.1 Culture.....	168
4.112.3.2 Religious beliefs	169
4.112.3.3 Common characteristics of Religion.....	169
4.113 How does attitude to innovation and networking comprise the building blocks to the growth taxonomy for SMEs in eThekweni Municipal Area?.....	170
4.113.1 Referrals.....	171
4.113.2 What are the other factors deduced from research findings contribute to building blocks of the growth taxonomy for SMEs in eThekweni Municipality?.....	172
4.113.3 The Business Plan.....	172
4.113.4 What can go wrong without a Business Plan?.....	172
4.113.5 Training.....	173
4.113.6 Relationships with Banks	174
4.113.7 Key Building Blocks of SME Financial Literacy	174
4.113.8 Corruption	175
4.113.9 Things regarded as corruption in the Act.....	175
4.113.10 Principles of Corporate Governance to curb corruption.....	176
4.113.11 High crime rate.....	177
4.113.12 Crime Prevention	177
4.113.13 The effect of crime on SMEs.....	178
4.113.14 Education.....	180
4.113.15 Does one’s level of education determine entrepreneurial success?.....	180

4.113.16 GEM’s findings on education and entrepreneurship.....	181
4.113.17 The South African Government’s Support for SME Development.....	182
4.113.18 Sub-Saharan African Labour Market.....	182
4.113.19 Challenges for African SMEs.....	183
4.113.20 The role of African governments in creating an environment for local SMEs.....	184
4.113.21 The South African Government-some lessons from current events.....	184
4.113.22 Efforts by the South African Government to protect SMEs and encourage their growth and development.....	186
4.113.23 The Integrated Small-Enterprise Strategy.....	187
4.113.24 Core thrusts from the strategy.....	187
4.113.25 What can Government do to encourage SME growth (SAICA 2015)?.....	188
4.113.26 The Durban Chamber of Commerce and Industry and its support to SMEs in the city.....	190
4.113.27 The role of eThekweni Municipality in promoting SME development in the eThekweni Municipality Area.....	191
4.113.28 Challenges faced by eThekweni Municipality.....	191
4.113.29 Crime Prevention.....	192
4.113.30 Fixed Location as a building block to a growth taxonomy.....	193
4.113.31 Growth-Orientation as a building block to a growth taxonomy.....	194
4.113.32 How does attitude to innovation and networking comprise the building blocks to the growth taxonomy for SMEs in eThekweni Municipal Area?.....	196
4.113.33 Barriers to innovation-an Irish perspective (Tunney 2014:1).....	196
4.113.34 Fostering and implementation of innovation within the small business sectors By the public and private sectors-some lessons from Ireland(Tunney 2014:1).....	197
4.113.35 The Business Plan as a building block to a growth taxonomy.....	197
4.113.36 The need for a Business Plan for SMEs.....	198
4.113.37 Business Plan Checklist.....	199
4.113.38 Six Ways SMEs could fail if they operate without business plans.....	199
4.113.39 Training as a building block to a growth taxonomy.....	199
4.113.40 Barriers to training for SMEs.....	200

4.113.41 Investment in training issues for SMEs.....	200
4.113.42 Culture and employees as a building block to a growth taxonomy.....	201
4.113.43 Focused goals and objectives for small businesses.....	201
4.113.44 It makes it all more efficient to recruit people with requisite skills and experience.....	201
4.113.45 Networking as a building block to a growth taxonomy.....	202
4.113.46 Religious beliefs as a building block to a growth taxonomy.....	202
4.113.47 Relationships with Banks as a building block to a growth taxonomy.....	203
4.113.48 Four aspects to developing a relationship management approach for SME Customers.....	204
4.113.49 Banker’s behaviours, skills and attributes for good SME relationship management.....	207
4.113.50 Corruption as a building block to a growth taxonomy.....	207
4.113.51 Prevention of high crime rate as a building block to a growth taxonomy.....	208
4.113.52 Taking precaution to curb crime.....	208
4.113.53 The effect of crime on small business development.....	208
4.113.54 Education as a building block to a growth taxonomy.....	209
4.113.55 The South African Government as a building block to a growth taxonomy.....	209
4.113.56 eThekwini Municipality as a building block to a growth taxonomy.....	210
CONCLUSION.....	210

CHAPTER FIVE- DISCUSSION OF RESEARCH FINDINGS

5.0 INTRODUCTION.....	212
5.1 The Research Questions-restated and link to findings.....	212
5.1.1 Building Blocks to a growth taxonomy.....	212
5.2 Other Findings.....	213
5.2.1 More males than females in Business in eThekwini.....	212
5.2.2 Marital Status and Business in eThekwini.....	212
5.2.3 Age in Business in eThekwini.....	213
5.2.4 Race and Business in eThekwini.....	214
5.2.5 Most prevalent Business Sector(s) in eThekwini.....	214
5.2.6 Positive Correlations.....	214

5.2.7 Commercialization of innovation by South African Universities.....	214
5.2.8 Research and Development (R&D)	215
5.2.9 Utilization of the Skills Development Levy by SMEs.....	215
5.2.10 Foreign Direct Investment (FDI)	215
5.2.11 Impact of High Crime Rate on SME growth.....	215
5.2.12 The effect of Diaspora Entrepreneurship on local SMEs growth.....	215
5.2.13 Corruption in the Tender process in eThekweni.....	216
5.1.14 SMEs in eThekweni prepared to pay for Business Development Services(BDS).....	216
5.1.15 A high % of SMEs in eThekweni (90.70%) with high sales turnover employ less Than 10 people each.....	216
CONCLUSION.....	217

CHAPTER SIX: DEVELOPMENT AND PRESENTATION OF THE GROWTH

TAXONOMY

6.0 INTRODUCTION.....	218
6.1 Gender	218
6.2 Innovation	218
6.3 High crime rate.....	221
6.4 The Business Plan	222
6.4.1 To obtain funding.....	223
6.4.2 To serve an internal purpose	223
6.4.3 Requirement of financial institutions.....	223
6.4.4 To sell the business.....	224
6.4.5 To help position the business in the market.....	224
6.5 Training.....	225
6.6 Culture and employee.....	226
6.6.1 Business Culture.....	227
6.6.2 The influence of national culture on SME management practices.....	228
6.7 Networking.....	229
6.7.1 Benefits for business owners from networking	229
6.8 Religious beliefs.....	231

6.8.1 President Jacob Zuma’s criticism of Christianity.....	232
6.9 Relationships with Banks	232
6.9.1 Commercial Banks’ experience in providing finance to SMEs	233
6.9.2 Strengths and weaknesses of Banks involvement with SME debt financing.....	234
6.9.3 The burden of Bank charges for SMEs.....	234
6.10 Corruption.....	235
6.11 Education.....	237
6.11.1 Education, the backbone of developing countries.....	238
6.12 Motivating Factors to go into business	240
6.13 Respondents views on eThekweni as a place to conduct business.....	242
6.14 Respondent’s description of their respective businesses.....	246
6.15 Growth Taxonomy for SMEs in eThekweni Municipality Area	247
6.15.1 Innovation	249
6.15.2 The Business Plan.....	249
6.15.3 Training.....	249
6.15.4 Culture and Employees.....	249
6.15.5 Networking.....	249
6.15.6 Religious beliefs.....	250
6.15.7 Relationships with Banks.....	250
6.15.8 Corruption.....	250
6.15.9 Diaspora Entrepreneurship the case for Chinese Companies.....	250
6.15.10 Others	252
CONCLUSION.....	252

CHAPTER SEVEN: RECOMMENDATIONS, LIMITATIONS AND CONCLUSION

7.0 INTRODUCTION.....	253
7.1 Summary of Research Findings.....	253
7.1.1 Finding 1-The Building Blocks to a Growth Taxonomy.....	253
7.1.2 Finding 2- More Males than Females in Business in eThekweni.....	254

7.1.3 Finding 3- Marital Status and Business in eThekwini.....	254
7.1.4 Finding 4- Age in Business in eThekwini.....	255
7.1.5 Finding 5- Race and Business in eThekwini.....	255
7.1.6 Finding 6- Most prevalent Business Sector(s) in eThekwini.....	255
7.1.7 Finding 7-Positive Correlations.....	256
7.1.8 Finding 8-Commercialization of innovative patents by South African Universities.....	256
7.1.9 Finding 9- Research and Development (R&D).....	256
7.1.10 Finding 10-Utilization of the Skills Development Levy by SMEs.....	256
7.1.11 Finding 11- Foreign Direct Investment (FDI)	257
7.1.12 Finding 12-Impact of High Crime Rate on SME growth in eThekwini....	257
7.1.13 Finding 13-The effect of Diaspora Entrepreneurship on local SMEs Growth.....	257
7.1.14 Finding 14-Corruption in the Tender process in eThekwini.....	257
7.1.15 Finding 15- SMEs in eThekwini prepared to pay for Business Development Services (BDS).....	257
7.1.16 Finding 16- A high % of SMEs in eThekwini (90.70%) with high Sales turnover employ less than 10 people each.....	258
7.2 Recommendations.....	258
7.3 Contribution of the study.....	259
7.4 Limitations	260
7.5 Suggested Areas for further Research.....	260
CONCLUSION.....	261

References.....	263
-----------------	-----

LIST OF FIGURES

1.1 Map of eThekweni Municipality Area.....	16
4.1 Gender.....	63
4.2 Marital status.....	64
4.3 Age.....	65
4.4 Race Categories	66
4.5 Education.....	67
4.6 Motivation.....	68
4.7 Type of business organisation.....	68
4.8 Sector.....	69
4.9 Years in business.....	70
4.10 Average monthly turnover.....	71
4.11 Rankings.....	72
4.12 eThekweni as a place to conduct business.....	73
4.13 Benefits from being located in eThekweni.....	73
4.14 Difficulties from being located in eThekweni.....	74
4.15 How would you describe your business?.....	75
4.16 Exposure and opportunities.....	76
4.17 Support received.....	77
4.18 Awareness of Business Development Services.....	79
4.19 Which of the following services have you mad use of.....	80
4.20 Who were the main providers of the services.....	81
4.21 How easy was it for you to be able to access the service.....	82
4.22 How would you rate the services in terms of your satisfaction.....	83
4.23 Cost of service.....	84
4.24 Will not pay, will pay.....	86
4.25 Age.....	102
4.26 Race.....	102

4.27 Education.....	104
4.28 Motivation.....	105
4.29 Sector of Business.....	111
4.30 Average monthly turnover.....	114
4.31 Ranking in order of importance to SME business.....	116
4.32 Number 1 rankings	138
4.33 Ngo, Banks, Private and Government services.....	159
4.34 Cost of service.....	163
4.35 I will pay, will not pay for the following services.....	165
4.36 Difficulties from being located in eThekweni.....	177
4.37 Education.....	180
4.38 Type of Business.....	194
4.39 Education- a build block.....	209
6.1 Difficulties from being located in eThekweni.....	217
6.2 Does Education determine business success.....	237
6.3 Motivating Factors to go into business.....	240
6.4 eThekweni as a place to conduct business.....	243
6.5 Benefits from being located in eThekweni.....	245
6.6 Difficulties from being located in eThekweni.....	245
6.7 How would you describe your business?.....	246
6.8 Growth Taxonomy.....	248

LIST OF TABLES

1.1 Ranking in terms of employment provision per country.....	2
1.2 Entrepreneurial Success Criteria.....	6
1.2.1 eThekweni Municipality Demographic Statistics.....	7
1.3.1 Job growth expectation for early-stage Entrepreneurs in South Africa: 2005-2016.....	9
1.3.2 How SMEs define Size.....	10
1.3.3 A frame for policy goals, resource provision and regulatory emphasis for Competitive SMEs.....	11

2.1 Societal entrepreneurship attitudes in South Africa:2003-2016.....	19
2.2 Average expert ratings for government policies for entrepreneurship in South Africa, 2016 (weighted average,1=highly insufficient, 9=highly sufficient).....	20
2.3 Prevalence rates (%) of entrepreneurial activity among adult population, in South Africa: 2001-2016.....	20
2.4 % (by ownership) of Chinese Firms operating in selected African countries.....	24
2.5 China is Africa’s biggest economic partner.....	24
2.6 Case Study: Competitive SME Policy themes and examples-Singapore.....	26
2.7 Case Study: Competitive SME Policy themes and examples-South Korea.....	27
2.8 Case Study: Competitive SME Policy themes and examples-Malaysia.....	28
2.9 A Typology of Corporate Entrepreneurship Orientations in Family Firms- Transgenerational Succession Intentions.....	44
2.10 A Time Typology for Indian Family Firms to transition to External Leadership.....	45
3.1 Sample-Size: How many Survey Participants do I need?.....	54
4.1 Gender.....	63
4.2 Marital Status	63
4.3 Age.....	64
4.4 Racial category	65
4.5 Education Level	66
4.6 What motivated you to start your own business?.....	67
4.7 What type of Business do you operate?.....	68
4.8 In which sector is your business?.....	69
4.9 Location of business	70
4.10 Average years in business.....	70
4.11 Average monthly turnover in my business.....	71
4.12 How many people do you employ?.....	71
4.13 I consider eThekweni as:.....	72
4.14 How would you describe your business?.....	74
4.15 In what ways do you think your business will possibly improve?.....	75
4.16 Have you ever accessed support for your business?.....	76

4.17 How would you describe the satisfaction expressed from support as per 4.3.1?.....	76
4.18 Are you aware of Business Development Services available to you?.....	77
4.19 Are you aware of the following Business Development Services?.....	77
4.20 How easy was it for you to be able to access the services?.....	82
4.21 How would you rate the services in terms of your satisfaction?.....	82
4.22 Would you make use of the service again?	83
4.23 Did you pay for the services you received?	84
4.24 If yes, how much did you spend on the services received?.....	84
4.25 I will pay; will not pay for the following services.....	85
4.26 Correlations: Average Turnover Q 2.6 vs Number of people employed Q.2.8.....	87
4.27 Correlations: Average Q2.6 vs Average years in Business Q 2, 5	87
4.28 Gender.....	99
4.29 Marital Status	101
4.30 Type of business owned.....	109
4.31 South Africa’s key sectors: Contribution to GDP growth in 2013.....	112
4.32 Average years in business.....	113
4.33 Correlations: Average Turnover Q 2.6 vs Average in Business Q Q.5.....	114
4.34 Correlations: Average Turnover Q2.6 vs Number of people Employed Q 2.8.....	115
4.35 How many people do you employ?.....	115
4.36 Limited Research and Development (R&D) and Innovation.....	118
4.37 The Three Forms of Networking.....	124
4.38 Small business book of major banks.....	129
4.40 Potential Benefits of Business Linkages for large firms,local Business Communities & Small and Medium Enterprises.....	146
4.41 Common Characteristics of Religion.....	169

4.42 Employment and productivity growth figures.....	183
4.43 Bankers behaviours, skills and attributes for good SME.....	207
5.1 Major and other Building Blocks.....	212
6.1 % of Women participating in Entrepreneurship for selected countries.....	218
6.2 Estimates of the main Banks' SME book.....	233
6.3 Bank Charges for Small Businesses.....	234
6.4 Respondents' views on eThekweni as a place to conduct business.....	242

LIST OF ACRONYMS

ABSA	Amalgamated Bank of South Africa
APO	Asian Productivity Organisation
BASA	Banking Association of South Africa
BBBEE	Broad Based Black Economic Empowerment
BCI	Business Confidence Index
BDS	Business Development Services
BEE	Black Economic Empowerment
BSM	Business Support Markets
BUSA	Business Unit South Africa
CEMI	Centre for Entrepreneurship Management and Innovation
CIMA	Chartered Institute of Management Accountants
COO	Country of origin
COR	Country of residence
DFI	Development Finance Institutions
DTI	Department of Trade and Industry
DTU	Durban Tourism Unit
EDC	Export Development Corporations

EDGE	Economic Development Growth in eThekweni
EMA	eThekweni Municipality Area
EU	European Union
FDI	Foreign Direct Investment
FNB	First National Bank
GDP	Gross Domestic Product
GEC	Global Entrepreneurship Challenge
GEM	Global Entrepreneurship Monitor
GIBS	Gordon Institute for Business Science
ICT	Information and Communication Technology
IDC	Industrial Development Corporation
IDP	Integrated Development Plan
IFC	International Finance Corporation
ILO	International Labour Organisation
INENG	Independent Entrepreneurship Group
KISA	Knowledge Intensive Service Activities
KZN	KwaZulu-Natal
LED	Local Economic Development
MNC	Multi National Corporation
MSC	Master of Shop Counting
NCR	National Credit Regulator
NDP	National Development Plan
OECD	Organisation for Economic Co-operation and Development
R & D	Research and Development
ROI	Return on Investment
SAICA	South African Institute of Chartered Accountants
SARUA	Southern African Regional Universities Association
SARS	South African Revenue Services

SDF	Skills Development Facilitator
SEDA	Small Enterprises Development Agency
SETA	Sector Education and Training Authorities
SMART	Small Firms Merit for Research and Technology
SME	Small and Medium Enterprises
TIPS	Treasury Inflation Protected Securities
UK	United Kingdom
UNESCO	United Nations Educational Scientific and Cultural Organisation
UNODIC	United Nations Office on Drugs and Crime
UNIDO	United Nations Industrial Development Organisation

Appendix A Questionnaire.....	286
Appendix B Semi-Structured Interview Questionnaire-Funding Institutions.....	294
Appendix C Semi-Structured Interview Questionnaire-Training Institutions.....	297
Appendix D Summary Main Questionnaire.....	300
Appendix E Summary-Funding Institutions Responses.....	303
Appendix F Summary-Training Institutions Responses.....	306
Appendix G Ethical Clearance Certificate.....	311

CHAPTER ONE

INTRODUCTION AND BACKGROUND

1.0 INTRODUCTION

This study gives prominence to ‘**Growth**’ as an important measure of small business success. When small businesses survive and grow, it is assumed that they will be able to employ more workers and reduce unemployment levels in a country. The study approaches Growth from both a policy maker’s perspective and small and medium enterprises’ (SMEs) point of view. Policy makers in this study refer to the government of South Africa and eThekweni Municipality.

According to the Department for Business Innovation and Skills, Scottish Enterprise, Invest Northern Ireland and Welsh Government’s Final Report (BIS 2012:21), policy makers and SMEs measure growth from two different perspectives. The Government of South Africa, for example, would emphasise job creation or increase in employment by firms whereas small and medium enterprises focus on Return on Investment (ROI), increase in Sales and Net Profit as measures of growth. In other words, addressing unemployment problem may not be the major focus for most entrepreneurs. The Policy emphasis of small business growth focuses on Policy goals, Resource provision and Regulatory emphasis as indicated in Table 1.3.3 below.

In addition, from a policy maker’s point of view, SMEs should generate growth in four areas, namely, growth in turnover, number of employees, amount of capital employed and market share. An increase in any or all of the variables creates a positive capacity for small businesses to employ more workers and the reverse creates a negative impact. These stated four growth aspects are considered critical for SMEs growth and development in South Africa in general and eThekweni in particular. Uppermost though, employment creation is the thrust of this study. Increasing employment is a major government focus starting from 1995(as explained in the next paragraph) with a view to curb the ills of unemployment and high crime rate in the country.

The newly elected government in South Africa embarked on a vibrant policy to promote growth and development of small businesses. According to the National Credit Regulator (NCR 2017:7), this process started earnestly in 1995. At the same time, the government crafted a National Strategy through a White Paper also in 1995 for the promotion and development of small businesses. In the words of the World Bank (2000:12), ‘relative to

large firms’, small businesses enhance competition, creation of entrepreneurship, growth and poverty alleviation.

Job creation in a country with more than 27 percent unemployment can be enhanced by promoting growth of small businesses. It is necessary to have innovative ventures with entrepreneurship skills. Small businesses are important for poverty reduction; they tend to employ poor and low income workers. There is consensus among economists the world over on the notion that small businesses tend to employ poor and low income workers. These businesses are sometimes the only source of employment in poor regions and rural areas and they play an important role in developing countries where poverty is more severe. The role played by small businesses in national economic development cannot be overemphasized (Bouazza, 2015:13). They contribute to socio-economic development in various ways, namely, by creating employment for a rural and urban growing labour force and providing desirable sustainability and innovation in the economy as a whole. According to SME Chamber of India (2012), SMEs play a vital role for the growth of the Indian economy by contributing 45% of the industrial output, 40% of exports, 42million people in employment, create one million jobs every year and produces more than 8000 quality products for the Indian and international markets.

Table 1.1 below shows the share/contribution of SMEs to selected countries’ economies. Japan leads the way at 81.4% followed consecutively by Germany (64%), India (63.2%), South Korea (61.9%), Turkey (61.1%), USA (50.4%). France (49.4%) and England (36%) both below 50% contributions to their respective countries’ total employment.

Table 1.1 below shows the ranking in terms of employment provision by SMEs per country.
Table 1.1 Share of SMEs in some countries (%) (2004)

	USA	Germany	Japan	France	England	South Korea	India	Turkey
SMEs in Total Enterprises (%)	97,2	99.8	99.4	99,9	96	97.8	98.6	99.5
SMEs in Total Employment (%)	50.4	64	81.4	49.4	36	61.9	63.2	61.1
SMEs in Total Investment	38	44	40	45	29.5	35.7	27.8	56.5

(%)								
SME Total Value Added (%)	36.2	49	52	54	25.1	34.5	50	37.7
SME in Total Export (%)	32	31.1	38	23	22.2	20.2	40	8
SMEs in Total Credits (%)	42	35	50	48	27.2	46.8	15.3	4

Source: (Yilmaz & Negahban 2014:132)

In several countries SMEs' role in creating employment and enabling competitive atmosphere, has gradually increased. It is to be noted that Asian countries are in the fore front of employment creation through SMEs, namely, Japan, India and South Korea.

The SME Growth index found a strong bias in SMEs hiring patterns towards unskilled employees. Unemployment is most severe among Africans, women and those with educational qualifications below a matriculation (in other words, the low-skilled) (Ramakumba, 2014:26). If employed; however, people from these groups are disproportionately likely to be employed in SMEs. In particular, those without matriculation qualifications are statistically far more likely-some 19 percentage points more likely-to be employed by SMEs than those holding higher qualifications (Ramakumba, 2014:35).

In developing countries, SMEs are important not only because they create employment, but also because they employ unskilled workers, who are overly abundant in these countries (Ndesaulwa, 2016:1). According to Abor (2010:223), SMEs and social businesses form the building blocks of any society with 91 percent of formal business entities in South Africa being SMEs contributing between 52 and 57 percent to the country's GDP, and about 61 percent to employment. In other words, SMEs form the bread and butter of the country as job providers, poverty reducers, service delivery agents and economy boosters. The challenge, though, is the low level of entrepreneurship in South Africa.

Gill Marcus (2013:1) the then Reserve Bank Governor of South Africa, observed that: Entrepreneurship is a precondition for any business. In this regard, South Africa is an underperformer .She cited the then latest GEM (Global Entrepreneurship Monitor, 2012:65) which according to her, showed how far behind its peers South Africa had fallen. As a developing country, its entrepreneurial uptake should exceed some 10% of the adult population. But as things stood then, its entrepreneurial uptake was closer to that of a poorly performing developed country. Only 7% of South Africa's adult population was involved in

early-stage entrepreneurship- in other words, with start-ups and young firms. Another 2% was operating firms that have been in existence for more than three and half years. The latter figure places South Africa in the last place in the entire study, sharing this spot with Panama and Russia (Business Alert, 2013:9). Against this, around 15% of Brazilians were in early-stage entrepreneurship, while another 15% operated established firms (Business Alert, 2013:5).

This study acknowledges the fact that Panama, Russia and Brazil are emerging economies while South Africa is a developing country. However, the fact that South Africa is part of BRICS along with Russia, Brazil and India, it can be argued that the country aspires to rub shoulders with the other big brothers, so to speak, and can therefore, be easily compared with them. The comparison though, is despite the fact that in South Africa, SMEs face a number of challenges such as crime and corruption, inappropriate technology and low production capacity(includes access to electricity),a lack of management skills and adequate skilled labour, lack of access to credit and finance, inability to access markets and developing relationships with customers, no recognition by large companies and government bureaucracy which tend to mar the role that SMEs play in economic development in the country.

The South African Government is cognizant of the importance of SMEs and has built frameworks for SME development and support. At a local government level, eThekweni Municipality supports growth and development of SMEs. To affirm its commitment to support the small and medium enterprises sector, eThekweni Municipality hosted an Economic Development and Growth seminar in eThekweni on micro finance on Tuesday, 22 November 2016 at Moses Mabhida Stadium. The mayor, Zandile Gumede while addressing delegates to the seminar noted that ‘Even as we pledge our support to further grow this sector, we acknowledge that there are challenges faced in this sector which inhibit its growth and sustainability.’ SMEs are vital drivers of economic growth, with this sector recognized globally for its role in creating employment opportunities and helping to alleviate poverty.

Despite low levels of entrepreneurship as cited above, the World Bank identified the following key benefits of SMEs (Makakane, 2014) in South Africa:

- SMEs are the engine of growth. This means that SMEs are key in creating jobs and employment in the country. Research from the Small Enterprise Development Agency (SEDA 2016:15) states that eight out of every ten new jobs created in South Africa are in SMEs.

- SMEs are essential for a competitive and efficient market. Because SMEs play the competitive game differently from big corporates, the nimble approach to competition drives efficiency and productivity.
- SMEs are critical for poverty reduction. The geographical location of SMEs (mostly located outside of the big metropolitan areas) provides an opportunity to employ local people. This alleviates poverty and encourages economic activity.
- SMEs in developing economies are important for enhancing job creation and economic development.

According to the National Credit Regulator (2011:7), a healthy Small Business Enterprise sector is largely credited for the significant improvement in increased volumes of production, export promotion and positive opportunities for employment as well as initiating modernism as well as developing entrepreneurship skills.

Unemployment levels are very high in the country (Statistics SA: 2016:1) at 27.1 percent. It is said that five out of seven new SMEs fail within the first year of operation (Entrepreneur 2014:44). The South African government has implemented various strategies to encourage growth of entrepreneurs and SMEs without much success (Herrington, Kew & Kew, and 2009:45).

Growth is an underpinning concept in this project. Nieman (2009:276) contends that lack of an entrepreneurial mindset or desire to grow might subconsciously be the major barrier to growth experienced by many business owners. Growth oriented enterprises in this project are defined as those that have an orientation of job creation, sales growth, profit growth and growth of return on investment (ROI). More considerable factors to enhance growth for SMEs were identified as indicated in the table below:

Entrepreneurial Success criteria Table 1.2

(a)	Profitability: high yields, good profit margin.
(b)	Growth: growth in number of employees, sales, market share and/distribution.
(c)	Innovation: introduction of new products or production methods.
(d)	Firm survival/continuity: enables generational transfer or can be sold with a profit.
(e)	Contributing back to society: socially conscious, sustainable production methods.
(f)	Personal satisfaction; through attaining important things in life, such as autonomy, challenge, security, power, creativity and more.
(g)	Satisfied stakeholders: satisfied and engaged employees, satisfied customers.
(h)	Good balance between work and private life: positive mutual influence between work and private life, allows time for oneself, family and friends.
(i)	Public recognition: good reputation, prize winner.
(j)	Utility or usefulness: organization fulfills a need in society; it provides an important service or product.

Source: Gergievski, Ascolon & Stephan (2011:209)

Van Scheers (2011) on the other hand only identified the following five success factors for SMEs:

- (1) Profitability is probably the first thing people think about when measuring success
- (2) Growing customer base is a sure sign that the SME is effectively reaching larger markets
- (3) Customer satisfaction is an indication that the SME understands the needs of customers
- (4) Employee satisfaction is another key indicator of business success
- (5) Owner satisfaction.

1.1 Background of the study

The eThekwini Municipality (EM) is located on the east coast of South Africa in the Province of KwaZulu -Natal (KZN). The Municipality spans an area of approximately 2297square km and is home to some 3442361 people. It consists of a diverse society, which faces various social, economic and environmental challenges (EM 2014/15 Integrated Development Plan-IDP).

Introducing a paper on eThekwini and Town Planning, Maharaj (2013:3) indicated that the Municipality has the highest number of people living in poverty. He further observed that eThekwini Municipality has the highest number of people on social grants while having too few people employed (only 22% of the total population employed). These sentiments seem contrary to eThekwini Municipality's vision. Its vision which stretches up to 2020 seeks to create equal opportunities for all its residents and to grow its economy in order to enable all citizens and tourist to enjoy a high quality of life second to none and ahead of all cities in South Africa.

However, unemployment in eThekwini Municipality, like the rest of South Africa, calls for attention by policy makers and researchers if the above stated vision is to bear fruit.

According to Fin Scope South Africa (2010), SMEs in South Africa are pivotal drivers of job creation, providing approximately 70% of national employment. Approximately 50% of SMEs, however, fail within the first two years and 85% within the first ten. Further, 67% of SMEs provide no employment opportunities other than those of their owners (J.P.Morgan 2012:3).

Internationally, The European Statistical Data Support (2008) highlights the worldwide role of SMEs by detailing that about 99.8% of enterprises in the EU are SMEs employing 67% of European workers and generate 57% of revenue. It is clear that SMEs play a significant role in generating employment and contributing to Gross Domestic Product (GDP) of many countries.

The background information can be enhanced by eThekweni Municipality’s Demographic Statistics provided in the table below

1.2 The Municipality of eThekweni’s Demographic Statistics

Table 1.2.1

eThekweni Municipality’s Demographic Statistics

Population	3442362
Age Structure	
Population under 15	25.20%
Population 15 to 64	70,00%
Population over 65	4, 80%
Dependency Ratio	
Per 100 (15-64)	42, 80%
Sex Ratio	
Males per 100 females	95, 60%
Population Growth	
Per annum	1, 08%
Labour markets	
Unemployment rate (official)	30, 20%
Youth unemployment rate (official) 15-34	39, 00%
Education (aged 20+)	
No Schooling	4, 20%
Higher Education	12, 30%
Matric	37.10%
Housing Dynamics	
Households	956713
Average household size	3, 40
Female headed households	40, 00%
Formal dwellings	79, 00%
Housing owned	54, 50%
Household Services	
Flush toilet connected to sewerage	63, 40%

Weeklyrefuseremoval		86, 10%
Water inside dwelling		60, 20%
Electricity for lighting		89, 90%
Racial Makeup		
Black African		73, 80%
Coloured		2, 50%
Indian/Asian		16, 70%
White		6, 60%
First Language		
Zulu		62, 80%
English		26.80%
Xhosa		3.90%
Afrikaans		1,70%
Other		4.80%
Pro-rated Racial Unemployment in eThekweni		
Proportionate unemployment		
Black African	73, 80 %	28, 90*
Coloured	2, 50%	0, 98``
Indian/Asian	16, 70%	6, 54++
White	6, 60%	2, 58
Total		39, 00%

Source: Census 2011 Municipal Fact Sheet published by Statistics South Africa

*It is clear that when we talk of unemployment in eThekweni, we mean Black African unemployment.

++The Indian/Asian pro-rated figure is second in significance. However given the Mariotti and Luiz finding as discussed in section 2.4 , that Indian/Asian are the least likely to want to start their own business, it can be argued that this racial group is affected by pull factors to go in business.

Although SMEs are defined in different ways, they generally mean the same thing. In South Africa, the National Small Business Act 102 of 1996 amended by Act 29 of 2004 categorises small organizations into four, namely, micro-enterprises including survivalist enterprises, very small enterprises, small enterprises and medium enterprises. This research focuses on small and medium enterprises and leaves out new start-ups and survivalists.

1.3 Problem Statement

The main problem in eThekweni like in South Africa in general, is unemployment which is a result of low job creation. According to the World Bank a (2017:12), unemployment rate in South Africa rose from 22.5% in 2008 to 27.7% in the first half of 2017. A major focus in

South Africa therefore, is job creation which is sustainable and inclusive. In this vein, the SME sector is a crucial factor to create job opportunities. Table 1.3.1 below shows the growth expectations for early-stage entrepreneurs in South Africa.

Table 1.3.1: Job growth expectations for early-stage
Entrepreneurs in South Africa. 2005-2016

	2005	2009	2013	2015	2016	Africa region 2016(average)
No jobs	0.0	0.0	8.2	29.8	13.8	35.2
1-5 jobs	82.9*	66.9	57.1	44.5	58.7	44.3
6+jobs	17.1	33.1	34.7	25.7	27.6	20.5

Source: Global Economic Monitor a (GEM 2016/17:35)

*Read as 82.9% of early-stage entrepreneurs in 2005 expected to create between 1 and 5 jobs within the next 5 years.

Table 1.3.1 indicates growth expectations among entrepreneurs in South Africa. Essentially, the table shows expansion prospects for business including entrepreneur's ambitions to grow the enterprise. In South Africa, the % of entrepreneurs who expected to grow no business declined from 29.8% in 2015 to 13.8% in 2016, which is way below the regional average of 35.2%. For those expecting to grow jobs by between 1-5 and 6+, South Africa performed above the regional average. However, these growth aspirations need to be viewed in light of the increased unemployment rate noted by the World Bank as cited above.

In Europe, particularly in Scotland, England, Wales and Northern Ireland, SMEs measure growth differently from Policy makers. This difference is indicated in Table 1.3.2 which clearly differs from that of Policy makers in Table 1.3.3.

Table 1.3.2 How SMEs define size

Measures of Size	%
Market share	6%
Employment	6%
Turnover	33%
Profit	29%
Business profile/reputation	14%
Other	10%
Number of acquisitions	1%

Source: Department for Business Innovation and Skills (BIS 2012:22)

In the study commissioned by the Department for Business Innovation and Skills cited in Table 1.3.2 above, one of the findings was that SMEs who had five or more employees were most likely to consider turnover as a primary measure of business size compared to SMEs with fewer than five employees. In other words, the more the number of employees a small business has, the more inclination that business had towards using turnover as a measure of size. It is clear however, that SMEs in South Africa and Europe are less inclined to using employment as a measure of their growth.

The situation in eThekweni is even dire as discussed in the next paragraph. Projected population growth in eThekweni Municipality is expected to peak at 3,8million in 2021(EM IDP 2014/15), while annual job creation is minimal (Chetty 2009:4). This mismatch between population growth and job creation requires research into ways to enhance job creation. SMEs provide 70% of national employment but only 22% of people in eThekweni Municipality are employed as stated above. The unemployment situation in eThekweni as indicated in Table 1.2.1 above indicates that (a) the official unemployment rate is 30.20% and (b) Youth unemployment rate (official) for those between 15-34 years is 39%. More worrying statistics about eThekweni are: (i) a dependency ratio of 42, 80%,(ii) female headed houses standing at 40% (this is exacerbated by the fact that few females start their own business in South Africa as indicated later in the study).Black African population in eThekweni stands at 73, 80% and majority of these constitute a major part (28.90 of the unemployed youth in eThekweni as per Table 1.2.1. A high crime rate is a major problem in South Africa and this could be a result of the high unemployment rate (especially for the youth) within the Black African population.

There is need for policy initiatives by both the government and eThekweni Municipality to put in place measures that help to increase employment, provide resources both financial and the regulatory framework to enable ease of small business operations. The following Table shows the policy goals, provision and emphasis required by both government and the municipality.

Table 1.3.3 A frame for policy goals, resource provision and regulatory emphasis for competitive SMEs.

	SMEs Policy	High-Growth Entrepreneurship Policy
Policy Goals		
Objectives in relation to entrepreneurs	Entice more people to become entrepreneurs	Entice the right people to become entrepreneurs
Objectives in relation to entrepreneur firms	Increase the number of entrepreneur firms	Increase the growth of entrepreneur firms
Objectives in relation to operational environment	Facilitate the environment for small business operation	Facilitate the environment for entrepreneurial growth
Resource Provision		
Source	Mostly from public sources	Combination of public and private sources
Types of financial resources	Growth subsidies ,soft loans	R&D, loans and innovation growth, business angel finance, venture finance, IPOs
Dominant Service	Basic (standard) advice for firm creation, business planning, small business operation	Experience-based advice for venture finance, strategic planning, internationalization organisational growth
Resource distribution principle	Ensure equal access for everyone (resource spread)	Select promising recipients (resource focus)
Regulatory Emphasis		
Life cycle focus	Resource bottlenecks to new business entry	Remove bottlenecks to entrepreneurial firm growth
Compliance bottleneck addressed	Reduce cost of compliance for small businesses	Smooth compliance requirements for growing firms
Fiscal regulations	Reduce VAT for small firms	Accommodate dramatic changes in firm scale: treat share options neutrally
Attitude toward failure	Avoid failure ,bankruptcy	Accept firm failure and bankruptcy, but reduce the related economic and social cost.

Link to other policy domains	Industrial policy, social policy, labour policy	Industrial policy, innovation policy, labour policy
------------------------------	---	---

Source: The World Bank a (2013:25)

There is a difference between Table 1.3.2 and 1.3.3 in that the former shows the growth expectations of SMEs while the later indicates the resource provisions required on the part of both central and local government in order to create a conducive operating environment in order to enable small business to grow thereby reducing the unemployment problem.

Unemployment is a major problem in South Africa. In eThekweni, there is a mismatch between population growth and job creation as already discussed. It is envisaged that this research will suggest measures to reduce unemployment in eThekweni and South Africa in general. The study's focus therefore, is on policy imperatives to curb unemployment in the country through addressing Policy goals, Resource Provision and Regulatory emphasis on reducing compliance bottlenecks. Government needs to encourage small businesses and new start-ups to change their attitude toward failure. They also need to identify environmental impediments to SME growth in the country in order to tackle the unemployment problem.

1.4 Aim and objectives of study

1.4.1 Study's Aim

This study aims at developing a taxonomy for growth oriented SMEs operating in eThekweni Municipal Area. It is envisaged that the said taxonomy will be beneficial to the municipality, government, academia, investors, researchers and other interested stakeholders and to enhance productivity and growth of SMEs in eThekweni Municipal Area in particular and South Africa in general.

1.4.2 Objectives

- (1) To develop building blocks to a growth taxonomy for SMEs in eThekweni Municipal Area
- (2) To establish whether or not culture and religious beliefs constitute building blocks to the growth taxonomy for SMEs in eThekweni Municipal Area
- (3) To analyze the extent to which attitude to innovation and networking comprise the building blocks of the growth taxonomy of SMEs in eThekweni Municipal Area

- (4) To consider any other factors contributing to building blocks of the growth taxonomy as deduced from the research findings

1.4.3 Research Questions

- (1) What are the building blocks to a growth taxonomy which are exhibited by growth oriented SMEs in eThekweni Municipal Area?
- (2) Do culture and religious beliefs constitute building blocks to the growth taxonomy for SMEs in eThekweni Municipal Area?
- (3) How does attitude to innovation and networking comprise the building blocks to the growth taxonomy for SMEs in eThekweni Municipal Area?
- (4) What are the other factors deduced from research findings contribute to building blocks of the growth taxonomy for SMEs in eThekweni Municipality?

1.5 Delimitations and assumption of the study

The study confines itself within the scope of the stated Research Questions and the four objectives. The four objectives seek to answer the Research Questions with a view to find ways to address the Research Problem, which is mainly unemployment in eThekweni. The study does not seek to define or explain individual profiles of SMEs or small business owners in eThekweni. It confines itself to finding factors that impede job creation and ways to grow SMEs so that the unemployment problem in South Africa can be addressed by government and the local authority.

The researcher was curious about the topic and sought to apply the research philosophy of pragmatism as discussed later in this chapter. Accordingly, other research philosophies, namely, positivism, critical realism, interpretivism and postmodernism are precluded from this study. The study could not be extended to the whole of South Africa owing to Financial and time constraints. Only one assumption was made about this study: that the respondents who had the patience to complete the questions posed in this study did so truthfully and to the best of their knowledge, belief and understanding.

1.6 Justification of the study

According to the GEM a (2016/17:35), a number of interventions need to be put in place to stimulate and encourage SMEs to grow. This is particularly so if these businesses are to contribute meaningfully to economic development of South Africa. The same GEM further noted that business enterprises are extremely mobile. They (businesses) can move from areas where they feel that their growth potential is constrained. This fact may explain different unemployment levels in different Provinces

of South Africa. It is therefore necessary to carry out this research in eThekweni Municipality which is part of KwaZulu-Natal. The research seeks to identify factors (if any) that constrain SME growth and cause them to relocate to other Provinces.

The study includes in its objectives the need to establish if innovation is a building block to the envisaged growth taxonomy. The GEM a (2016/17:35) as cited above contended that innovation and entrepreneurship are closely related. To that end, it is necessary to research and find out whether in fact, innovation is a building block to the intended taxonomy.

Another variable, namely, religious beliefs will also be studied to determine the efficacy of its inclusion as a building block to the taxonomy. Durban (in eThekweni) is home to a huge population of the Indian community, argued to be second only to India in the world (Mukheji, A. 2011:1, Hancock, C & Kowalczy, P. 2015:1) Indian religion(s) is/are basically Hinduism and Moslem. Since Indians own a significant portion of businesses in eThekweni Municipality area, the study seeks to determine the impact of their religious beliefs on business growth compared with those of Christianity and other religions.

The unemployment challenge in South Africa at 27.7% is higher than other South African Development Community (SADC) countries, namely Botswana at 18.5% and Namibia at 25.5%. Gabon, another African country's unemployment level stands at 18.5% (World Bank 2016). It is therefore justified to undertake this study to suggest ways to reduce unemployment in South Africa in the main and eThekweni in particular.

1.7 Who will benefit from the study?

As stated in the Aim of this study, the following are beneficiaries of this study:

- (a) eThekweni Municipality-will use the taxonomy in training and developing SMEs within the Municipality Area.
- (b) South African Government-will draw lessons to formulate national SME growth policy. Lessons will also be drawn from other African countries as described in the mentioned section in Chapter Five i.e. Nigeria and Namibia.
- (c) The Academic Community-an addition to training material and further research. Universities will learn that it is not important to only patent research on SMEs but that there is need to commercialize the research findings.
- (d) SMEs- This study can act as a guide to aspiring growth oriented SMEs since it includes SME development in other African Countries and the world.

- (e) Investors-use the taxonomy to decide on financing and offer BDS. This is more particularly important for funding institutions-banks who are hesitant to fund innovations and SMEs in the manufacturing sector.
- (f) Researchers-a guide and benchmark for future research.
- (g) Interested Stakeholders-a reference guide for their respective interests and requirements.

1.8 Application of theory

Growth is a process of change that needs to be studied over time (Davidsson, Achtenhagen & Naldi, 2010:4). To date, researchers on why some SMEs fail while others succeed have reached no agreement. In a paper presented at an International Conference on System Dynamics (2011:1), Farouk and Saleh (2011:1) suggested an explanatory framework for the growth of SMEs- a concept they reckon is not well developed in literature.

Kambwale, Chisoro & Karodia (2015:1) in a study done in Namibia, attributed SME business failure to three reasons, namely, lack of management skills, lack of financial support and lack of business training. This view supports the BDS advocated by the JPMorgan Chase Foundation (2012:1)

What is needed is research that goes to the fundamental heart of the SME and look at both internal and external factors in order to propose a growth taxonomy for SMEs in eThekweni. The research intends to answer the above four Research Questions and objectives by collecting data from Mhlanga, Amanzimtoti, Umbumbulu, Mpumalanga, KwaMashu, Pinetown and Shangase and many other areas as indicated on the map below.

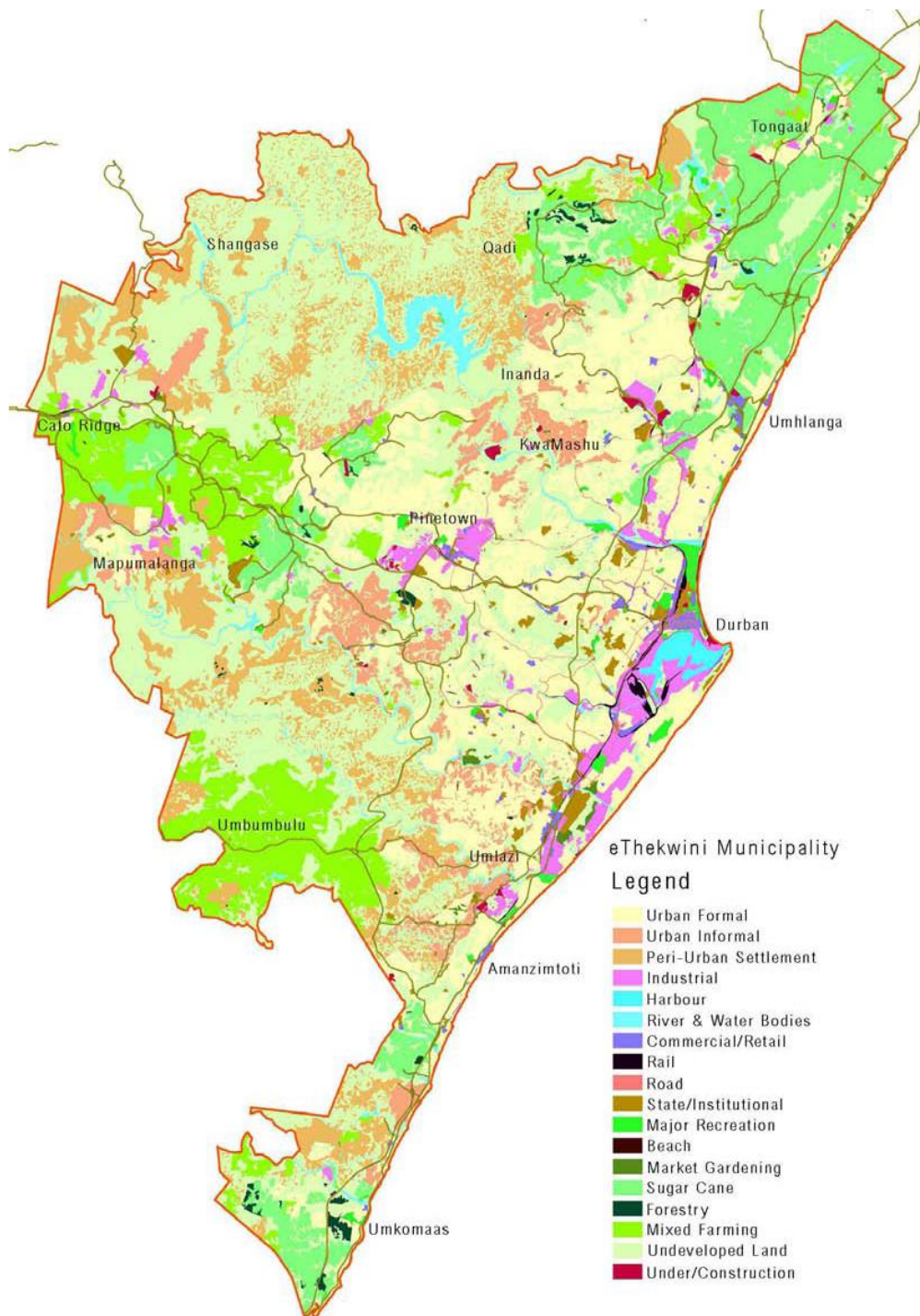


Figure 1.1 Source: eThekweni Municipality (EMA) (2002a) Integrated Development Plan 2003 -2007

CONCLUSION

This Chapter lays a foundation to the research project. It gives a brief background to the study, enunciates the problem statement and points out the aim and objectives of the study along with the research questions.

Delimitations of the study and the one assumption have been provided along with the justification for carrying out this research.

The study seeks to develop a growth taxonomy for SMEs in eThekweni Municipality. It adopts a pragmatism research philosophy supported by a triangulated mixed methods research design. Tables 1 and 2 above indicate the importance of SMEs in employment generation with the Asian countries taking a lead in this respect.

In South Africa, the JPMorgan Chase Foundation (2012:1) advocated for Business Development Services (BDS) and Kambwale et al (2015:1) supported their views. The role of SMEs in economic development the world over in general and in South Africa in particular, has been underscored by the World Bank as indicated above and strongly supported by information depicted in Table 1.3.2 and Table 1.3.3 above.

The next Chapter details the Literature Review with a view to establishing building blocks for a growth taxonomy of SMEs in eThekweni Municipality area.

CHAPTER TWO LITERATURE REVIEW

2.0 INTRODUCTION

This Chapter presents a detailed Literature Review of the research topic. Reviewing literature critically provides a foundation on which the research is built (Saunders, Lewis and Thornhill 2016:74). It helps to develop a good understanding and insight into relevant previous research and the trends that have emerged. A number of growth typologies were reviewed hoping to establish a base for the intended growth taxonomy. The review scans the international community with regards to SME development and then focuses on South Africa and eThekweni. A critical analysis of the reviewed literature and typologies is ultimately provided.

2.1 The Review-Global and African Perspectives

Small and medium enterprises are the drivers of economic development in most developing countries. SMEs have all along proved very important in job creation and innovation. They have also taken a lead in product development which has contributed to economic growth in many countries.

Considering the state of small business in America, Babson College (2016:4) noted that small businesses comprise 99% of all employer firms in the United State of America (USA). Small businesses employ about half of the workforce and account for more than 60% of the private sector's net new jobs. The college further observed fundamental requirements for growth of SMEs in USA, namely, access to capital and provision of training which is necessary to expand employees' skill sets. In addition, the college acknowledged that in the USA, technology has become largely synonymous with innovation and entrepreneurship.

According to the latest World Bank Report (2017: viii), South Africa Economic update, there is need for South Africa to nurture entrepreneurs and innovative companies by providing a business climate which is conducive to the entry and growth of new firms. Risk-taking attitudes by SMEs should be encouraged.

On the point of attitudes to entrepreneurship, GEM b (2016/17:21) indicated their findings as shown in the table below:

Table 2.1 Societal entrepreneurship attitudes in South Africa, 2003-2016

	2003	2005	2008	2010	2012	2013	2014	2015	2016	Africa region(average)
Good career choice	48.0*	55.2	64.6	77.5	74.1	74.0	69.6	73.8	72.6	74.6
High status to successful entrepreneurs	48.0	56.0	62.2	77.6	74.0	74.7	72.9	76.1	78.1	76.7
Media attention for entrepreneurship	47.5	54.4	69.2	78.6	72.9	78.4	72.6	73.8	74.2	64.9

Source: GEM b (2016/17:21)

*Read as 48.0% of South African adults in 2003 regarded entrepreneurship as good career choice.

Table 2.1 above shows that except for Perceived good opportunities, there is a positive societal entrepreneurship attitude in South Africa. However, despite this positive attitude, actual entrepreneurship uptake is very slow. This study will attempt to establish the reason(s) why.

2.1.1 Factors impeding SME growth in South Africa and some African Countries

Although SMEs are crucial for employment creation in Africa, there are a number of barriers to their development. In the main, a number of African countries lack the governmental capacity. Such capacity is necessary to properly support the development of local SMEs. Aggravating the situation is the fact that some African Governments impose harsh regulations on local SMEs. A pertinent example is that of Ethiopia, where many local SMEs complain that regulation is too tight. Business people feel that it is too difficult to obtain a license. In addition, proof of premises and requirements for large amounts of capital and high qualification stifle growth. SMEs are also heavily taxed. This makes it difficult for SMEs to emerge from the local sector.

In South Africa, government bureaucracy impedes entrepreneurship startups as indicated in Table 2.2 below:

Table 2.2 Average expert ratings for government policies for entrepreneurship in South Africa, 2016(weighted average, 1=highly insufficient, 9=highly sufficient)

	Mean Score 2016
Government policies (e.g. public procurement consistently favour new firms	4.2
Support for new and growing businesses is a high priority for policy at local government level	5.1
Support for new and growing businesses is a high priority for policy at Local government level	4.9
New firms can get most of the required permits and licences in about a week	1.4
The amount of taxes is NOT a burden for new and growing firms	3.3
Taxes and other government regulations are applied to new growing Businesses in a predictable and consistent way	4.4
Coping with government bureaucracy, regulations and licensing requirements is not unduly difficult for new and growing firms	1.4

Source: GEM c (2016/17:44)

It is clear that government bureaucracy and regulations stand in the way of new start-ups and this is compounded by the long time that small businesses are required to obtain permits and licences. The South African Government does not seem to be very supportive at a policy level to development of small businesses at local government level. The bureaucracy in the system is even worsened by decreasing entrepreneurial activity in the adult population of South Africa as shown in Table 2.3 below.

Table 2.3 Prevalence rates (%) of entrepreneurial activity among adult population, in South Africa, 2001-2016

	2001	2005	2009	2013	2014	2015	2016	Africa region 2016(average)
Nascent entrepreneurial rate	5.3*	3.6	3.6	6.6	3.9	5.5	3.9	10.5
New business ownership rate	1.4	1.7	2.5	4.1	3.2	3.8	3.3	7.7
TEA	6.5	5.2	5.9	10.6	7.0	9.2	6.9	17.6
Established business ownership rate	-	1.3	1.4	2.9	2.7	3.4	2.5	11.9
Business discontinuance	-	2.9	3.5	3.9	3.9	4.8	4.5	7.3

Source: GEM d (2016/17:24)

*Read as 5.3% of entrepreneurs in 2001 were engaged in nascent entrepreneurial activity. A disappointing sign is that the rate of all levels of early stage entrepreneurial activity dropped significantly when compared with 2015. There is a marked difference between South Africa's and the regional average implying low entrepreneurial activity by adult South Africans compared to those in the African Region.

According to a Gordon Institute for Business Science (GIBS) report on Entrepreneurship in South Africa, entrepreneurial activity is improving but still lags behind in comparison with other parts of the world. The GIBS report claims that aspirant and existing entrepreneurs face huge challenges and frustrations in South Africa. The financial and operating environment is not supportive enough of entrepreneurs, particularly in terms of regulations, policies and access to capital (Marks, 2015).

The importance of the SME sector is well recognized world-wide due to its significant contribution to gratifying various socio-economic objectives such as higher growth of employment, output, promotion of exports and fostering entrepreneurship. Recent empirical studies (Eurostat, 2015; Edinburgh Group, 2012) show that SMEs contribute to over 55 percent of GDP and over 65% of total employment in high income countries. In the European Union countries, for example, there are some 25 million small businesses, constituting 99 percent of all businesses; they employ almost 95 million people, providing 55 percent of total jobs in the private sector. SMEs, in many studies (Eurostat, 2015; Edinburgh Group, 2012) are seen as key actors in innovation systems and are important in increasing the competitive and innovative capacity of the countries/regions.

Around the world, in every economy, whether emerging or advanced, SMEs are widely accepted as a significant driver of GDP and the primary job creator. In South Africa, SMEs account for around 40 percent of GDP as noted by Bureau of Economic Research (BER, 2014:140). The National Development Plan (NDP) sets several ambitious goals for the small to medium enterprise sector-including a target for 90% of employment opportunities to be created by this sector by 2030. The NDP envisions the South African economy growing by at least 5.4% growth per year over the next 15 years, to treble in size-and identifies the SME sector as a pivotal player in driving this growth. Yet, despite government's commitment to growing and supporting the country's SMEs, the firms continue to face an extremely hostile business environment including lack of skilled staff, burdensome regulations, tough local economic conditions, lack of finance and the high costs associated with employing staff. The NDP's targets for job creation in the SME sector depends on the creation of a business environment that supports the growth and sustainability of existing SMEs, a culture of entrepreneurship, which enables new SMEs to prosper. In Brazil, SMEs are estimated to produce 96 percent of jobs in the eyes of Business Environment Specialist (BES, 2012). The South African Institute of Chartered Accountants (SAICA) suggested that according to the

National Development Plan, SMEs are expected to provide a staggering 90 percent of new jobs by 2030 (SAICA,2015).While it is acceptable that small businesses help in job creation and provide employment for the owner/manager, the levels of entrepreneurship growth in South Africa remain very low.

Entrepreneurship exhibits the potential to be one of the most critical contributors to South Africa's economic growth. It has a pivotal role to play in supporting the country's development through job creation; stimulating culture and innovation, and economic and social upliftment. Such negative sentiment around the current economic state of the country is pervasive, it is vital that the importance of entrepreneurship is repeated, reiterated and re-emphasised consistently to all stakeholders. The country continues to produce low levels of entrepreneurship. However, small businesses account for 55% employment in the country. In other countries like India, China and Indonesia, SMEs employ up to 90% of the labour force. The failure rate for small businesses in South Africa ranges between 70 percent and 80 percent (Cant and Wild, 2013:1).

(South Africa has relatively low levels of entrepreneurship with SMEs accounting for only 55% of employment, compared with 90% in China, India and Indonesia. There is also a high failure rate of SMEs estimated at 70-80% in South Africa (Cant and Wild, 2013:1).

A number of ways to improve success of small businesses in the country are included in the National Development Plan. These include public and private procurement to stimulate demand and improve access to finance. In addition, regulatory simplification in areas of business registration, skills training, tax and labour regulation should be put in place. The next section discusses the impact of Chinese small businesses on the growth of SMEs in selected countries including South Africa.

2.2 Global impact of Chinese businesses on SME growth with particular reference to South Africa.

In India, the small business sector occupies a strategic position in the country's economy. The sector contributes about 8% to the country's Gross Domestic Product (GDP) (Singh, S & Paliwal, M 2017:35) and employs more than 80 million people. However, according to Singh,S and Paliwal,M (2017:42) the small business sector in India is currently facing

massive competition from Chinese imports. They argued that imports from China into India leapt from \$32.45 billion in 2008-2009 to \$52.25 billion in 2012-2013. The cited authors have also noted a trend concerning imports from China. These have changed from low-value, low-cost products like toys and crackers to high-value items like electronic devices and machinery. All in all, Chinese products are making a significant inroad in the Indian market to the detriment of growth of small businesses in that country.

The influx of Chinese cheap products is not only restricted to the Indian market but also to South Africa's neighbouring countries, namely, Botswana, Namibia and Zimbabwe. Chinese construction companies and retail shops have all of a sudden shown a marked presence in the mentioned countries causing untold havoc to the local small businesses sector. Alden, C & Wu, S.Y. (2014:8) noted the then South Africa president, Mbeki who cautioned that Africa must guard against merely becoming a supplier of raw materials in exchange for manufactured goods in its relationship with China. Mbeki had also cautioned the increasingly developing relationships with China whereby South African provinces such as Gauteng, KwaZulu-Natal and Western Cape had partnered with Chinese provinces and cities (Alden, C & Wu, S.Y. 2014:11).

Writing in the South African Journal of International Affairs, Alden, C and Davies, M (2010:83) argued that the Chinese multinational corporations (MNCs) are changing the landscape of international business and politics. The Chinese firms enter the global market with a different approach from their western competitors. A Chinese MNC presents a business model which is reliant upon political support, receives financial backing from the state and is involved in mining and energy industries. However, despite the mentioned state support from Beijing, most Chinese firms operating in Africa are private as indicated in Table 2.4 below:

Table 2.4 % (by ownership) of Chinese Firms operating in selected African countries.

	Nigeria	Tanzania	Cote d'Ivoire	Ethiopia	South Africa	Zambia	Kenya	Angola
Private	95	92	90	90	90	90	80	75
State owned enterprise	5	8	10	10	10	10	20	25

Source: McKinsey field survey of Chinese firms in eight African countries. November 2016-March 2017:29

China is undoubtedly Africa's biggest Economic Partner with the greatest influence on small business development in the continent since the turn of the 21st century. Except for Angola and Kenya, Chinese companies' presence in the other countries are 90% and above. This assertion is made clearer by the statistics detailed in Table 2.5:

Table 2.5 China is Africa's biggest economic partner

Goods trade,2015,\$billion	FDI stock,2014E,\$billion	FDI growth.2010-14,%	Aid,2015 \$ billion	Infrastructure financing,2015 \$ billion
1 China 188	United States 79	China 25	United States 10	China 21
2 India 59	United Kingdom 71	South Africa 13	United Arab Emirates 7	France 3
3 France 57	France 70	United Kingdom 11	China 6	Japan 2
4 United States 53	China 32	United States 10	United Kingdom 6	Germany 1
5 Germany 46	South Africa 30	France 6	Germany 4	India 1

Source: McKinsey field survey of Chinese firms: June 2017:20

It is clear that China ranks **1** for Goods trade, 2015; **4** for FDI stock in 2014; **1** for FDI growth from 2010-2014; **3** in Aid in 2015 and **1** for Infrastructure financing in 2015. With these impressive statistics, no wonder why China has captured Africa by a storm and leaves many African governments in owe and not knowing how to protect their local small businesses from massive competition. The then President of South Africa, Jacob Zuma attempted in February 2015, to protect local small businesses by declaring that foreigners would henceforth be banned from owning land in South Africa (Centre for Chinese Studies-Stellenbosch:2016:18). But this has since lullled into oblivion for most of South Africa except for some land zones in Kwa-Zulu Natal where chieftainship prevails. Otherwise, in most of South Africa, Chinese have responded to push factors back home and come to invest in real estate. In the process, many have obtained sectional and freehold title deeds in affluent suburbs of Johannesburg, Cape Town, Pretoria and some parts of Durban. It is ironic that South Africa does not regulate foreign involvement in economic activities of the country.

Once the Chinese have bought and occupied houses in the mentioned towns and are free from the pollution and high cost conditions in Beijing, they demand that food items must be sent over from China. Accordingly, huge exports from China of Chinese food items, cheap toys and other requirements stream into South Africa-this at the detriment of local small businesses who in many cases find it very hard to operate. SMEs in South Africa need targeted and effective support if they are to survive, grow and make a meaningful impact on reducing the country's unemployment rate.

Business Partners (a specialist risk finance company for formal SMEs) Managing Director (2017) cited three growth prospects for 2017, namely,

- (a) Economic growth to rebound. This is anticipated on both the global and local level in forecast to accelerate moderately this year (2017) at 3.4% and 2.8% for global and Sub-Saharan Africa respectively. In South Africa, growth is expected to be 0,8%, up from 0.3% and this should contribute to SME growth.
- (b) Improved rainfall. This should help to reduce reliance on food imports and assist SMEs with increased demand for their products.
- (c) Business Confidence. The Business Confidence Index (BCI) increased by 1.6 index points in December 2016. This is the first time since February 2015. Confidence levels are an essential pre-requisite for growth and investment and should propel growth for SMEs in South Africa.

2.3 Competitive Small and Medium Enterprises- The World Bank’s perspective.

In 2013, the World Bank issued a diagnostic document to help design **smart** SME policy. However, in doing so, the World Bank clearly revealed that SME development and policy making is difficult (World Bank 2013:1). In the mentioned document, the World Bank (2013:3) noted that 60% of SMEs fail and exit within seven years of starting operations, 20% remain self-employed, and 15% remain with low or stagnating growth and on 5% of the cohort show a strong growth history and good growth prospects. It is this 5% which the World Bank calls Competitive SMEs and argued that they are the ones who make economic contribution. From the World Bank’s point of view, Policy Makers should focus on this 5% of SMEs and avail developmental resources to enhance their growth instead of supporting the one who will fail down the road. To this end, they made Case Studies in Singapore, South Korea and Malaysia which are indicated below:

Table 2.6 Case Study: Competitive SME Policy themes and examples-Singapore

The problem statement for policy-makers is to: **how to get maximum impact from limited government resources to develop competitive SMEs?** As many studies have shown, Governments often fail if they try to pick winners (firms that the government thinks will succeed) and also increase risk of capture. So policy-makers have to design smart policies that are arms-length, equal opportunity, but unlock the potential of competitive SMEs.

1. Grants to improve productivity-Enhanced Mechanisation Credit (MechC) Scheme

This grant is open to all Singapore-registered construction contractors, aimed at helping them to improve productivity and adopt new technology. Administered by Building & Construction Authority (BCA) of Singapore, and recently enhanced with higher cap and larger funding amount in 2013, this grant reimburses contractors up to 70per cent of the costs incurred in purchasing or leasing equipment that results in productivity improvements.

This scheme looks at rewarding “throughput” rather than “inputs”, and it rewards only those who have already demonstrated significant productivity improvement (i.e. at least 20 per cent manpower saving). As such, it encourages the firms to become more productive and hence more competitive in the process, and incentivizes those who have achieved positive results. The scheme has certainly benefited many small contractors, resulting in as much as 400 per cent improvement in productivity for some.

2. Equity financing for successful startups-Startup Enterprise Development Scheme (SEEDS)

To assist young (less than 5 years) and prospective(demonstrating high growth potential with clear scalability for the international market) entrepreneurs to grow, the scheme provides co-investment options with another third part investors. Specifically, SPRING SEEDS Capital (SSC),a wholly-owned subsidiary of SPRING Singapore, match the sum invested by third-party investor(s) dollar-for-dollar up to a maximum of \$1million, thereby taking an equity stake in the investee.

Government is not directly involved in the private sector capital market actions. Qualified VCs have full autonomy to choose, are incentivized to invest more because

of higher returns due to co-financing, yet have to bear the risk if the startup fails. It helps the prospective SMEs to tackle both the challenges of access to finance and access to expertise. This scheme has helped many local startups to grow and expand in the international market.

3. Non-financial assistance/consulting for international expansion-IP for Internationalisation Program

IE Singapore provides training and consultancy services on protecting and maximizing intellectual property rights for Singapore companies who wish to venture abroad, through strategy, research, training and online resources.

This program, among many others that championed by various Singapore government agencies, are aimed to develop a pool of knowledge and experiences in a certain domain area (e.g. IP) that all firms can tap on, or serve as a common platform to create a more vibrant environment for aspiring businesses to grow.

By providing more publicly available resource require by growing SMEs no firms are excluded from the benefits that government offers, yet only the more competitive ones will utilize these resources to their advantage to create more value in the economy.

Source: World Bank b (2013:28)

Table 2.7 Case Study: Competitive SME policy themes and examples-South Korea

The South Korean economy has grown rapidly into the 10th largest economy power in recent years, and SMEs have made significant contribution. They account for 99.5 per cent of the total businesses, 77 per cent of people employed and 50 per cent of the value add in the economy. There have been over 100 SME policies since 1960s, with themes shifting as the economy developed.

1. “Purchase-Guaranteed New Product Development Programme”-SMBA

Through this program, the Small and Medium Business Administration (SMBA) supports SMEs new product development with up to 500 million KRW funding after receiving voluntary demand from the public organizations or large firms.

The government (i.e. SMBA) marries the demand and supply from large and small firms respectively, institutionalizing the collaboration in the complementary ecosystem. Government funding is spent on product innovation with a tested market demand, to support SMEs that have demonstrated scalability. According to the SMBA’s 2009 Report, this programme has been very effective for SMEs in lowering development cost and in substituting previously imported products with nationally produced ones. Participation has steadily increased with over 170 purchasing organizations taking part in 2008.

2. “Hidden Champion Initiative”- Korea Import-Export Bank (Eximbank)

As the official export credit agency of Korea, the Korea Eximbank developed this program to provide policy assistance to facilitate high-potential SMEs development towards becoming a leading global export company. As the state-run bank, Eximbank will provide both financial and non-financial support to selected SMEs throughout the stages of business activities including product development, production, and overseas sales.

Though the selection process might be challenged on the ground of fairness and effectiveness, the concept behind this initiative is to give special attention to more competitive firms in the market, and provide targeted resource aid to facilitate their growth.

Source: World Bank c (2013:

Table 2.8 Case Study-Competitive SME policy themes and examples-Malaysia

Ranked number 1 in ease of doing business among 49 upper middle income countries by the World Bank Doing Business, Malaysia has fairly vibrant private sector, and the Malaysian SMEs have been at the forefront of economy development even before the country's independence.

With the vision of “creating globally competitive SMEs across all sectors that enhance wealth creation and contribution to social well-being of the nation” and to become a high income nation by 2020, the Malaysia SME landscape in the country. The philosophy adopted in this master plan is very much in line with the concept of competitive SME.

The four stated goals are:

- a) Increase business formation
- b) Expand number of high growth and innovative firms (similar to competitive SME approach)
- c) Raise productivity (this goal is also embedded in the competitive SME approach)
- d) Intensify formalization

The following two initiatives (from the 6 High Impact Programs (HIPs) serve to illustrate how they achieve the goals of expanding number of high growth and innovative firms and of raising productivity. Though these initiatives are yet to crystallize as specific policies, they are helpful in reflecting the thought process of policy designing.

Malaysia is developing the **Technology Commercialisation Platform** (TCP) to encourage innovation. Under this program, the current incubation facilities are integrated under one national platform; programme managers are incentivized upon successful commercialization; and SMEs and potential financiers are better linked. As we can observe, the design of the TCP project focuses on identifying the most competitive and innovative firms. The second example is the **Catalyst Programme**, which aims to create home-grown champions through a targeted approach with support in the area of financing, market access and human capital development. The program has transparent selection criteria and exit mechanisms and design supports the development of the most competitive firms

Source: World Bank d (2013:29)

The three Case Studies detailed above show a step-by-step approach in devising smart SME policies that focus on supporting the growth of competitive SMEs. However, given the different space in different countries, it is necessary that each country defines competitive SMEs in view of the obtaining circumstances in the respective country. The next section explains Push and Pull factors into business.

2.4 Entrepreneurial Push and Pull Factors in eThekweni

This section considers the Push and Pull factors to SME entrepreneurial venture.

According to Botha (2009:34) pull factors are business opportunities. These opportunities encourage entrepreneurs to start their own business ventures. Pull factors included in opportunities are; the need for independence, achievement, recognition, personal development and personal wealth. Push factors on the other hand are those that force someone to go into business. These include unemployment, job insecurity, and disagreement with management, a situation where the incumbent does not “fit” in with the organization and or a situation where there are no other job alternatives.

The general perception in South Africa is that the Black man is the most likely to be pushed into entrepreneurship while the Asian is least likely to be forced into business (Van Sheers 2010:22). In other words, in South Africa, the general public view is that the White man and Asian decide to go into business on the basis of an identified opportunity rather than on a push factor basis. These views run contrary to Mariotti and Luiz (2011) research findings. They interrogated 609 students at Wits and published their findings indicated below:

The two fundamental results of the Mariotti and Luiz (2011) research cited above are that:

- (a) Men seem more inclined to want to start their own business as soon as possible than women and are more disposed to consider entrepreneurship as a career option and
- (b) African respondents think they are more likely to start their own business followed by Coloureds and Whites, and Asian respondents are least likely.

Ethnic cultural issues seemed to play a role in entrepreneurship start-up.

Table 1.2.1 shows the racial population makeup as 73, 80%, 2, 50%, 16, 70% and 6, 60% as Black African, Coloured, Indian/Asian and White respectively. A total of 39% of youth are unemployed while 4.20% of people in eThekweni have no schooling at all. It is clear that the majority of the population in eThekweni (73, 80%) is made up of Black Africans as already discussed above.

2.5 The Business Model as a business starting point for SMEs

According to Thompson and Martin as cited above, successful entrepreneurs/SMEs are clear about three things before they embark on business.

- (i) They are clear what product/service is and for whom it is intended.
- (ii) They know why these target customers (clients) have a compelling reason to do business with them.
- (iii) They produce and deliver the right quality both on time and consistently to the satisfaction of customers.

It is clear from the above model that those SMEs who embark on business on the basis of pull factors have a clearly defined direction. Van Sheers(2010:22) believed that such entrepreneurs have good business ideas and can turn them into reality while Struwig (2009:103), contended that these entrepreneurs normally have Business Plans which carefully explain the business, its management team, its products or services and its goals, together with strategies for reaching the goals.

The Business Model as described above along with the pull and push factors may not apply for those SMEs operating in the international environment. Thompson and Martin

(2010:554) argued that in the International Environment, main push factors comprise; excess capacity, having a unique product and a marketing advantage in addition from being driven by the ambitions of a strategic leader. Pull factors on the other hand stem from a saturated domestic market, an unsolicited order an attractive export development or incentive programme and competitive pressures at home.

Operating in the International Markets creates a number of challenges for SMEs in Africa. Fariza(2012:112) suggested that Governments should continuously upgrade the environment. This would make the environment conducive to the international growth and development of SMEs , by proactively seeking international business opportunities, strengthening legal institutions and administrative and financial establishments, and formulating appropriate policies.

Small and medium enterprises have long been a staple part of official economic thinking in South Africa. A series of official strategies have been put in place. These began with the Reconstruction and Development Programme which was placed at the centre of South Africa's future, particularly regarding job creation, and politicians across the political spectrum voiced their agreement (Marcus, 2013)

2.6 Risk-taking and challenging life for the SME entrepreneur.

The challenging international environment depicted by Fariza as already cited above in **Section 2.1.1** may even be worse in domestic markets. According to Hisrich et al (2008:17), the life of the entrepreneur (SME) is not easy. An entrepreneur must take the risks with his own capital in order to sell and deliver products and services while expending greater energy than the average business person in order to innovate. In most growing economies, Financial Institutions are generally reluctant to lend money to SMEs who in most cases do not have collateral security for the borrowed funds. Risk-taking is a crucial aspect of entrepreneurship and more especially concerning the innovation element . In this vein, Babu and Kumari (2013:42) developed a formula: **Innovation=Creativity+ Risk-Taking**. Banks in South Africa are reluctant to fund innovation as discussed in Chapter Four, and this acts as a deterrent to SME growth and development in the country.

According to Nieman (2009:184) in South Africa, raising finance for a new and growing business venture is a timely and costly process. In view of the cost involved; most SMEs prefer to grow slowly by using internal cash flow to fund growth. The challenge though, is that competition in many cases becomes unbearable and affects the SME operations.

A further challenge in Africa in general and South Africa in particular is that entrepreneurship is not regarded as a legitimate career choice (Botha 2009:34). The situation is different in most developed countries where various governments are taking an increased interest in promoting the growth of entrepreneurship (Hisrich et al 2008:19). Individuals are encouraged to form new businesses and are provided government support such as tax incentives, buildings, roads, and communication system to facilitate this creation process.

In less developed countries, the situation is entirely different. To be one of the few successful entrepreneurs (SMEs) requires more than just hard work and luck (Hisrich et al 2008:29). It requires the ability to think in an environment of high uncertainty and to be flexible and learn from one's failure. The learning curve effect is very low in South Africa where business experience for SMEs is minimal because the majority responds to push factors and learn the ropes as they run their own business.

In the next section, evaluation of the impact of culture on the growth of SME business is presented. This is particularly important in South Africa where SMEs business owners learn very little from role models unlike in developed countries.

2.7 Impact of Culture on SME business growth.

According to Botha (2009:33), people need role models in their everyday lives if they are to learn something. This is particularly true in business. Role models like Herman Mashaba or Pam Golding in one's community is a more powerful example which is better than a distant media icon.

The Japanese history is a case in point. It rose from the ashes of the Second World War to be one of the powerful nations in the world. It is argued that this event created a Japanese work culture which is second to none in the world. Since the uprising of Japan after 1945, organization theorists and managers have become increasingly aware of the relationship between culture and management. Japan succeeded in achieving the highest growth rate. It further had the lowest level of unemployment and, at least in some of the larger and more successful organizations, one of the best paid and healthiest working populations in the world. It is argued that, today, the Japanese are much happier at work than at home. In other words, they have one of the best work ethics/culture in the world. This helps their small business to grow rapidly.

Francis and Hezel (2009) pertinently asked why some countries do very well, while others fail to develop even when all the requisite economic factors seem to be in place? In the same vein they put forward the following questions:

(i) How can we explain the repeated failures of African nations, even when aid is given in great supply, to develop the economy?

(ii) Why are countries like Indonesia and the Philippines, even with a strong resource base and a well educated population, so resistant to development?

(iii) For that matter, what is there to explain the slow economic growth rates of the Pacific nations?

What is more puzzling is that in the Philippines, Chinese who constitute less than two percent of the population (Chua and Rubinfeld 2016) control 60% of the nation's private economy, including the country's four major airlines and almost all the country's banks, hotels and shopping malls.

In his book "The Wealth and Poverty of Nations" David Landes (2009:1) concluded that the success of national companies is driven by cultural factors more than anything else. Thrift, hard work, tenacity, honesty and tolerance are the cultural factors that make all the difference. Max Weber further believes that social attitudes and values have the decisive say on what economies will succeed and which will fail.

A consultant at Deloitte, Kaplan (2016:3) was of the view that culture has become one of the most important business topics of 2016. He argued that CEOs and HR leaders now recognize that culture drives innovation and customer service and notes that in a survey, 82% of respondents believed that culture is a potential competitive advantage. Kaplan further contended that culture can determine success or failure during times of change: mergers, acquisitions, growth and product cycles can either succeed or fail depending on alignment of culture with the business' direction.

To conclude this section it is necessary to cite the views of Van Sheers (2010:1) in her research paper titled: **The role of ethnicity and culture in developing entrepreneurs in South Africa.**

She acknowledged that not much research on the role of ethnicity and culture has been done in South Africa and concluded that:

There is a correlation between problems experienced by ethnic entrepreneurs and their marketing skills

Improving the marketing skills of ethnic entrepreneurs will solve unemployment problems and improve the South African economy

A positive relationship exists between ethnical and cultural background and successful small business in South Africa.

2.8 The effect of Religion on Entrepreneurship

It is sometimes difficult to draw a line between Religion and Culture. For example, African Religion could be considered to be part of culture. Religious belief is an important factor in shaping culture. It leads to a view of the world which influences the individual's approach to entrepreneurship. The idea that religion, the set of beliefs, activities and institutions based on faith in supernatural forces (Stark and Bainbridge 2010:78) is linked to entrepreneurship is hardly novel. Weber's (1930) seminal work on Protestant Ethic and Spiritual capitalism laid the foundation to understand the mechanisms of how religion, an arguably personal attribute, can become prevalent in society and affect societal members.

While Weber's 1930) thesis remains popular, more recent scholarship shows that the question of how religion broadly impacts on the creation of new businesses remains topical (Gotsis and Kortezi 2009; Essers and Benschopm2009; Neubert and Beard 2013). These studies can be viewed as part of a recent "theological turn" in the wider field of management and organizational studies, basically suggesting that religion "supports" business. Adamczyk and Palmer (2008) argue that individuals who are in more religious contexts are more likely to interact with others who are religious. Because most religions tend to proscribe drug use, individuals in religious contexts are likely to be exposed to environments discouraging drug use. Religion is thus, an important social institution that has a strong norm setting influence on societal members through its norms and religious teaching that set behaviour expectations (Parboteeah, Paik and Cullen,2009:127).

Religion positively affects personal values like honesty, perseverance, bravery, foresightedness and general ethical standards (Atinay and Wang, 2011:12). Garba,Mansor and Djafar (2013:7) asserted that religion is vital in determining the extent to which individuals take entrepreneurship as a career or not. In many cases these positive views expressed thus far may only relate to Christianity.

Islam insinuates some level of encouragement towards conservative natures. The concept of "halal and haram" meaning "accepted and forbidden" limits the level of entrepreneurial scope. The Interest rate being charged on bank loans is also prohibited in Islam and as such, scares away Muslims from going to banks to borrow money to finance their businesses(Atinay, et al 2008). Dana (2009:88) notes that different religions value entrepreneurship differently. For example, the Buddhist religion focuses on the elimination

of unsatisfied desires as the path to salvation is often seen as having a restraining effect on entrepreneurship. According to Buddhist doctrines, living the religious life means finding ways to eliminate the desire to satisfy material *needs*. Islam's prohibition of interest payments as noted above *represents* a barrier to capital and therefore, constrains entrepreneurship. In India, many entrepreneurs have emerged from the Jain community because their strict vegetarianism and historical refusal to work with animal products excluded them from most conventional occupations, hence they turned to trading.

It is clear therefore and as stated by Galbraith and Galbraith (2007:190) that all religious traditions have addressed the connection between work (including entrepreneurship) and religion.

2.9 Impact of Corruption on SME entrepreneurship development

If there is one single feature of bad governance that is certain to discourage entrepreneurial activity, it is government corruption. According to research, corruption exists in all developing countries (Govori 2013:705). Corrupt behaviour is a type of opportunistic behaviour by an agent in which the agent uses resources of the principal not to accomplish the goals of the principal but for the agent's own purposes. In this situation the principal is defined as a person or organization owning property that such person or organization wishes to use in its interests. The agent is often a person hired to manage assets of the principal in order to advance the principal's goals more effectively. Corrupt behaviour is the intentional betrayal of the principal's interests by the agent for the agent's own benefit.

For Sub-Saharan Africa, the 2015 Corruption Perceptions Index (CPI) results indicate that 40 of 46 countries show a serious corruption problem and no improvement for the continent powerhouses Nigeria and South Africa. Indicators for rule of law and justice scored particularly badly as systemic corruption leaves many countries struggling to uphold basic rule of law.

The United Nations Convention against corruption of 14 December 2005 rests on corruption prevention, law enforcement, international cooperation and asset recovery. The same United Nations Convention cited above noted that, for example, in the Philippines, more SMEs than large businesses believe that corruption is part of the way of things work in the country. In

the same country, SMEs perceive corruption in the public as well as the private sector to be pervasive than large companies.

2.10 The importance of innovative SMEs and entrepreneurship on job creation and growth

A firm's performance is related to the ability of the firm to gain profit and growth in order to achieve its general strategic objectives. In the work of Van Auken, Guijarro and Lema (2008) where 1091 SMEs in Spanish manufacturing firms was studied, the finding showed innovation (product, process and administration system) was related to performance.

An innovation is an idea, practice or object that is perceived as new by an individual or other unit of adoption (Rogers2008:11). Innovation does not only include invention but also activities such as design, manufacturing, marketing, distribution and product support. These activities form part of the exploitation/commercialization which is such an essential part of innovation. The Organization for Economic Cooperation and Development (OECD) meeting held in Bologna (17-18 November 2010) identified the following barriers to innovative SMEs and entrepreneurship.

There are poorly adapted framework conditions and obstacles to the international markets along with weak intellectual asset management by governments and lack of entrepreneurial human capital. The same meeting also noted that there was insufficient exploitation of public research and procurement opportunities.

It was agreed that governments should create conducive entrepreneurial business environment, facilitate the internationalization of SMEs and entrepreneurship, and improve SME intellectual asset management.

Improve co-ordination between governments, regional and international organizations and institutions encourage benchmarking and exchange of best practices support.

Researchers have varying views on the efficacy of innovation. Some are doubtful about its role in improving SME operational efficiency while others express positive views. In Tanzania, Ndesaulwa (2016:1) for example, claimed that studies on SME innovation are mostly concentrated in the Western, Middle and Far East and very little empirical evidence is noticeable in Africa. He further asserted that there are no consistent results on whether the innovation altogether influenced firm's performance.

Ngugi et al (2013:25) argued after a research on 4560 SMEs in Kenya that innovativeness influences the growth of SMEs in Kenya. They further posit that there is a tendency of owners/managers to engage in and support new ideas, novelty, experimentation and creative

processes which ultimately result in new products, services or technological processes. This has a great influence on the performance of SMEs in Kenya. Consequently, Ngugi, Mcorege and Muiro (2013) recommended that owners/managers should use technology in controlling the production cost while maintaining competitive prices as it results in continued profitability of a firm and therefore enhance growth of SMEs.

In a paper titled “Effect of Innovation on Performance of SMEs Organizations in Nigeria,” Olughor (2015:1) concluded that there is a high correlation among factors used to measure innovation and found that innovation influences business performance.

It is believed that innovation lies at the heart of entrepreneurship, yet to believe in innovation, we have to see the world in a certain way. We have to believe in a future that will be different from the present. We have to believe that we can act so as to influence the world and change it by our actions. Further, if we are to be encouraged to innovate, we must believe that it is appropriate that we are rewarded for our efforts in developing innovation. If SMEs are to innovate, they must, it is appropriate that they are rewarded for their efforts in developing innovation.

Innovation succeeds only when organizations/SMEs address the human side of innovation, namely, teams/teamwork; communication; motivation and leadership. In other words innovation by SMEs can only succeed when the human factor is put at the fore.

2.11 The Importance of provision of Finance for the growth of SMEs

According to Dalberg (2012:1) SMEs frequently lack the collateral and financial records, such as financial statements that are mandatory for loan applications from commercial banks or financial services providers, thereby affecting their ability to obtain funding. It is said that 75% of applications for credit by new businesses are rejected, 2% of new SMEs are able to access loans.

Mazanai and Futoki (2012:59) revealed that SMEs in South Africa face constrained access to both debt and equity financing. He suggested the following measures to ease the constraints on accessing loans by SMEs:

A loan analysis that focuses on the prospective client’s ability to pay (cash flow) should put less emphasis on collateral and the loan processing time should be minimal.

Entitle repeat borrowers to increasingly larger loans

Appropriate decision-making and control mechanisms should be in place and supported by a strong Management Information System (MIS) and information technology (IT) to assist in the management and administration of the loan portfolio.

According to Mutoko,W.R & Kapunda,S.M (2017:3) SMEs in Botswana struggle to get financing and they tend to get startup finance and working capital from informal sources such as founders or their relatives. Further, it is noted that in Botswana, Banks' credit rationing is influenced by factors that have to do with the borrowers' age, gender, experience and credit history-and sometimes with no consideration of the viability of the project for which the funds are being applied for.

2.12 Access to Finance for women entrepreneurs in South Africa: challenges and opportunities.

The Black Economic Empowerment (BEE) Act which promotes increasing the extent to which Black women own and manage existing and new enterprises, and increasing their access to economic activities, infrastructure and skills training It appeared that the spirit of the act on the ground was marred by a number of obstacles which included the following

Financial Literacy: Poor understanding of financial terminology and lack of awareness of bank and micro-finance services by women are an obstacle

Attitude of banks: Only one out four South Africa's major banks is contemplating a specific programme to increase its share of women owned enterprises

BEE code targets: Codes and industry charters do not have sufficient targets for women's financial services outreach or business activity

Lack of awareness of development finance: despite the resources available from private and public development finance institutions, few women in business know about the different institutions, their product or how to access them.

Lack of financial confidence: Overall, women have less financial confidence than men

Lack of appropriate products: Bank services and products including savings products are often unaffordable, and the emphasis on collateralized and asset based lending disqualifies most women from accessing business loans

Despite these obstacles, Black Women are a large potential market for financial institutions. Only 38% of Black women are formally banked against 44% of Black men and 94% and 91% respectively of white men and women.

2.13 The need for Training and Development for growth of SMEs

Njoroge and Gathunas (2013:22) asserted that Entrepreneurship Training has been found to be a major determinant in the growth of enterprises. In their view, entrepreneurship education is the process or series of activities which aim to enable an individual to

assimilative and develop knowledge, skills, values and understanding which allow a broad range of problems to be defined, analyzed and solved.

According to the Banking Association South Africa (BASA)(2014:1), currently, only 13 banks operate in the SME space. Most banks see the SME sector as very risky to do business with. The association comprises 19 registered banks, 2 mutual banks, 13 foreign banks with local branches and 41 foreign banks with approved local representative offices. Members of the Banking Association generally believe that the SME sector is not Financially Literate to deserve lending money to. In their view, a Financial Literate SME is one who:

Has an adequate level of personal entrepreneurial competencies, personal finance skills, and business management skills; has an appropriate level of understanding of functional financial management systems.

Has an adequate level of SME life cycle funding and other financial services needs and options and knows where and how to service and negotiate those funding service requirements,

Understands and can manage financial risks or seek relevant advice to manage such risks;

Understand legal, regulatory and tax issues as they relate to financial matters;

Understand the range of legal recourses it can resort to when necessary, and namely, in case of bankruptcy or other situations of financial distress.

In Namibia, Egelser and Rena (2013:12) conclude as follows:

SME training and development is a critical shortcoming in the Windhoek area

There is need for training and development of existing entrepreneurs

Training and development lead to higher SME performance.

In India, Salunke (2014:7) in a journal paper entitled ‘Management Development needs in SMEs in India,’ noted a number of reasons causing small business failure or slow growth, a lack of management skills within smaller businesses are a contributory factor. In recognition of this, training provision and management development have dominated much of the academic and policy debate on small firm development since the late 1980s. According to Egelser and Rena (2013:15) and Salunke (2014:9), the SME sector is not homogeneous and therefore identifying development needs and delivering training support is contextually specific and dependent on a variety of factors. Firm size and age are said to be some of the main determining factors for the extent and approach to training and development in SMEs. It appears that much of the observed differences between successful and unsuccessful firms

lies in their decision to train and develop management skills/techniques, the contribution which varies according to the size of the business.

Literature in Kenya, Nigeria, Namibia and South Africa abounds and pertinently supports training for SMEs. It is argued that this enhances performance of small businesses, In this country, BASA play a role in the socio-economic growth and development by facilitating and encouraging member banks to deliver services to a broad spectrum of the population; and catalyses change and transformation. Small and Medium Enterprise (SME) Development and Financial Literacy are strategic objectives of the banking association.

2.14 Networking a critical requirement for SME growth and development

Sawyerr, McGee and Peterson (2013) define networking as a firm, its employers or owner linking with individuals or firms not under its direct control to share contacts, information and resources in a cost effective way. It can also be considered as the framework of individual and organizational relationships which form the stage upon which entrepreneurial performance is played. Networking is composed of personal and social contacts as well as economic relationships. A network is shaped by the culture in which it is formed. At its core, network refers to a set of elements or members that are connected to each other. A network is the relationship between a firm's management team and employees with customers, suppliers, competitors, government, distributors, bankers, families, friends, or any other party that enables it to internationalize its business activities.

Machirori and Fatoki (2013:113) conducted a research on The Impact of Firm and Entrepreneur's characteristics on networking by SMEs in South Africa and concluded as follows:

Education and gender of SME owner are entrepreneur's characteristics that are statistically significant. In other words, they positively increase networking.

Age of the SME owner is statistically insignificant. These do not affect the ability to network.

Firm characteristics such as age, size and legal status of SMEs have significant positive impact on overall networking of SMEs.

Business is about people. The world of business runs on networks of people-talking to each other, learning from each other and doing business together. Networking can be viewed as the process of meeting people, building relationships that can benefit all those involved, sharing information and ideas and getting one's business on the map.

According to SME Portal (2008:30), networking is the art of making and using contacts. The goal of networking is to create a pool of people and information that can directly increase the quality of your product or service.

Adams (2009:192) identified a number of steps involved in developing an effective network: These include the identification of people and organizations among existing connections that are close to potential shareholders, seeking criticism, advice and suggestions on the new venture from these people, asking them for advice about contacts including what preparations are necessary and telling existing contacts later how they have helped.

Adams (2009:193) further asserted that networking and networks will enable emerging entrepreneurs to establish a relationship with people they have never met, who would otherwise not be aware of their business, or improve their existing relationships. Adams (2009:194) as cited above further claims the following functions of networking in the growth of a business venture: ensures that goals for growth and the vision of the entrepreneur are realistic, increases the entrepreneur's level of aspiration, helps to identify opportunities, provides practical assistance, provides emotional support and provides a sounding board for ideas

Networking enables entrepreneurs (SMEs) to market themselves as well as their businesses directly to people who, in turn, may refer other customers to them. In the process, networking enables owner/SMEs to share ideas, information and experience.

2.15 Success factors and barriers to small businesses.

Tlhomola, Rankhumise and Van Niekerk (2010:25), made the following findings regarding the success factors and barriers to small businesses.

The SMEs have the capacity to decrease unemployment in the country base on the number of people they employ. Education plays a pivotal role in the success of businesses and this means that if these entrepreneurs are provided with necessary education and training, it is likely that they would succeed in their endeavours. Lack of collateral security is hampering success of the SME sector in the sense that if the banks are not interested in providing funding without security, it becomes difficult for applicants in this sector to expand their operations.

Another factor that hampers the success of SMEs is poor or non marketing of the products which makes it difficult for the products to be known or even to remind clients that such a product still exists. The unwillingness of the banks to grant loans to SMEs is also seen as one of the factors that are contributing to the failure of this sector. Crime is a concern for all

the entrepreneurs and as such additional expenses are incurred by way of sourcing security companies to take charge of security matters for a fee. Tax imposed on SMEs is regarded as a burden. The burden as such is not about compliance, but rather the process of registering and making some returns of such taxes. This requires the services of consultants, meaning that a fee should be paid.

2.16 Other challenges facing SMEs in South Africa:

The high failure rate of Small businesses in South Africa suggests that there is something fundamentally wrong. The key to small business success lies in inculcating a sense of life-long learning by the owner in order to improve personal skills. In addition, hardwork and commitment to achieving set goals should be uppermost so that the entrepreneur is not diverted from his/her direction. The South African Entrepreneurship Magazine (2015:1) argued that local entrepreneur's primary focus is on initial success with little attention paid to establishing a solid skill set and foundation of knowledge in the form of a business plan and cash flow management.

2.16.1 Reasons for SME failure

Lack of basic skills and being in it for the wrong reasons

Many prospective business people embark on business intending to 'get rich quickly.' Invariably, few prospective entrepreneurs acquire essential skills before starting business. **Inadequate market.** Prospective entrepreneurs pay very little attention to their market and potential customers, Very few individuals are willing to do the necessary groundwork to support their business idea with solid facts and industry research.

No or poor business plan. The majority of new business owners lack basic business training and are unable to develop a business plan. Consequently, they fail to understand the industry and their market. South African entrepreneurs, like in most other countries, any investor-whether it is a government funding institution, a private financial investor- will require a business plan to be presented to them as an integral part of the funding application, a succinct proposal that will provide adequate proof and factual justification of the potential sustainability of the business venture, Unfortunately, most prospective entrepreneurs have little or no knowledge of how to prepare a viable business plan that will meet the stringent criteria of South African investment community.

Lack of Financial literacy and poor money management. The South African landscape lends itself to the fact that many individuals have limited education and training in basic

financial literacy skills. Without basic financial literacy and adequate business knowledge, an entrepreneur might not distinguish profit from cash in the bank.

Inability to secure funding. Most experts would agree that arguably the greatest challenge facing entrepreneurship in South Africa is the difficulty and in most cases, inability to secure funding for new start-up business ventures. Government institutions may be more lenient and in some cases offer preferential interest rates and loan repayment terms but other criteria such as focus on only funding Black owned Enterprises and specific high-growth industries such as Renewable Energy and Manufacturing limit the number of potential start-up entrepreneur applicants.

2.17 Small Business Department (SBD) intended initiatives to grow SMEs

The Minister of Small Business Development, Lindiwe Zulu, in a paper titled SMEs hold key to unlocking South Africa's growth shackles indicated that the Small Business Department was pushing for the following conditions that are necessary for an SME friendly economic climate.

A more effective and transparent use of the procurement level of the state to strengthen SMEs.

A more targeted support for the manufacturing sector and an encouragement of a competitive and to make South Africa's exports globally competitive.

Reduction of the cost of doing business by removing unnecessary red tape, improved and facilitated affordable access to infrastructure, like roads, railways and telecommunications.

Increased intensity to skills creation to develop a skilled and sophisticated workforce.

Introduction of creative solutions to the problem of accessing affordable investment capital.

Development funders like the Industrial Development Corporation and SEDA must use different lending criteria from commercial banks.

The South African venture capital community must develop a greater appetite for risk similar to venture capitalists in Silicon Valley which played a critical role in the creation of successful start-ups like Google and Facebook and many others, and

Ensure a reliable supply of affordable power and tighten implementation of competition legislation to root out market base and anti-competitors' behaviour.

2.18 Towards a typology for SMEs in eThekweni Municipality

This section discusses a number of typologies. The intention is to establish the relevancy, if any, to the envisaged taxonomy for SMEs in eThekweni.

2.18.1 Typology of Diaspora Entrepreneurship

According to Elo, M (2016:121) Diaspora Entrepreneurship (DE) is mostly by push factors from countries of origin (COOs) of diasporans to countries of residence (COR). In other words, DE is a necessity- driven and less opportunity-driven form of entrepreneurship. Elo, M (2016:123) defines “Diasporans” as migrants who settle in one place, move on and regroup; they may also be dispersed, and they are in a continuous state of formation and reformation. In other words, Diasporans are generally viewed as being forced to seek alternative ways to maintain their families’ livelihood, and thus a pushed into entrepreneurship, beyond necessity, although they may also be opportunity drivers. Of late, DE has played a significant role in the economic growth of the home countries of emerging markets like China, Brazil and India. In some countries like Uzbekistan, work permits for foreigners are expensive and valid for not more than 1 year. This puts a strain on DE, whereas in some African countries, work permits are given for much longer periods. An important proposition by Elo, M (2016:133) is that DE is influenced by a combination of necessity and opportunity determinants that are perceived by entrepreneur and are context specific. However, DE is not a purely rational economic decision, but involves complex intertwined forces that are also based on emotions and socio- cultural factors. At a policy level, there may be need for respective governments to suggest strategy modifications to promote and increase small and family business establishment by diasporans advancing international entrepreneurship in order to allow space for development and growth of local SMEs.

2.18.2 Typology of Family Firm Corporate Entrepreneurship

The nature of family and business creates unique features in family firms. Sometimes family visions penetrate into business and shape a variety of family-centred noneconomic goals which may impinge on the economic operations of family businesses. To this extent, Randolph, R.V; Li,Z & Daspit,J.J (2017:535) suggested a typology of corporate entrepreneurship orientations in Family Firms. In India, family run businesses are transitioning to external leadership. The idea is to enable the requisite business growth in changing environments.

Table 2.9 A Typology of Corporate Entrepreneurship Orientations in Family Firms
Transgenerational Succession Intentions

Negligible Transgenerational Succession Intentions	Salient Transgenerational Succession Intentions
<p>1. Constrained Family Business <u>Description:</u> Prioritize benefit for current generation Family members; Limited knowledge resources give Limited capability and closure of family-dominated Firm coalition. <u>CE activity:</u> Minimal with narrow scope <u>Example:</u> Los Angeles Taiwan Café, small micro-Business reliant on family labor. Founding generation Owns and operate firm and excess revenues used support professional and/or educational development Of second generation instead of the strategy Development/advancement of the business itself (Sanders and Nee 1996)</p>	<p>11. Competency-Enhancing Family Business <u>Description:</u> Focus beyond current family members: Limited knowledge resources given Limited capability and closure of family-Dominated firm coalition <u>CE activity:</u> Moderate with a narrow scope <u>Example:</u> S&S Worldwide, a private, family-owned, multigenerational business offering an Array of children’s craft products and Focused on investing in future success of firm (Feldman 2008).</p>
<p>111. Diversified Family-Dominant Business <u>Description:</u> Prioritize benefit for current generation Family members; Broad knowledge resources given Expanded network <u>CE activity:</u> Moderated with lack of coordination <u>Example:</u> Hutchison Whampoa Limited, after Succession non-founding family members leveraged Firm success to fund political campaigns, sponsor Sports teams, and found unrelated private ventures; Family sold majority ownership after firm went Public (Shea 2006)</p>	<p>1V Dynastic Family Business <u>Description:</u> Focus beyond current family Members: Broad knowledge resources given Expanded network <u>CE activity:</u> Expansive with synergistic Coordination <u>Example:</u> Grupo Inerostar, a Spanish, family-Owned multigenerational business group Organized into multiple divisions focused on Hotels and resorts, golf and condo properties, Travel services, etc. (Falk 2016)</p>

Source: Randolph, Li, & Dapit: Journal of Small Business Management 2017 55(4) pp:535

Quadrant 1 shows Constrained Family Business. These very negligible transgenerational succession intentions. Accordingly, these family firms are unlikely to engage in any substantial corporate venturing projects to innovate or renew their business strategy overtime.

Quadrant 11 shows Competency-Enhancing Family Business. These are family businesses that desire to engage in substantial amounts of corporate entrepreneurship but are limited by knowledge acquisition capability of the concerned firm.

Quadrant 111: shows the Diversified Family-Dominant Business. These firms maintain control of the firm and utilize firm resources for personal gain, even when doing so is misaligned with a core strategic plan. Concerning Corporate Entrepreneurship activities, members use the firm to fund or support varied personal pursuits, over time leading to a divers portfolio of corporate entrepreneurship holdings with little strategic overlap.

Quadrant 1V: shows the Dynastic Family Business. This is a type family business has the ability to successfully utilize knowledge gained from external sources and pursue the desires of both nonfamily and transgenerational family stakeholders, potentially across multiple family owned or allied firms.

The typology outlined in Table 2.9 above typifies the generally accepted Indian Family business particularly in quadrants 1 and 1V. However, Bajaj, J & Kale, R.S (2017:1) have observed that owing to changing times, Indian family-run businesses are transitioning to Executive Leadership.

They give three reasons accounting for the changes in the Indian run family businesses, namely, the increased complexity of operation in today’s business environment, the need for appropriate leadership as well as talent to help family run firms succeed in the long-term when the promoters step down and they noted that regardless of type of industry, business is becoming increasingly competitive. Because of this, it is becoming crucial that companies should have diverse perspectives within management in order to objectively assess the organization’s strengths, weaknesses and risks in order to plot a positive course of action. In that vein, Bajaj and Kale as cited above suggested a typology as indicated in Table 2.10 below:

Table 2.10 A Timeline Typology for Indian Family Firms to transition to External Leadership

	Pre-Selection	Selection	Transition Period
Practices	1. Separate ownership and mgt through a family constitution. 2. Define skills required from candidate. 3. Decide on level independence to be given to external executive	Adopt method on how to handle failure Agree on how conflicts will be dealt with Create transparency throughout selection process Ensure strong involvement from family members	Create just milieu for a new company culture preserving possible aspects while using new mgt as opportunity for efficient operations. Maintain long-term goals/expectations Transfer relationship of clients and vendors to executive
Challenges	1. Achieving family Consensus on how to Hand over mgt of Business. 2. Outlining long-term goals and expected results 3. Creating procedures to be followed rigorously despite traditional lack	Committing to the separation of family from management Respecting procedures and processes established Managing natural Apprehensions from Family members Assessing candidates	Providing predetermined adjustment time to incoming executive and employees Reconciling tension between old strategy and new strategy

	of bureaucracy	Cultural fit	
--	----------------	--------------	--

Source: Bajaj, J. & Kale, R.S. How Indian Family-Run Businesses Are Transitioning to External Leadership www.spencerstuart.com/researchandinsight

It is not easy to bring on board external professional on a family-run business. There can be a high degree of distrust as some member of the family worry about losing control of something that has been internally controlled for years. The culture fit can be hard to mesh, at least initially. And there can be unreasonable expectations heaped upon the new executive.

2.18.3 A Diagnostic typology of competitive intelligence practice: empirical evidence from the SME sector in Turkey.

This typology is based on the reason that Turkish SMEs have marketing problems and lack of information technology expertise (Wright, S. Bisson, C & Duffy, A.P a 2012:19). Despite the fact that SMEs in Turkey comprise 98-99% of all firms in that country and that 60% of overall exports are from SMEs, it is felt that the SME sector needs improved networking. In order to do that, SME managers are encouraged to take Competitive Intelligence (CI) module and improve their CI analysis skills as part of an overall provision of intelligence awareness. Because of improvement in CI, Turkey is today a rising economic power with a 7.3% economic growth. According to Wright, S. Bisson, C and Duffy, A.P (2012: 29) the CI typology's benefits have encouraged the French government to grasp it through its Chambers of Commerce & Industry (CCI) networks, and has started offering a range of workshops and training courses on CI. The said training is delivered by respected University Business Schools.

2.18.4 A typology of European countries based on innovation efficiency and technology gaps: The role of early-stage entrepreneurship.

Using technology and innovation information from seven European countries, namely, Germany, Switzerland, Netherlands, Denmark, Austria, Iceland and Italy, Kontolaimou, A. Giotopoulos, I and Tsakanikas A (2016:483) identified that a number of developing countries seem relatively incapable of absorbing knowledge from the European metafrontier. In their view, innovation is considered as a key driver of a country's productivity growth. They argued that entrepreneurship based on opportunity identification can contribute significantly to technological change, innovation and economic development. In other words, pull factors are more desirable in entrepreneurship than push factors. The question though, at the policy level for governments of less developed countries with high unemployment rates, is how implementable are the pull factors model while there are burgeoning numbers of the

unemployed streaming the streets of a country-in other words massive push factors for entrepreneurship.

In addition to the above four typologies discussed above, the Department of Business Innovation and Skills, Scottish Enterprise, Invest Northern Ireland and the Welsh Government issued a Final Report in August 2012 on Business Growth Ambitions Amongst SMEs. This is a topical report which among other things, give determinants of ambition as security, satisfaction, success, economic factors, owner/manager's personal circumstances and the perceived ease of doing business. Some entrepreneurs may actually not want to grow their businesses for personal reasons-as long as they survive. In other words, it is not easy to pin down growth ambition because in many cases, access to finance is a major determinant of growth. The next section gives a critical analysis of the Literature Review conducted in this chapter.

2.19 A critical evaluation of the Literature Review

It is generally acknowledged the world-over, that SMEs are the key drivers of economic growth of both developed and developing countries. The Babson College (2016:4) asserted that SMEs comprise 99% of all firms in USA and employ half of the workforce along with 60% of private sector jobs. On the other hand, SMEs account for 55% employment in South Africa while in India, China and Indonesia they account for up to 90% of the labourforce.

As far as South Africa is concerned, the World Bank (2017: viii) argued that the country needs to nurture entrepreneurs and innovative companies by providing a conducive business climate. GEM (2016/17:21) on the other hand noted a positive societal entrepreneurship attitude in South Africa for the period 2003-2016. However, the same GEM observed that during that same period, actual entrepreneurship uptake was very slow because of some existing barriers to entrepreneurship in the country. The barriers include among others, lack of governmental capacity (which is applicable to most African countries' governments), harsh regulations on local SMEs by making it difficult to get licences, for example, and demanding high capital requirements to start a small business. In South Africa, there is a lot of bureaucracy and the government is not very supportive at a policy level to develop SMEs at local government level (GEM 2016/17:44).

While the NDP and SAICA set a target of 90% of employment opportunities in South Africa by 2030, it must be noted that in Brazil, SMEs already produce 96% of jobs (BES 2012) despite the fact that the two countries are both members of BRICS. A major challenge in South Africa though, is that there was a drop in early stage entrepreneurship activity compared with the

African Region for the period 2001-2016. Further, the failure rate of SMEs in South Africa ranges between 70%-80% (Cant and Wild 2013:1) aggravated by lack of access to capital and provision of training on how to start and improve small business operations. To that end, areas to improve SME businesses in South Africa would include: public and private procurement to stimulate demand and improve access to finance, regulatory simplification in areas of business registration, skills training, tax and labour regulation to be put in place.

A seemingly global challenge to SME growth and development might be what could be called the China effect. For example, in India, imports from China leapt from \$37.45 billion in 2008-2009 to \$52.25 billion in 2012-2013. These imports from China have changed from low-value items like toys and crackers to high-value items like electronic devices and machinery. There has been a similar effect in Botswana, Namibia and Zimbabwe with massive Chinese goods entering these countries.

Private Chinese Firms in 8 African countries as already discussed in Table 2.4 are as shown below:

	Nigeria	Tanzania	Cote d'Ivoire	Ethiopia	South Africa	Zambia	Kenya	Angola
Private	95	92	90	90	90	90	80	75
State owned	5	8	10	10	10	10	20	25

It is clear that Private Chinese Firms are massively involved in Nigeria and even at 75% in Angola, their operations are very high. This is coupled with high investments as indicated in Table 2.5 where China stands as follows:

	China
Goods traded 2015	188 billion
FDI 2010-2014	25 billion
Infrastructure financing 2015	21 billion

China is now way ahead of giants like USA, UK, France, Germany, Japan with South Africa attempting some FDI in China. The situation is worsened by the fact that China is involved in Diaspora Entrepreneurship and Chinese are mostly showing their investment presence in real estate owning sectional and freehold title deed in South Africa. Push Factors from China-where there is a lot of pollution force Chinese to leave and settle in African Countries. Once in those countries, they demand Chinese food items which come in and reduce demand for local products at the detriment of SMEs in concerned countries.

In 2013, the World Bank contended that because of the high failure rate of SMEs, it would be better for governments to identify Competitive SMEs(those that have a high incidence of

survival-normally the top 5%) and make provisions to sustain and grow them. This approach seems inapplicable in countries like South Africa where there is rampant unemployment. In the South African situation, the government needs to attend to some push factors for people to start their small businesses in order to address the unemployment situation. Challenges from Diaspora Entrepreneurship from China India and other countries require that the South African governments institutes some land ownership controls by foreigners-which the former President,J.Zuma tried in 2015 and failed to implement.

The globalization of business has seen a number of typologies aimed at growing SMEs. The Indian Family business culture is gradually transitioning and allowing external leadership to take over although with challenges. In Turkey, marketing challenges for SMEs have brought in the incidence of Competitive Intelligence-which seeks to improve market networking. This concept could be handy even in South Africa despite its reliance on computer technology. After all, in USA, it has been recognized that technology is synonymous with innovation and that innovation is important for SME growth. On the contrary, in Tanzania, Ndesaulwa (2016:1) argued that there are no consistent results whether innovation altogether influenced firm performance. In Kenya, though, Ngugi (2013:25) found that innovativeness influenced SME growth. The Kenyan view is supported by Olughor (2015:1) who concluded that there is a high correlation among factors used to measure innovation and found that innovation influenced business performance.

There is need for innovative SMEs if growth into the international environment is to be achieved. Competition is becoming stiff with the influx of Chinese and other foreign businesses into South Africa. The situation created a major challenge for both the South African government and the local government within eThekweni Municipality and needs to be addressed if unemployment has to be reduced through job creation.

CONCLUSION

This Chapter has provided a detailed Literature review highlighting pertinent issues relevant to SME growth and development. Challenges faced by African SMEs from Chinese companies have been brought to the fore along with suggestions for respective governments in order to protect local SMEs. A number of typologies have been discussed. The Business Model clearly stands out as an important starting point for any successful entrepreneur while the Push and Pull factors which do not only apply to the Diaspora Entrepreneurship, but also relate to various racial groups as explained by research carried out both in South Africa and internationally have been clearly explained. In addition, the effect of culture, religion,

corruption, innovation, provision of finance, training and development and the role of networking on the growth of SMEs have been brought to the fore, as fundamental requirements invaluable to growth of small businesses. Relationships between funding banks and SMEs are very important and need to be improved to enable SMEs to access finance to grow their businesses.

The next Chapter discusses the Research Methodology relevant to this research, drawing from the detailed Literature Review which has been conducted in this Chapter.

CHAPTER THREE

RESEARCH METHODOLOGY

3.0 INTRODUCTION

This Chapter explains the data collection and analysis methods used in this study. It proceeds to indicate a Research Timeline/guide, and explains the Research Philosophy adopted before moving on to indicate the Research Design, Sampling Design and Sample Size. Both Statistical and non-statistical justification for selecting a sample of 600 SMEs are provided. The Chapter then explains Data Collection Instrument(s), Data Collection Procedures, Data Analysis, Reliability and Validity, and concludes by linking Research Methodology to the detailed Data Analysis in Chapter 4

Research methodology refers to the theory of how research should be undertaken. This includes the theoretical and philosophical assumptions upon which research is based and the implications of these for the method or methods adopted (Saunders 2016:720). Rajasekar, Philominathan and Chinnathambi (2013:64) are of the view that Research Methodology is a systematic way to solve a problem. They further argued that it is a science of studying how research is to be carried out. In their view, essentially, the procedures by which researchers go about their work of describing, explaining and predicting phenomena are called research methodology. On the other hand, research method refers to the techniques and procedures used to obtain and analyze research data. This should include for example; questionnaires, observation, interviews, and statistical and non-statistical techniques (Saunders 2016:720). Research methods are the various procedures, schemes and algorithms used by a researcher (Rajasekar et al 2013:66). All the methods used by a research during a research study are termed as research methods. Although no strict sequential research activities were followed because some of the activities happened simultaneously, the following guide serves as an approximate indication of how the research was finalized.

3.1 Timetable/Guide

(1) Research Proposal, Presentation/Approval/Ethical Clearance	8 months
(2) Detailed Literature Review and synthesis*	7 months
(3) Research Methodology	1 month
(4) Data Collection	10 months
(5) Literature re-evaluation	1 month
(6) Data Analysis	1 month
(7) Thesis typing, presentation and submission	<u>2 month</u>
	<u>30 months</u>

*Continuous throughout the study

3.2 Research Philosophy

It is necessary to underpin the Research Philosophy for this study in order to develop the Research Methods. According to Saunders (2016:146), there are five major research philosophies, namely, positivism, critical realism, interpretivism, postmodernism and pragmatism. Since this study seeks to produce a taxonomy for SMEs in the eThekweni Municipality and suggest practical solutions by answering the research question and four objectives, it follows a pragmatism philosophy. Saunders (2016:143) contends that a pragmatist research starts with a problem, and aims to contribute practical solutions that inform future practice.

Elkjae and Simpson (2011:143) further argue that pragmatists are more interested in a practical outcome and in their view, the research problem and research question are the major determinants of research design and strategy.

3.2 Research Design

The study uses a Mixed Methods research design flowing from a pragmatism philosophy as stated above. Saunders (2016:169) noted that mixed methods research combines the use of quantitative and qualitative data collection techniques and analytical procedures. In line with the pragmatism philosophy stated above, Tashakkori and Teddlie (2010:169) are of the belief that, pragmatists view the exclusive adoption of one philosophical position as unhelpful and choose, instead, to see these as either end of a continuum, allowing a choice of whichever position or mixture of positions will help them to undertake their research.

Cooper and Schindler (2008:140) consider a Research Design as the plan and structure of investigation so conceived as to obtain answers to research questions. In the same vein, Saunders et al (2016:163) believe that a Research Design is the general plan of how you will go about answering your research question(s). The four research questions for this study as already stated in Chapter 1 are:

- (1) What are the building blocks to a growth taxonomy which are exhibited by growth oriented SMEs in eThekweni Municipal Area?
- (2) Do culture and religious beliefs constitute building blocks to the growth taxonomy for SMEs in eThekweni Municipal Area?
- (3) How does attitude to innovation and networking comprise the building blocks to the growth taxonomy for SMEs in eThekweni Municipal Area?

(4) What are the other factors deduced from research findings contribute to building blocks of the growth taxonomy for SMEs in eThekweni Municipality?

This Research Questions lend themselves to a Descriptive Research Design (Saunders 2016:175). However, Saunders et al as cited above argued that if a research project utilizes description, it is likely to be a precursor to explanation and such studies are known as **descripto-explanatory** studies.

3.2.1 Research Strategy

According to Denzin and Lincoln (2011:18), a research strategy is a plan of how a researcher goes about answering his or her research question(s). The research strategy provides a methodological link between the researcher's research philosophy and subsequent choice of methods to collect and analyze data.

This study used a Survey strategy which is usually associated with a deductive research approach (Saunders 2016:181). A survey strategy is popular and common in business and management research and tends to be used for exploratory and descriptive research.

3.3 The Population and Sample

A total of 2400 SMEs were included in the Durban Chamber of Commerce's SME Membership Register. This constituted the target population of this study. According to Cooper and Schindler (2008:90), the target population refers to people, events, or records that contain the desired information and can answer the measurement questions. Since all the 2400 SMEs could not be investigated because of the time available for this study, a sample had to be taken. In the view of Cooper and Schindler (2008:90), a sample examines a portion of the target population, and the portion must be carefully selected to represent that population. Accordingly, a sample of 600 SMEs was selected from the Chamber's Membership Register by selecting every 25th SME after considering Statistical and non-statistical reasons as explained below:

3.3.1 Justification for a sample of 600 SMEs-Statistical and non-statistical considerations:

Table 3.1 shows how a final sample of 600 was arrived at both statistically and purposefully.

Table 3.1 Sample –Size: How many Survey Participants do I need?

Sample Size	Margin of Error (fraction)	Margin of Error (percentage)
N		
10	0.316	31.6
20	0.224	22.4
50	0.141	14.1
100	0.100	10.0
200	0.071	7.1
500	0.045	4.5
1000	0.032	3.2
2000	0.022	2.2
5000	0.014	1.4
10000	0.010	1.0

Source:Robert Niles.com <http://.robertniles.com/stats/>.

<http://www.surveysystem.com/sscaalc.htm>

<https://www.sciencebuddies.org/science.fair-projects/references/sample-size-surveys>

NB. The margin of error in a sample=1 divided by the square root of the number of people in the sample.

It is clear that for a Sample-size of 500 units, there is a 4.5% margin of error. At 95% test of significance (i.e. a 5% margin of error) the Sample-size has to be increased beyond 500 in order to approximate closer to the population mean. This researcher, therefore, purposefully decided to investigate 600 SMEs with a view to fit within the Research Questions, the available resources, study time and Research Objectives. The margin of error for a sample of 600 EMEs is 4.1% which is better than that for 500 SMEs. The 600 SMEs was deliberately decided on since the larger the sample, the nearer it approximates the population mean-in this case 2400.It would have been easier to work with 500 SMEs sample but the researcher did not see any significant difference caused by working with a higher sample size.

Non-statistical considerations were made after gleaning literature on samples made by other researcher-three in this case-namely:

- (a) In studying Growth Ambitions amongst SMEs, the Department of Business Innovation and Skills, Scottish Enterprises, Invest Northern Ireland and the Welsh Government (BIS b 2012:14) used a sample of 1250 small businesses in the UK made up as follows:

England	450SMEs
Scotland	300SMEs
Wales	250SMEs
Northern Ireland	<u>250SMEs</u>
Total	1250SMEs

Although no population is given for this study, a Sample of 600 SMEs for a study in eThekweni a Municipality in South Africa appeared reasonable to this researcher given the fact that the country is less developed and to approximate closer to the population mean, more SMEs had to be investigated.

- (b) In Turkey, Wright, S., Bisson,C and Duffy,A.P b (2012:22) developed an operational diagnostic typology of competitive intelligence practice: for the SME sector by investigating 343 SMEs. Given the fact that Turkey is more developed than South Africa, the same reason for investigating 600 SMEs in eThekweni as advanced in (a) above appeared valid to this researcher.
- (c) Chazireni, B (2017:168) used a Sample size of 400 SMEs to study Corporate Social Responsibility in the eThekweni Region for his PhD Thesis with the Durban University of Technology. The study was confined to the Wholesale and Retail SMEs.The current study examined all the various sectors and had to therefore, look at more SMEs.

From both Statistical and non-statistical considerations, the sample size of 600 SMEs appeared reasonable in light of the resources available at the disposal of the researcher.

3.4 Data Collection Instruments

The study relied mainly on the Questionnaire and Semi-Structured Interviews as instruments of Data Collection. In addition, a detailed literature review was carried out on the international, African and South African landscape to find out the challenges facing SME development.

3.4.1 Questionnaire:

Questionnaires are the most widely used as data collection methods in educational and evaluation research (Radhakrishna, 2007:1).The Business Dictionary explains a questionnaire as a list of research or survey questions asked to respondents and designed to extract specific information. The questionnaire serves four basic purposes, namely,(1) collects the appropriate data,(2) makes data comparable,(3) minimizes bias in formulating and asking questions, and (4) makes questions engaging and varied, Saunders et al (2016:437) on the other hand, regard a questionnaire as a general term which includes all

methods of data collection in which each person is asked to respond to the same set of questions in a predetermined order as shown in Appendix A for this study.

While the questionnaire has a number of advantages, it also has many disadvantages as pointed by Radhakrishna (2007:1) as already cited. These are detailed below:

3.4.2 Advantages of Questionnaires

The questionnaire is a very practical instrument to administer. It helps in the collection of data from a large population or sample in a short period of time and in a relatively cost effective manner. The questionnaire can easily be carried out by the researcher or his/her enumerators with limited effect on its validity and reliability.

Data collected by use of questionnaires can usually be quickly and easily quantified by either a researcher through the use of a software package such as SPSS. Such data can be analyzed more ‘scientifically’ and objectively than other forms of research.

When data has been quantified, it can be used to compare and contrast other research and may be used to measure change.

Positivists believe that quantitative data can be used to create new theories and/or test existing hypotheses.

3.4.3 Disadvantages of Questionnaires

The main disadvantage of questionnaires is that it is inadequate or unable to capture some forms of information-i.e. changes of emotions, behavior and feelings.

Phenomenologist state that quantitative research is simply an artificial creation by the researcher, as it is asking only a limited amount of information without explanation. Other weaknesses of the questionnaire may include the following:

- (1) It is difficult to tell how truthful a respondent is being.
- (2) There is no way of telling how much thought a respondent has put in.
- (3) Some respondents may be forgetful or not thinking within the full context of the situation.
- (4) People may read differently into each question and therefore reply based on their own interpretation of the question-i.e. what is ‘good’ to someone may be ‘poor’ to someone else; therefore there is a level of subjectivity that is acknowledged.
- (5) There is a level of researcher imposition, meaning that when developing the questionnaire, the researcher is making his/her own decisions and assumptions as to what is and is not important, therefore, he/she may be missing something that is of importance.

3.4.4 Pilot Test

A pilot test is conducted to detect weaknesses in design and instrumentation. It also seeks to provide proxy data for selection of a probability sample (Cooper and Schindler, 2008:91). Pre-testing the instruments permits refinement before the final test. In the same vein, Saunders et al (2016:473) stated that, prior to using a questionnaire to collect data, it should be pilot tested with respondents who are similar to those who will actually complete it. The purpose of the pilot test is to refine the questionnaire so that respondents will have no problems in answering the questions and there will be no problems in recording the data.

An expert was asked to comment on the representativeness and suitability of the questions. The expert made suggestions on the structure of the questionnaire and this helped to establish content validity and assisted in making amendments prior to pilot testing (Saunders et al 2016:473).

The pilot test was conducted on ten SMEs in line with Fink (2013:44) who contended that for most student questionnaires, this means that the minimum number of a pilot is ten. The ten SMEs who were similar to the final population in the sample were contacted for their willingness to participate in the study. The researcher administered and monitored the data collection process to ensure that the 'wrong' people did not fill the questionnaire. In most cases, the questionnaire was filled while the researcher waited, thereby providing clarification where necessary and raising the reliability. Finally, the responses received were taken into account and all ambiguities were removed from the instruments by modifying and replacing any questions that were not clear.

3.4.5 Semi-Structured Interviews

A semi-structured interview is a qualitative method of inquiry that combines a pre-determined set of open questions (questions that prompt discussion) with the opportunity of the interviewer to explore particular themes or responses further. A semi-structured interview does not limit respondents to a set of pre-determined answers (unlike a structured questionnaire).

Semi-structured interviews are used to understand how interventions work and how they could be improved. It also allows respondents to discuss and raise issues that you may not have considered. Semi-structured interviews have the following advantages and disadvantages (Newton, 2010:1):

Advantages

The can provide valuable information from the context of participants (and stakeholder) experiences and the use of pre-determined questions provides uniformity.

Disadvantages

Requires some level of training or practice in order to prevent interviewer suggesting answers.

Questionnaires were distributed to 600 respondents as already discussed above.

In addition, semi-structured interviews were held with 5 Funding Institutions (Banks) and 5 Training Institutions which were indicated by respondents in answer to Question 4.3.1 of the Questionnaire as per Appendix A.

3.5 Data Collection Procedures

Questionnaires (see **Appendix A**) were either personally and physically distributed or sent by e-mail. However, in one place, it became very risky for the researcher to physically reach the area. At times, the researcher was afraid to venture in the areas that were fraught with violence like cars being burnt, hence questionnaires were sent to respondents by e-mail.

In total, 323 completed questionnaires were returned giving a 54% response rate. According to Baruch and Holtom (2008:1139); for most academic studies involving individuals or organizations' representatives, response rates of approximately 50 per cent and 35 to 40 percent respectively are reasonable. Response rates for similar research thesis are: Mtigwe, B. (2004:1) 26%- University of Pretoria and Chetty, A. (2009:59) 50%-University of Kwa Zulu Natal.

In addition, semi-structured Interviews (see **Appendixes B & C**) were conducted with 5 Banks and 5 Training Institutions and summarized (see **Appendixes E & F**).

3.6 Data Analysis

Data Analysis is the process of systematically applying statistical and/or logical techniques to describe and illustrate, condense and recapitulate and evaluate data. (Cooper and Schindler, 2011:142). Data analysis supports the researcher to reach to a conclusion. It acts as a filter when it comes to acquiring meaningful insights out of huge data sets.

An important use of data analysis is that it helps in keeping human bias away from research conclusion with the help of proper statistical application.

Both quantitative and qualitative data were analyzed. Responses to the following questions from the questionnaire were analyzed using IBM SPSS (**See Chapter 4**): 1.1, 1.2, 1.3, 1.4,

1.5, 2.1, 2.2, 2.3, 2.4, 2.5,2.6,2.8, 2.9, 3.1, 3.3, 3.4, 3.7, 3.8, 4.3,4.4, 5.1, 5.2.1, 5.2.2, 5.2.4, 5.2.6, 5.2.7, 5.2.10, 5.2.12,6.1,6.3, 6.4.1

3.6.1 Qualitative questions from Questionnaires (See **Chapter 4** and **Appendix D**) 3.2, 3.5, 3.6, 4.1, 4.2,4.5, 4.6, 5.2, 5.2.3, 5.2.5, 5.2.8, 5.2.9, 5.2.11, 5.2.13, 6.2, 6.5

3.6.2 Qualitative data from Semi-Structured Interviews-Funding Institutions (See **Chapter 4** and **Appendix E**)

3.6.3 Qualitative data from Semi-Structured Interview-Training Institutions (See **Chapter 4** and **Appendix F**)

For confidentiality and ethical purposes, Banks and Training Institutions with whom Semi-Structured Interviews were held are referred to as B1,B2,B3,B4,B5 and T1,T2,T3,T4,T5 respectively(See **Appendixes E &F**).

3.7 Reliability and validity of the study

Wallace and O'Farrell (2012:36) define Reliability and Validity as follows:

Reliability is a measure of the extent to which a set of results can be regarded as being dependable.

Validity is a measure of how well the results can be justified and considered to be a true and accurate reflection of reality.

This study adopts a pragmatism philosophy, which is in the ambit of phenomenological research. Phenomenological research may be difficult to replicate because data is collected from people (Wallace and O'Farrell 2012:37). For this reason, such research programmes are sometimes referred to as being indicative in that they indicate general patterns of behaviour.

Cooper and Schindler (2008:292) on the other hand, consider a measure reliable if it supplies consistent results. Reliability is concerned with estimates of the degree to which a measurement is free of random or unstable error while validity is the extent to which a test measures what we actually wish to measure.

This study seeks to increase reliability of research findings by maintaining detailed and accurate records and to allow for validity by ensuring that the research methodology is properly designed so that it measures what is supposed to be measured. This is in line with Leedy and Ormrod (2010:314) who consider validity as providing accuracy, meaningfulness and credibility to the research area as a whole.

This study mainly uses ordinal/nominal data-mostly applicable in qualitative research (Golafshaini, 2003:598). According to Saunders et al (2016:725) ordinal data is data whose values cannot be measured numerically, but can be placed in a definite order (rank).

Spearman's correlation co-efficient has been calculated in Chapter 4 and indicates a positive correlation, that; Firms with more employees have higher turnover. Therefore, despite its ordinal nature, it can be concluded that the research instrument-the questionnaire- used in collecting data is reliable and valid.

3.8 Bias

Wallace and O'Farrell (2012:46) identified three types of bias, which one is likely to encounter and they suggest ways to resolve the bias as indicated below:

Subject bias. This type of error can arise where the subject is able to manipulate his or her response in line with existing bias. Interview and questionnaire questions should be carefully worded so that the effects of subject bias are minimized. The three questionnaires (See **Appendixes A, B & C**) were carefully designed to eliminate this type of bias.

Researcher error. The researcher may make mistakes, either in developing the questions for the interview or questionnaire or in administering the tool used. Observer error may generally be minimized by a highly structured interview schedule. Semi-structured interviews were held by mostly Regional Managers of big banks in South Africa. The interviews were professionally conducted with no possibility of researcher error arising.

Researcher bias. The researcher may be biased. Researchers have opinions and ideals just like everybody else, and there is always a risk that the researcher will try to get the results to show what he or she wants or expects them to show. Even experienced researchers are sometimes guilty of allowing bias to react with the research. In some cases this reaction occurs unconsciously. The researcher listened most of the time to the Regional Managers as they provided information (See Appendixes D and E) and this minimized researcher bias.

CONCLUSION

This Chapter detailed the Research Philosophy, Research Design and methods used to collect data. Statistical and non-statistical justification for the selection of sample of 600 SMEs with a view to reduce the margin of error were clearly explained and illustrated. The research instruments used, namely, literature review, the questionnaire and semi-structured-interviews were also explained.

While recognizing the importance of reliability and validity, the Chapter clearly indicated that mostly ordinal data was collected and analyzed and that the research rigor compensated for the usually non replicability of qualitative research. Both quantitative-through the questionnaire and qualitative-through semi-structured interviews, data were collected and analyzed

The next Chapter delves into a more detailed quantitative and qualitative analysis of the data collected as explained in this Chapter and leads to a more detailed discussion of findings in Chapter Five.

CHAPTER FOUR

ANALYSIS OF DATA

4.0 INTRODUCTION

This Chapter undertakes a detailed quantitative and qualitative data analysis as indicated in sections **3.6.1**, **3.6.2** and **3.6.3** above. Quantitative data in its raw form, i.e. before being processed and analyzed, convey very little meaning to most people (Saunders et al 2016:496). Quantitative analysis techniques such as tables, graphs and statistics allow us to do this, helping us to explore, present, describe and examine relationships and trends within the data. Quantitative research is used to quantify the problem by way of generating numerical data that can be transformed into useable statistics. It is used to quantify attitudes, opinions, behaviours, and other defined variables-and generalize results from a larger sample population. Quantitative research uses measurable data to formulate facts and uncover patterns in research.

On the other hand, in qualitative research is primarily exploratory research. It is used to gain an understanding of underlying reasons, opinions and motivations. It provides insights into the problem or helps to develop ideas or hypotheses for potential quantitative research. Qualitative research is also used to uncover trends in thought and opinions, and dive deeper into the problem. Quantitative data collection methods vary using unstructured or semi-structured techniques such as individual interviews.

Each question on the questionnaire (see **Appendix A**) is answered by using Statistical Tables and Figures (where possible) for quantitative analysis. For a qualitative analysis, summaries of questionnaires (see **Appendixes B & C**) have been made (**Appendixes D, E & F**) and used to derive an analysis as described in sections **3.6.2** and **3.6.3**.

Results of the detailed analysis are discussed in Chapter five and linked to the study's Research question and objectives.

Quantitative analysis of data.

This section presents a detailed quantitative data analysis to be followed by the qualitative analysis. Frequency distributions are indicated where possible and Pearson's correlation coefficient has been calculated to establish relationship between some variables. The analysis below was enabled through the use of IBM SPSS statistical tool and is undertaken per question as indicated in section **3.6.1** above.

4.1 Gender

Respondents were required to indicate their Gender.

Table 4.1

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	200	61.9	61.9	61.9
	Female	123	38.1	38.1	100.0
	Total	323	100.0	100.0	

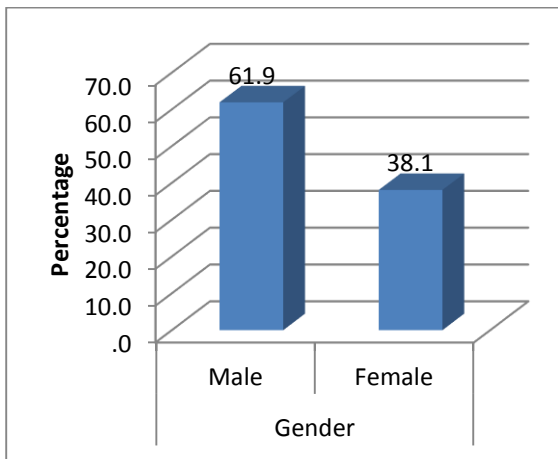


Figure 4.1

Table 4.1 and Figure 4.1 indicate that 61.9% males and 38.1% females constituted the total respondents or 323 of this study. There seems to be more males in business than females despite the Sex Ratio of 95.60% males per 100 females for the entire eThekweni Municipality area and that 40% of the total households in eThekweni are headed by females. There is need for the local authority-eThekweni Municipality to find ways to encourage or attract women into business.

4.2 Marital Status

Table 4.2

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Single	90	27.9	27.9	27.9
	Married	205	63.5	63.5	91.3
	Divorced	20	6.2	6.2	97.5
	Widowed	8	2.5	2.5	100.0
	Total	323	100.0	100.0	

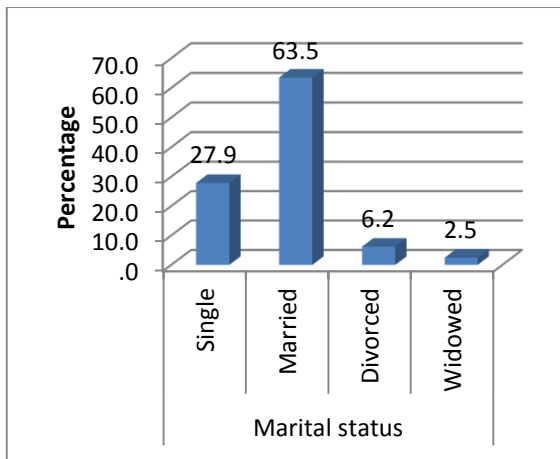


Figure 4.2

A significant 27.9% single, a high 63.5% married and a considerable 6, 2% divorced accompanied by 2.5% widowed entrepreneurs constitute the breakdown of the total 323 respondents. The Dependency Ratio (15-64) is 42,80per 100. It is clear from Figure 4.3 below that 53.20 % (26.9 +26.3) of the respondents are aged between 31-50 years old. The same Figure shows that 23.2% (22.6 +.6) of respondents are aged up to 30 years. It, therefore, means that a portion of the 27.90% single entrepreneurs are fairly old/mature people of more than 31 years old. This fact, coupled with the 6.2% divorced respondents, means that about 10% of investigated entrepreneurs are unmarried and raises a question of the impact of entrepreneurship on the family.

4.3 Age

Table 4.3

	Frequency	Percent	Valid Percent	Cumulative Percent
<20	2	.6	.6	.6
21-30	73	22.6	22.6	23.2
31-40	87	26.9	26.9	50.2
41-50	85	26.3	26.3	76.5
51-60	40	12.4	12.4	88.9
61-70	27	8.4	8.4	97.2
>70	9	2.8	2.8	100.0
Total	323	100.0	100.0	

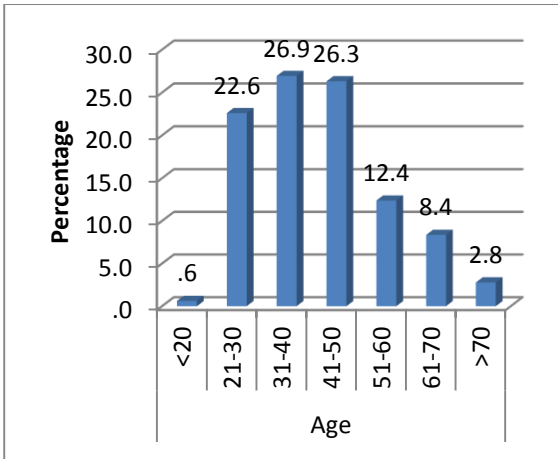


Figure 4.3

An important feature concerning age is that chronic unemployment among the country's youth has come to the fore as one of the most serious problems facing South Africa; unaddressed, it could be a permanently destabilizing factor. It is in this respect that SMEs might offer their most compelling attraction. SMEs are more likely to employ young (and older) work seekers than those in middle age. Relative to a 35 year old, a 20 year old is almost 4 percentage points more likely to be employed in a small firm.

Almost a quarter (23, 80 % see **Figure 4.3**) respondents constitute old people over 50 years in business with 11.20% being well over 61 years old. Some sectors of business are exacting from Banks unwilling to finance the Transport and Engineering sectors (see **Qualitative Analysis** below), the demands on old people may be undertaken purely as a survival mode at the expense of business growth and development.

4.4 Racial Category

Table 4.4

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	African	44	13.6	13.6	13.6
	Indian	145	44.9	44.9	58.5
	Coloured	16	5.0	5.0	63.5
	White	116	35.9	35.9	99.4
	Other	2	.6	.6	100.0
	Total	323	100.0	100.0	

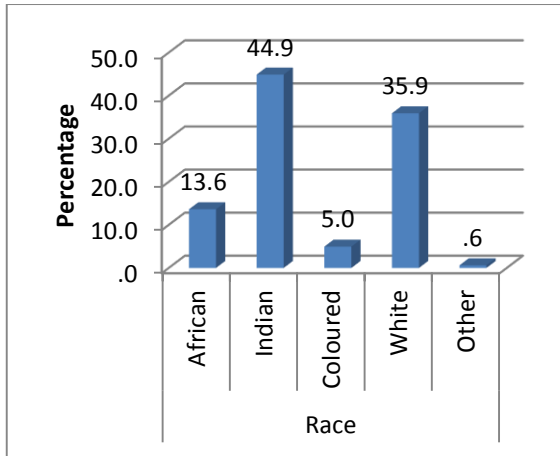


Figure 4.4

The Racial Make-up in eThekweni as earlier depicted is indicated below.

Indians who constitute 16, 70% of the total eThekweni population, top the surveyed SME sector at 44.90%. Whites at 6.60% of eThekweni population come second as business owners at 35.90% while the Black African constituting 73,80% of eThekweni's population are third in business at 13.60%. The Coloured community doubled their participation in the surveyed business to 5% from that of 2.5% of eThekweni's population. GEM contended that the South African Government is the major hindrance to developing a strong small business sector. According to GEM (2015/16) as cited in above, the level of entrepreneurship among Indians has doubled, while among Whites, it has tripled owing to the BEE policy. Black professionals feel comfortable in employment positions rather than starting their own businesses while the minority races are disadvantaged by denial of jobs in preference of the former.

Racial Makeup

Black African	73, 80%
Coloured	2, 50%
Indian/Asian	16, 70%
White	6, 60%

4.5 Educational Level

Table 4.5

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid No formal education	2	.6	.6	.6
Primary	8	2.5	2.5	3.1
Matric	133	41.2	41.3	44.4
Certificate	50	15.5	15.5	59.9
Diploma	75	23.2	23.3	83.2
Degree	41	12.7	12.7	96.0
Post grad degree	9	2.8	2.8	98.8

Other	4	1.2	1.2	100.0
Total	322	99.7	100.0	
Missing System	1	.3		
Total	323	100.0		

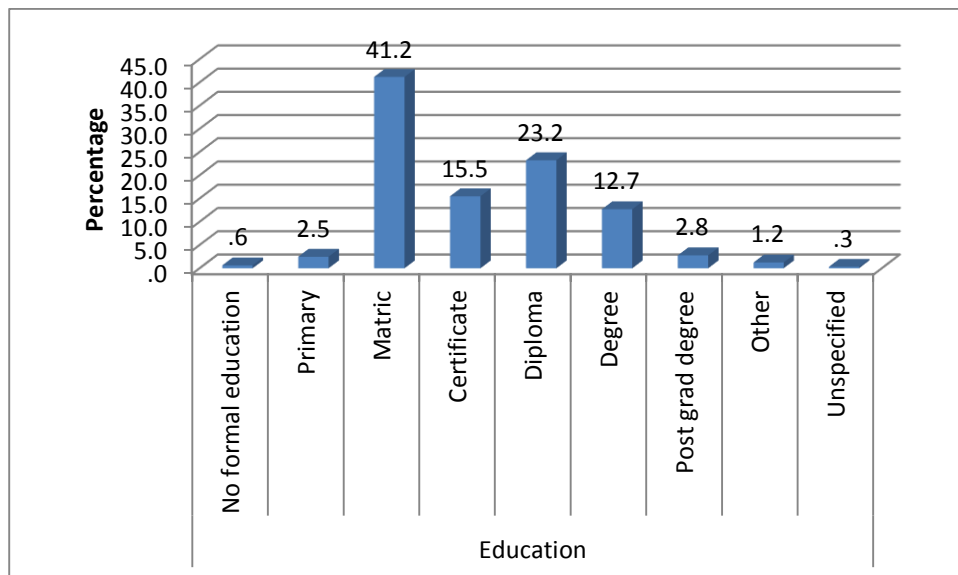


Figure 4.5

35.9% comprise graduates and diplomates, while 15.5% of the respondents possess a certificate qualification. It is interesting to note that 2.8% of the respondents possess postgraduate qualifications. Most SME owners hold at least a Matriculation qualification (96.90%).

4.6 What motivated you to start your own business?

Table 4.6

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	I retired from my previous job	108	33.4	33.4	33.4
	I was retrenched from my previous job	66	20.4	20.4	53.9
	I was fired from my previous job	13	4.0	4.0	57.9
	I never worked anywhere else	136	42.1	42.1	100.0
	Total	323	100.0	100.0	

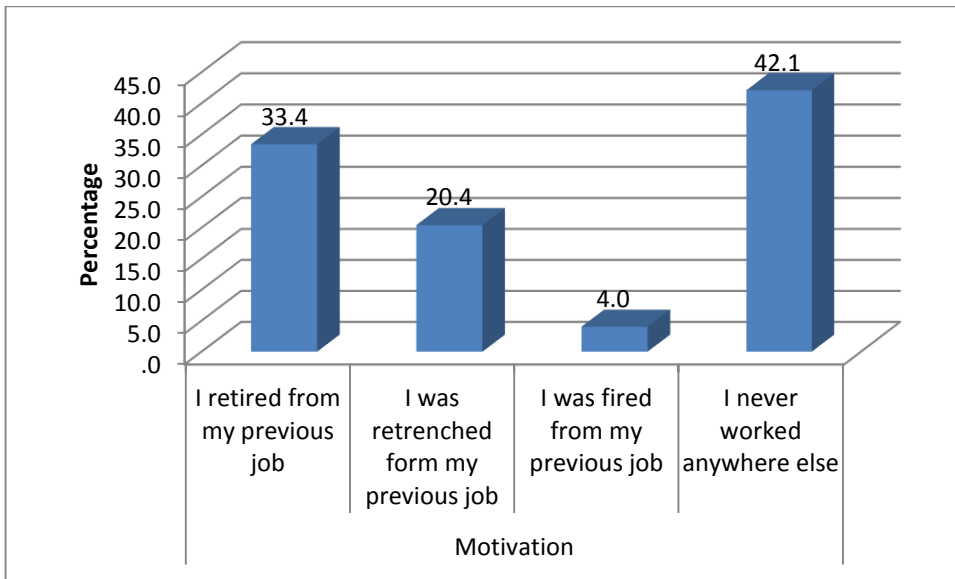


Figure 4.6
Majority of surveyed SME owners, 57, 80 % (33.4% + 20.40% + 4.0%) were retired, retrenched or fired from their previous jobs meaning that they went into business because of push factors. The balance of 42.10% could be the ones that voluntarily or entered into business as a result of pull factors.

4.7 What type of Business do you operate?

Table 4.7

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Sole Proprietorship	73	22.6	22.6	22.6
Partnership	48	14.9	14.9	37.5
Private Ltd company	132	40.9	40.9	78.3
Other	70	21.7	21.7	100.0
Total	323	100.0	100.0	

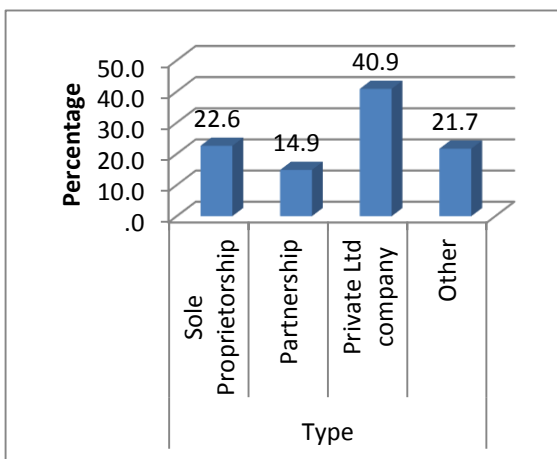


Figure 4.7

A significant number, 37, 50% (22.60% +14.90%) is either Sole Proprietors or Partnership form of business. These types of businesses are fairly easy to start and dissolve and risky in nature. This appears supportive of 4.6 above which reveals that 57.80% SME owners seem to have been pushed into business. The tendency then is to opt for an easy way to start business such as Sole-proprietorship or Partnership.

4.8 In which sector is your business?

Table 4.8

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Tourism	13	4.0	4.0	4.0
	Auto motive industry	50	15.5	15.5	19.5
	ICT & Electronics	20	6.2	6.2	25.7
	Chemicals industry	7	2.2	2.2	27.9
	Construction	16	5.0	5.0	32.8
	Agriculture	3	.9	.9	33.7
	Manufacturing	55	17.0	17.0	50.8
	Financial Services	2	.6	.6	51.4
	Outsourcing	1	.3	.3	51.7
	Retail	82	25.4	25.4	77.1
	O				
	Other	74	22.9	22.9	100.0
	Total	323	100.0	100.0	

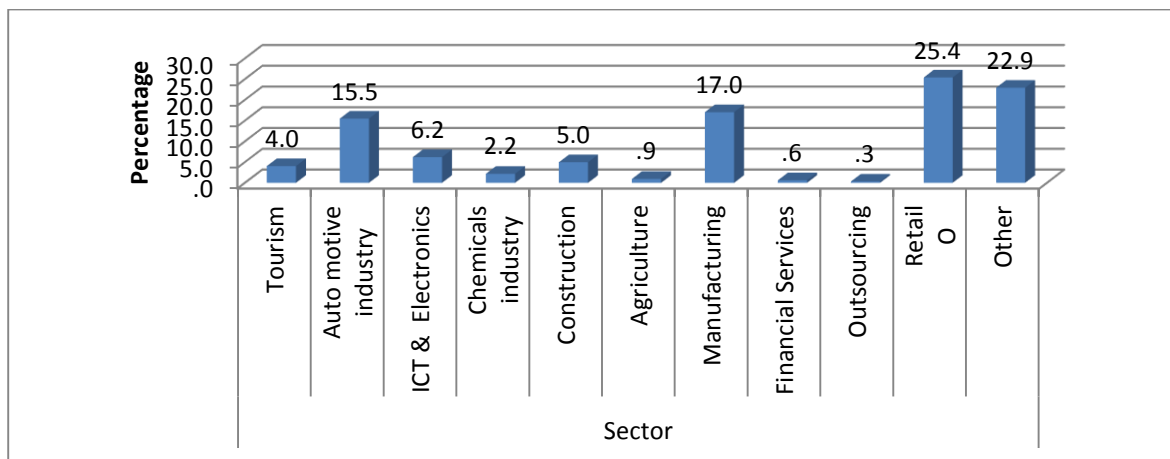


Figure 4.8

The Retail Sector appears to be the most preferred, followed by Manufacturing with Auto motive industry coming in closely.

4.9 Location of business

Table 4.9

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Fixed	321	99.4	99.4	99.4
	Mobile	2	.6	.6	100.0
	Total	323	100.0	100.0	

Virtually all surveyed SMEs have a fixed location at 99.40%.

4.10 Average years in business

Table 4.10

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	<1 year	11	3.4	3.4	3.4
	2-3 years	41	12.7	12.7	16.1
	4-5 years	32	9.9	9.9	26.0
	6-7 years	30	9.3	9.3	35.3
	>7 years	209	64.7	64.7	100.0
	Total	323	100.0	100.0	

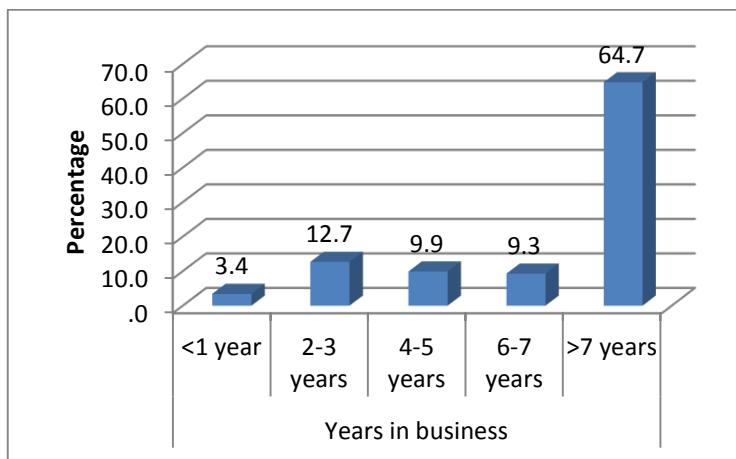


Figure 4.9

Majority of SMEs (64.70%) -209 have been in business for more than 7 years while 3.40% or 11 SMEs have been in business for less than one year. It means that there are minimal new entrants in the SME business.

4.11 Average monthly turnover in my business

Table 4.11

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	<R1000	1	.3	.3	.3
	R1000 - R3000	5	1.5	1.5	1.9
	R3001 - R6000	4	1.2	1.2	3.1
	R6001 - R9000	5	1.5	1.5	4.6
	R9001 - R12000	15	4.6	4.6	9.3
	>R12000	293	90.7	90.7	100.0
	Total	323	100.0	100.0	

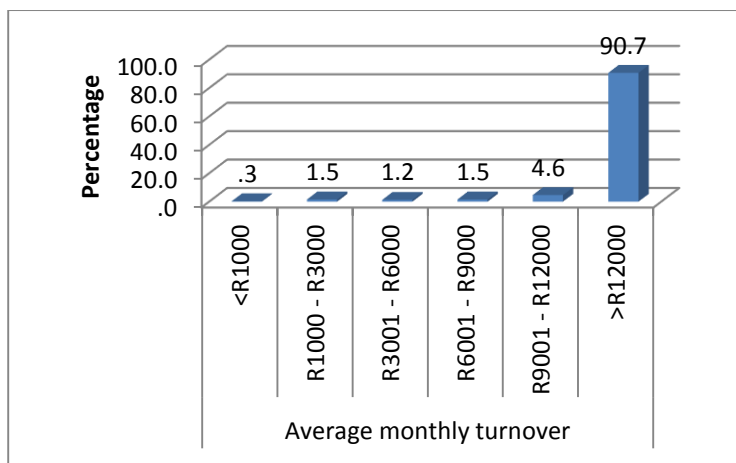


Figure 4.10

Although most SMEs (90.70%) have a monthly turnover of more than R12000, 9.30% make less than R12000. Business appears to be a big challenge for 15 of the surveyed SMEs whose monthly turnover is very low since they still have to cover operating costs.

4.12 How many people do you employ?

Table 4.12

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	0-10	219	67.8	67.8	67.8
	11-50	85	26.3	26.3	94.1
	51-200	19	5.9	5.9	100.0
	Total	323	100.0	100.0	

Most SMEs (67.80%) or 219, employ less than 10 people. There are only 19(5.90%) of the SMEs who employ between 51 and 200 people.

4.13 In my business, I consider the following to be important.

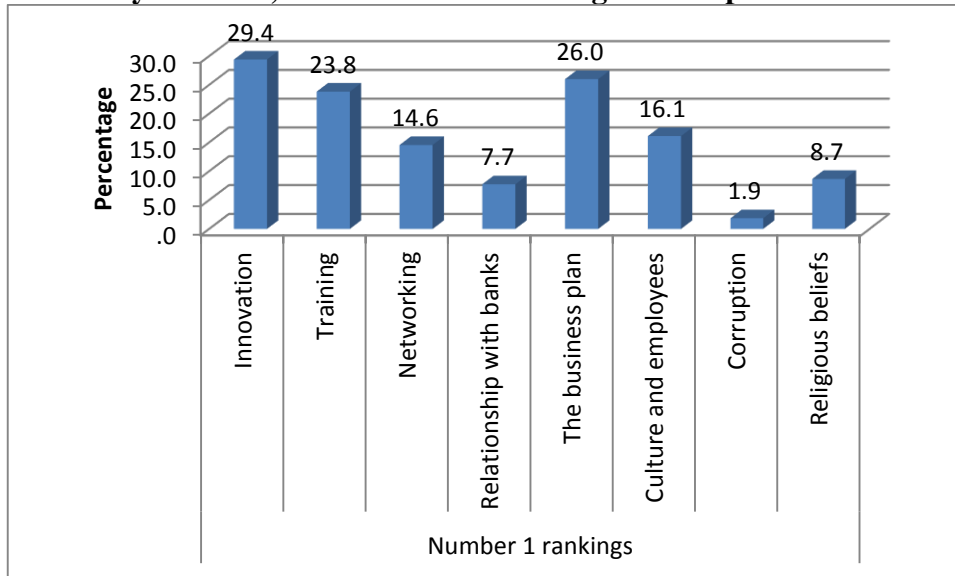


Figure 4.11

Figure 4.11 reveals the importance placed on selected aspects of the business: Innovation (29.4%); The Business Plan (26%); Training (23.8%); Culture and employees (16.1%); Networking (14.6%); Religious Beliefs (8.7%); Relationship with banks (7.7%) and Corruption (1.9%). However, Banks and Training Institutions have different views particularly regarding Innovation and Corruption (see **Qualitative Analysis below**).

4.14 I consider eThekwini as:

Table 4.13

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	An excellent place to conduct business in	156	48.3	48.3	48.3
	A good place to conduct business in	92	28.5	28.5	76.8
	An average place to conduct business in	64	19.8	19.8	96.6
	An unpleasant place to conduct business in	7	2.2	2.2	98.8

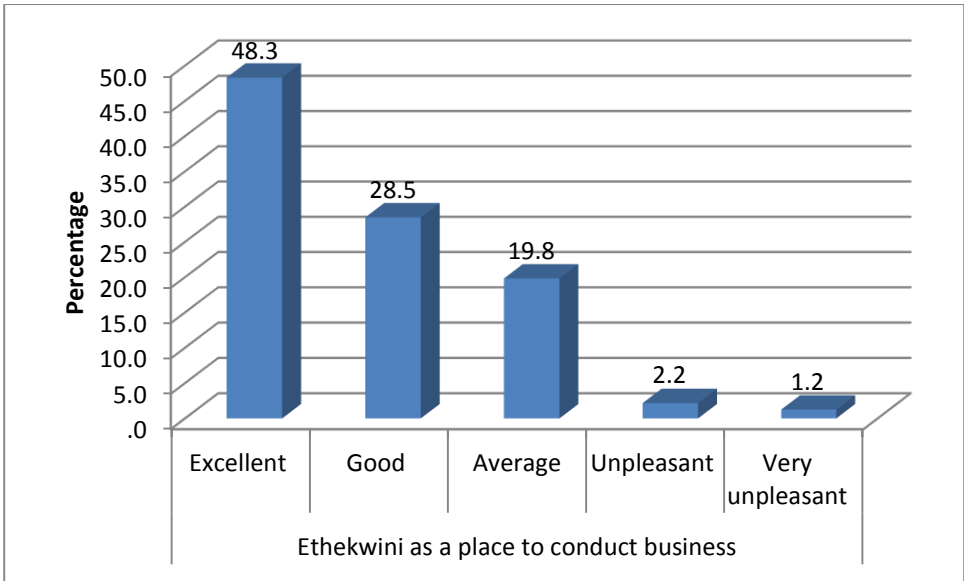


Figure 4.12

eThekweni is regarded as an excellent place (48.3%) to conduct business supported by respondents (28.5%) who felt that the place is good. This view is only marred by the high crime rate as indicated by 43.3% of respondents.

4.15 My business derives the following benefits from being located in eThekweni Municipality area:

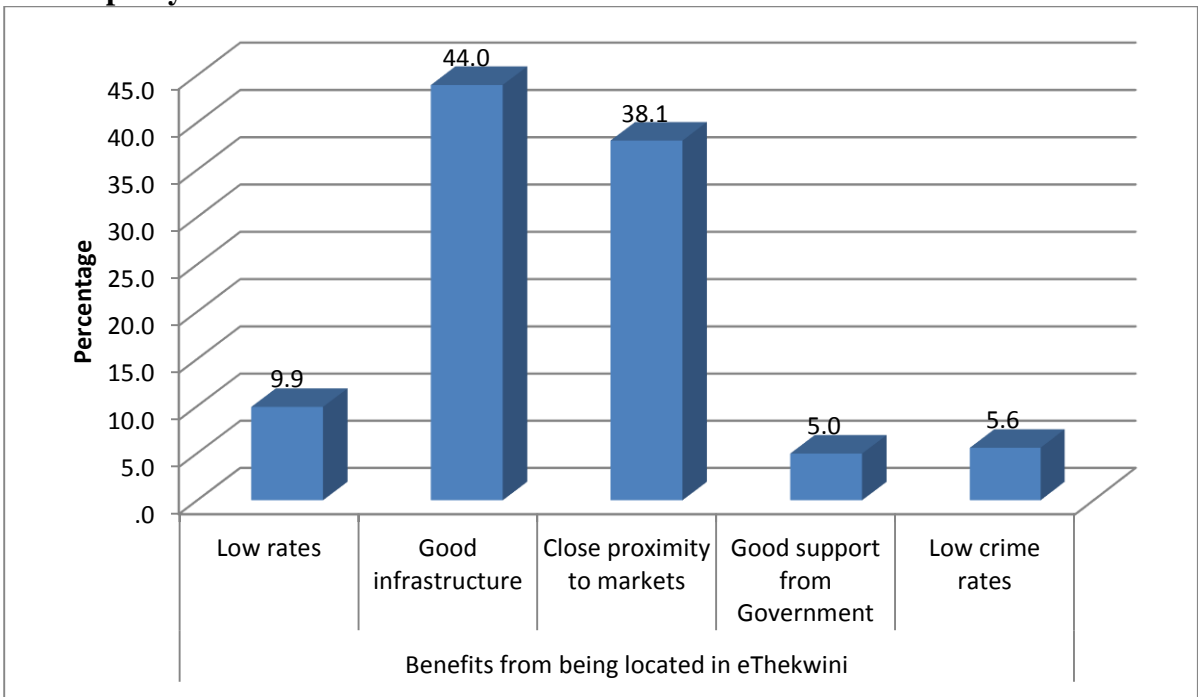


Figure 4.13

Good infrastructure is highly ranked (44%) supported by close proximity to markets (38.1%). This is in tune with 48.3% and 28.5% of respondents who rated eThekweni, respectively, as an excellent and good place to do business in Figure 4.14 above.

4.16 It is difficult for my business to operate within eThekweni Municipality area because:

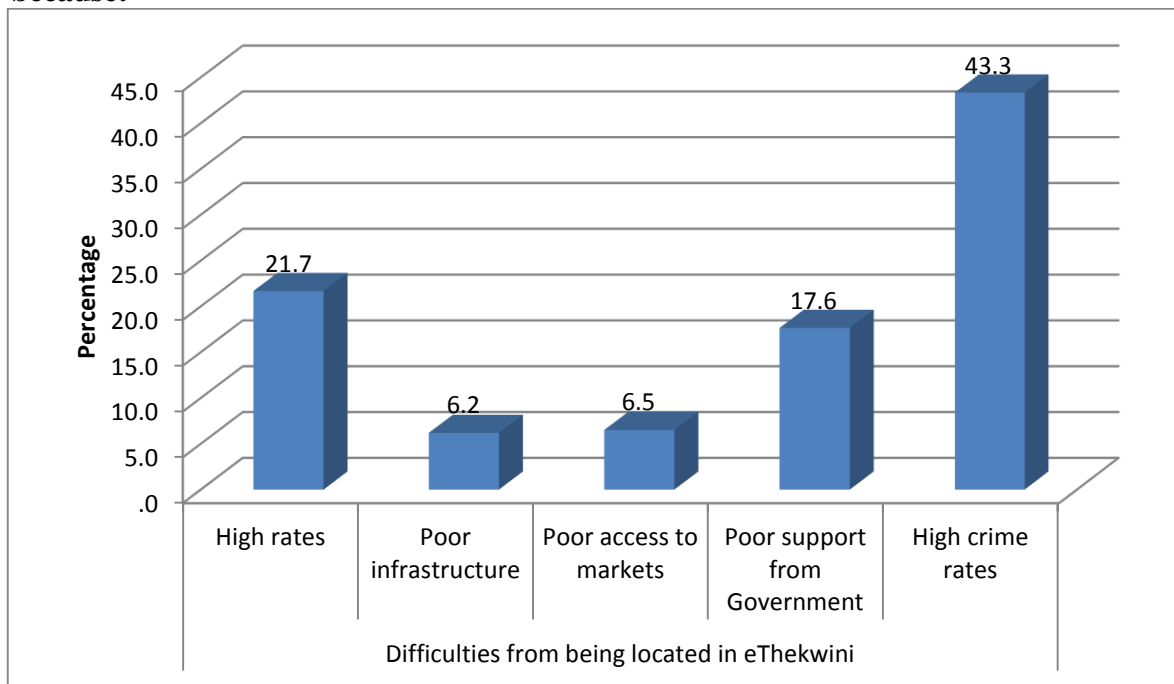


Figure 4.14

High crime rate (43.3%) in eThekweni compounded by poor support from government (17.6%) mars the excellent operating environment as per 4.14 above.

4.17 How would you describe your business?

Table 4.14

	Observed N	Expected N	Residual
Extremely successful	75	107.7	-32.7
Moderately successful	201	107.7	93.3
Just making ends meet	47	107.7	-60.7
Total	323		

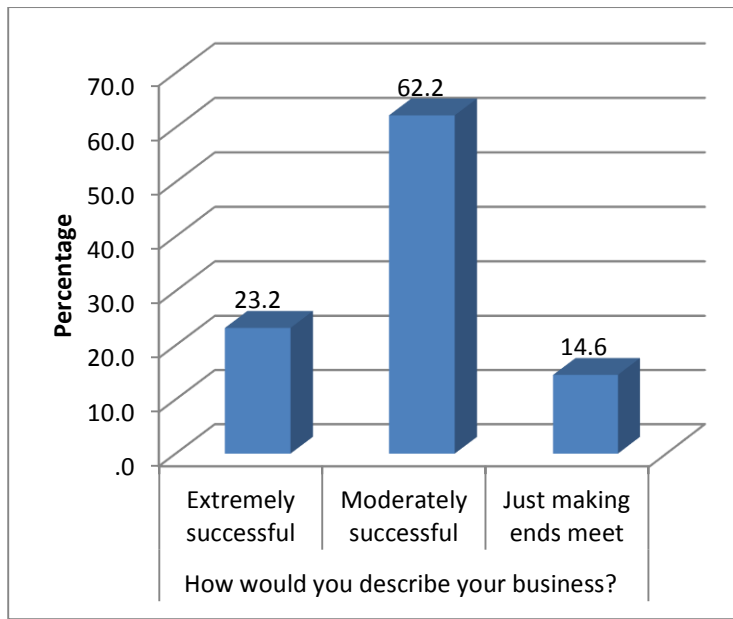


Figure 4.15

About a quarter (23.20%) of SMEs is extremely successful and the majority (62, 10%) is moderately successful while 14.6% just making ends meet.

4.18 In what ways do you think your business will possibly improve?

Table 4.15

		Category	N	Observed Prop.	Test Prop.	Asymp. Sig. (2-tailed)
Q3.8a Increasing sales / business opportunities	Group 1	No	67	.21	.50	.000 ^a
	Group 2	Yes	251	.79		
	Total		318	1.00		
Q3.8b Market exposure	Group 1	Yes	205	.64	.50	.000 ^a
	Group 2	No	113	.36		
	Total		318	1.00		
Q3.8c Sharing information	Group 1	No	171	.54	.50	.197 ^a
	Group 2	Yes	147	.46		
	Total		318	1.00		
Q3.8d Networking/fostering partnerships	Group 1	No	145	.46	.50	.144 ^a
	Group 2	Yes	172	.54		
	Total		317	1.00		

a. Based on Z Approximation.

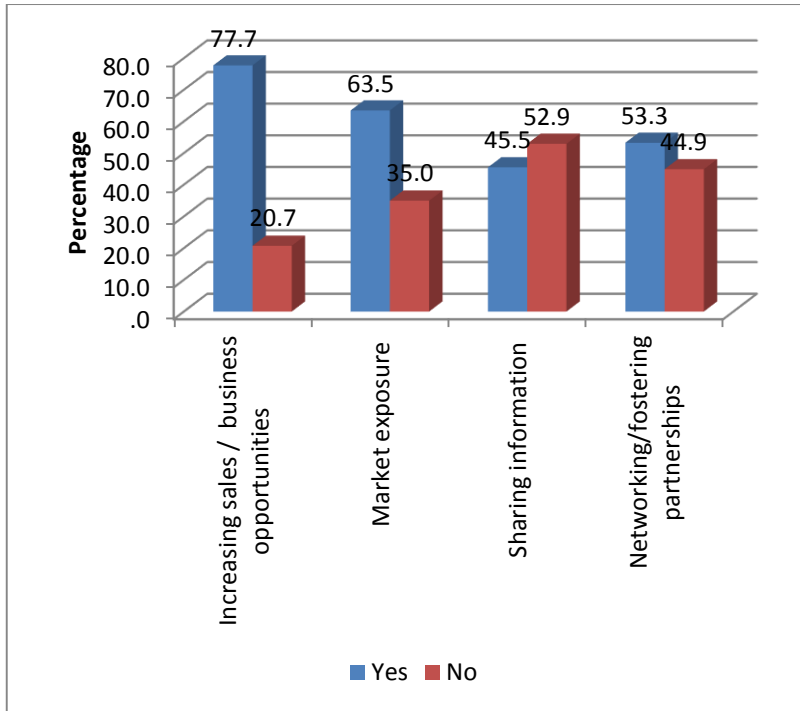


Figure 4.16 Exposure and opportunities

A significant proportion of the sample believe that their business will possibly improve with respect to increasing sales/opportunities (79%. $p < .0005$) and market exposure (64%. $p < .0005$).

4.19 Have you ever accessed support for your Business?

Table 4.16

	Category	N	Observed Prop.	Test Prop.	Asymp. Sig. (2-tailed)
Q4.3 Have you ever accessed support for your Business?	No	255	.82	.50	.000 ^a
	Yes	55	.18		
	Total	310	1.00		

a. Based on Z Approximation.

Only 55(18%) SME respondents accessed support for their businesses. This might be attributed to poor Relationships with Banks (see 4.13 above and qualitative analysis below).

4.20 How would you describe the satisfaction expressed from the support as per 4.3.1?

Table 4.17

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Poor	7	12.7	14.0
	Average	6	10.9	26.0
	Good	14	25.5	54.0
	Very good	14	25.5	82.0
	Excellent	9	16.4	100.0
	Total	50	90.9	100.0
Missing	System	5	9.1	
Total	55	100.0		

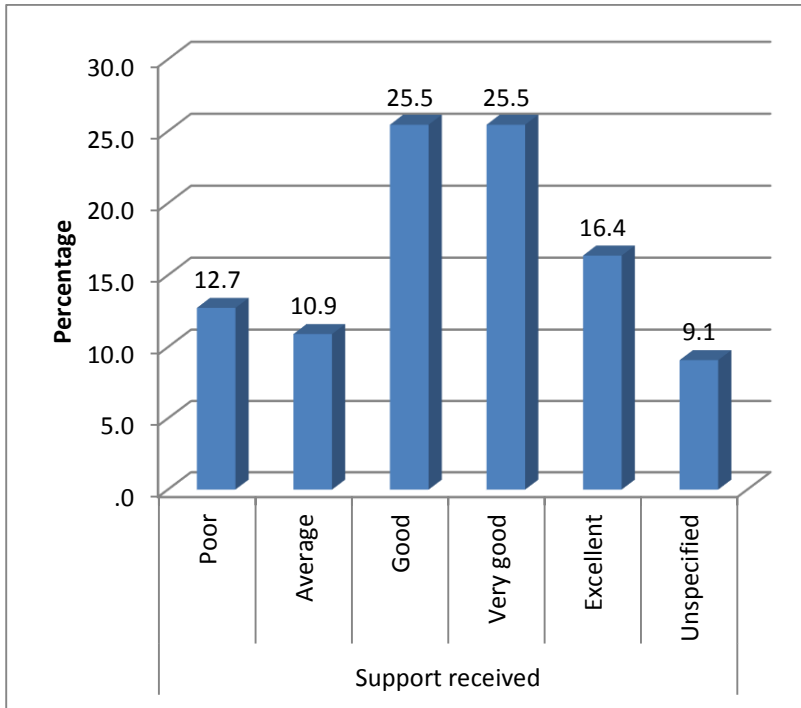


Figure 4.17

Of those who accessed support, 66.4 % (37) describe the service from banks as being good, very good or excellent while 23, 60 % (13) rank it as poor and average.

4.21 Are you aware of Business Development Services available to you?

Table 4.18

	Category	N	Observed Prop.	Test Prop.	Asymp. Sig. (2-tailed)
Q5.1 Are you aware of Business Development Services available to you?	No	245	.78	.50	.000 ^a
	Yes	71	.22		
	Total	316	1.00		

A huge 78% of respondent SMEs were not aware of Business Development Services available to them.

4.22 Are you aware of the following Business Development Services (BDS)?

Table 4.19 Binomial Test

	Category	N	Observed Prop.	Test Prop.	Asymp. Sig. (2-tailed)
Q5.2.1a Advisory services relating to production	No	243	.76	.50	.000 ^a
	Yes	75	.24		
	Total	318	1.00		
Q5.2.1b Environmental management training advisory services	No	223	.69	.50	.000 ^a
	Yes	98	.31		
	Total	321	1.00		
Q5.2.1c Facilitation of	No	206	.64	.50	.000 ^a

business linkages	Group 2	Yes	115	.36		
	Total		321	1.00		
Q5.2.1d Quality training and advisory services	Group 1	No	146	.45	.50	.118 ^a
	Group 2	Yes	175	.55		
	Total		321	1.00		
Q5.2.1e Advertising services	Group 1	Yes	213	.67	.50	.000 ^a
	Group 2	No	107	.33		
	Total		320	1.00		
Q5.2.1f Identifying new markets	Group 1	No	142	.44	.50	.050 ^a
	Group 2	Yes	178	.56		
	Total		320	1.00		
Q5.2.1g Assistance with regard to tendering	Group 1	No	180	.56	.50	.034 ^a
	Group 2	Yes	141	.44		
	Total		321	1.00		
Q5.2.1h Accounting services	Group 1	Yes	205	.64	.50	.000 ^a
	Group 2	No	114	.36		
	Total		319	1.00		
Q5.2.1i Advisory in business planning/ management and mentoring	Group 1	No	135	.42	.50	.006 ^a
	Group 2	Yes	185	.58		
	Total		320	1.00		
Q5.2.1j Computer hardware & software including Maintenance and website design	Group 1	Yes	199	.62	.50	.000 ^a
	Group 2	No	121	.38		
	Total		320	1.00		
Q5.2.1k Legal support & advisory in legal services	Group 1	No	106	.33	.50	.000 ^a
	Group 2	Yes	215	.67		
	Total		321	1.00		
Q5.2.1l Management and business skills training	Group 1	No	105	.33	.50	.000 ^a
Q5.2.1m Financial planning / business plans & Financial projections	Group 1	No	131	.41	.50	.001 ^a
	Group 2	Yes	191	.59		
	Total		322	1.00		
Q5.2.1n Negotiations skills regarding Government & other contracts	Group 1	No	247	.77	.50	.000 ^a
	Group 2	Yes	74	.23		
	Total		321	1.00		

^a Based on Z Approximation

A Binomial Test was conducted on the above BDS and respondents were generally aware of availability of services relating to: Advertising 67%, Identification of New Markets 56%, Legal Support 67%, Computer hardware and Software 62%, Financial Planning 59% and Accounting Services 64%. On the other hand, respondents were not aware of Advisory

services relating to production 76%, Environmental management training advisory services 69%, Facilitation of business linkages 64% and Assistance with regard to tendering 56%.

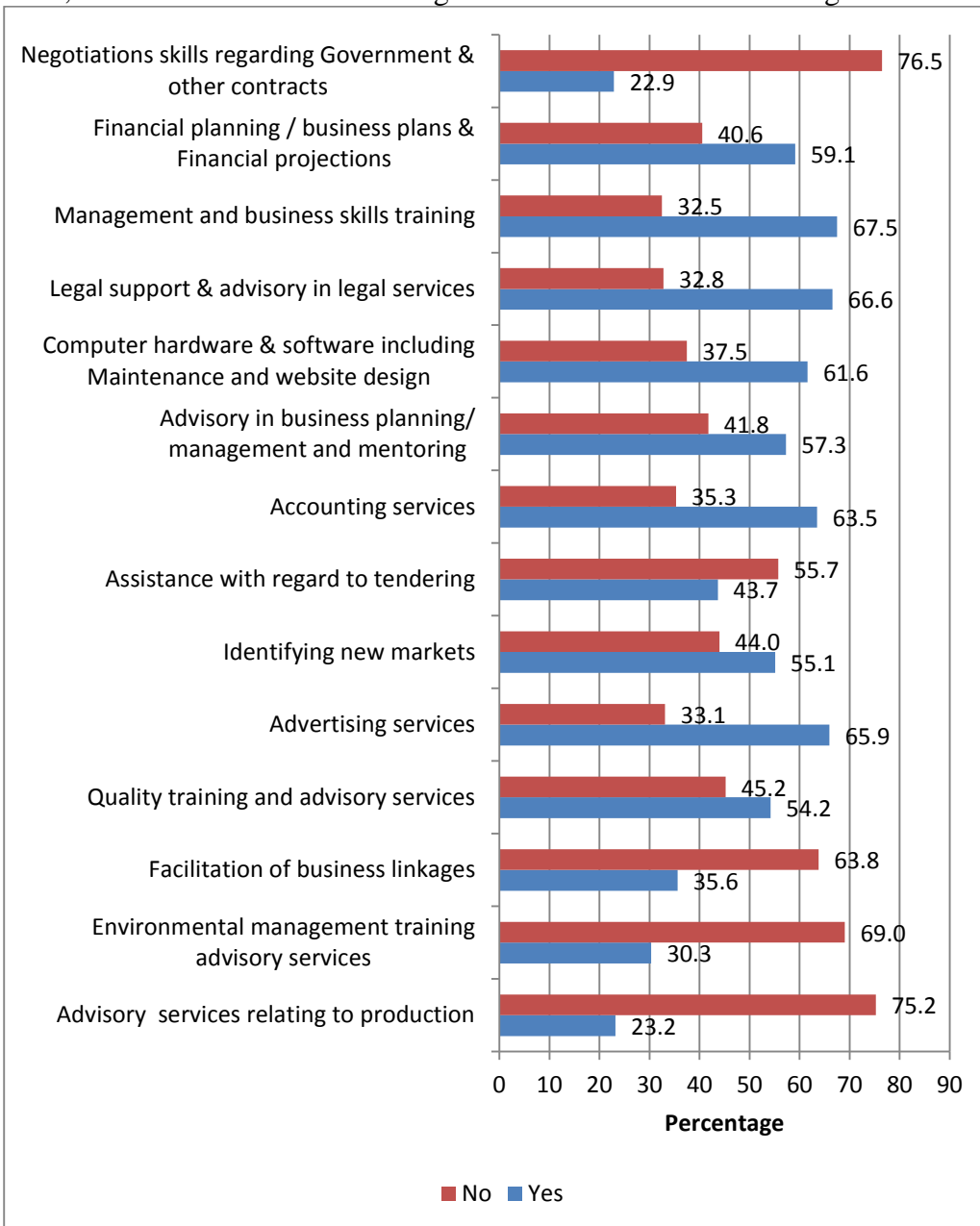


Figure 4.18 Respondents were generally not aware of services relating production 75.2%, environmental management services 69% and negotiation skills regarding government and other contracts 76, 5%.

4.23 Which of the following services have you made use of?

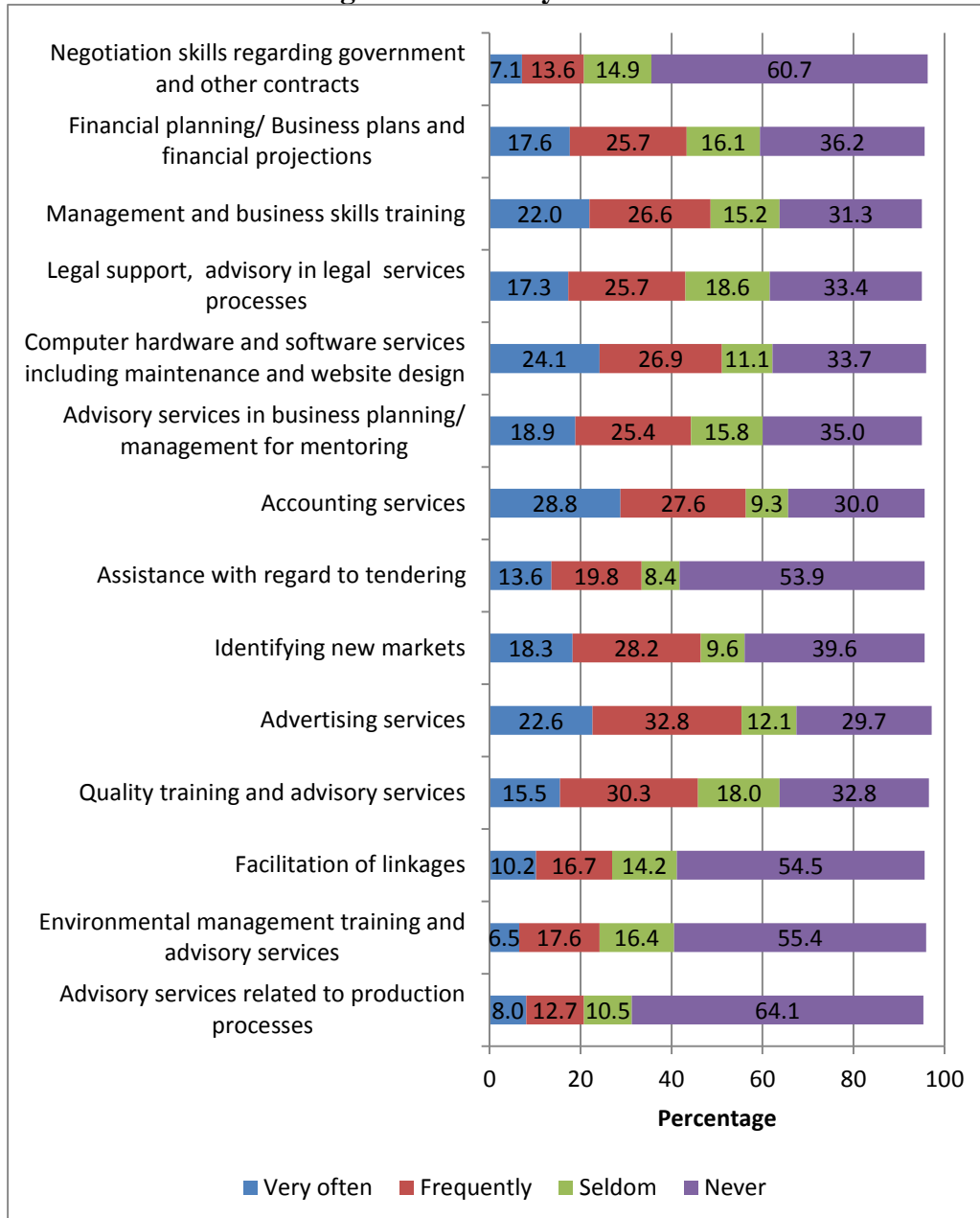


Figure 4.19 Test chi-square gof

a. Based on Z Approximation.

A Binomial Test was conducted on responses to the above Business Development Services. Respondents were aware of services relating to Advertising, Accounting services, Identifying new markets, Computer hardware and software, Planning/management mentoring, Legal support and Financial Planning and unaware of the remaining other services.

Clearly, most respondents had never made use of the (BDS) services

4.24 Who were the main providers of the services?

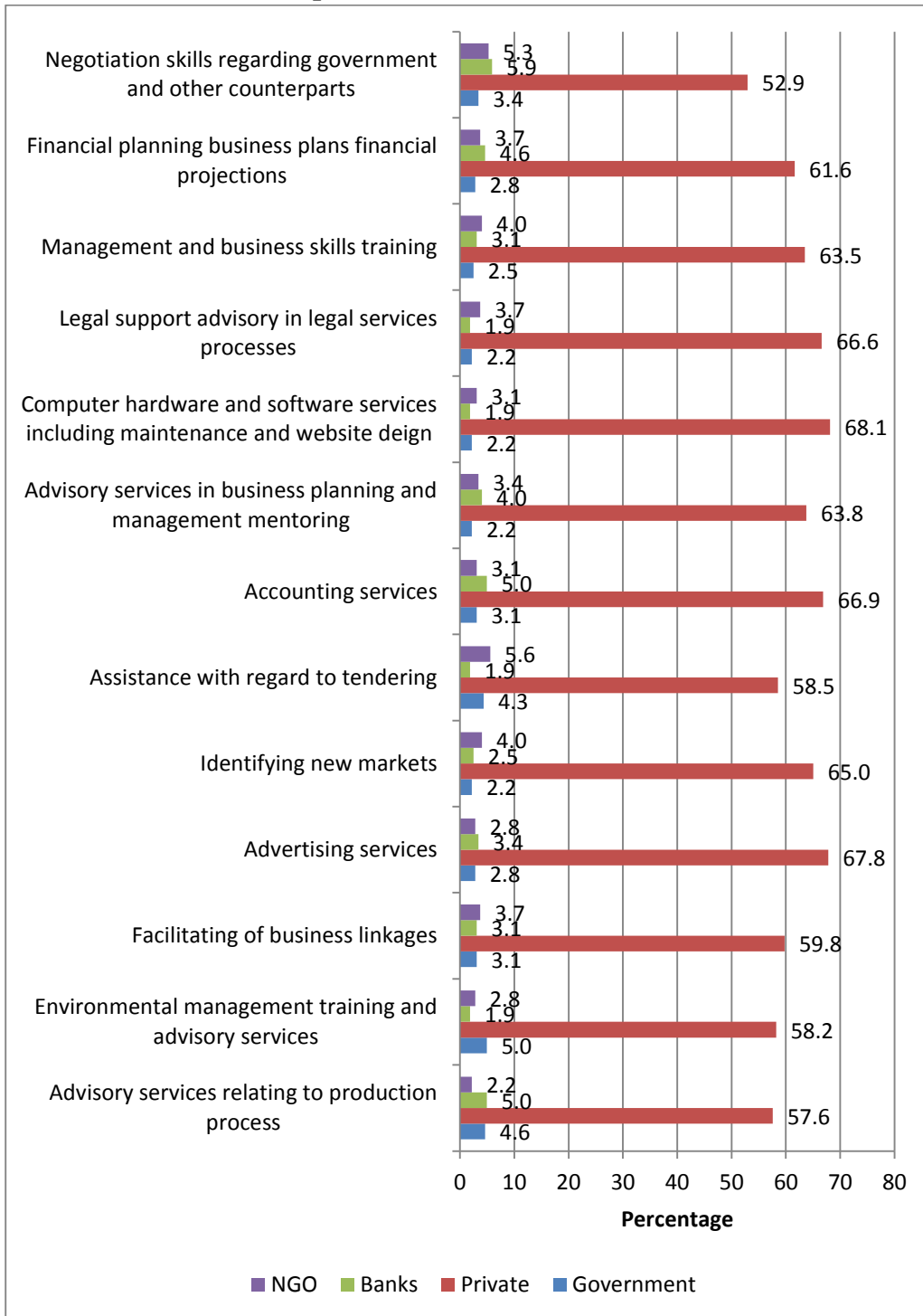


Figure 4.20 Where services were provided, respondents indicated that these were mostly sourced from Private providers.

4.25 How easy was it for you to be able to access the services?

Table 4.20

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Easy	201	62.2	75.6	75.6
	Not very easy	48	14.9	18.0	93.6
	Difficult	17	5.3	6.4	100.0
	Total	266	82.4	100.0	
Missing	System	57	17.6		
Total		323	100.0		

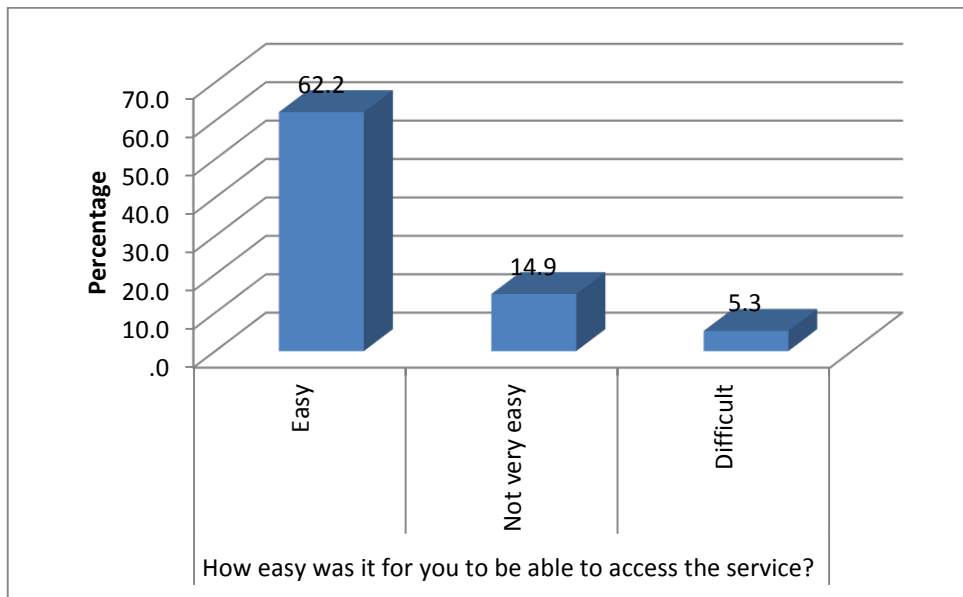


Figure 4.21 From those who accessed services, 62.20% found that it was easy to access it.

4.26 How would you rate the services in terms of your satisfaction?

Table 4.21

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Not satisfied	7	2.2	2.8	2.8
	Average	32	9.9	12.6	15.4
	Satisfied	166	51.4	65.4	80.7
	Extremely satisfied	49	15.2	19.3	100.0
	Total	254	78.6	100.0	
Missing	System	69	21.4		
Total		323	100.0		

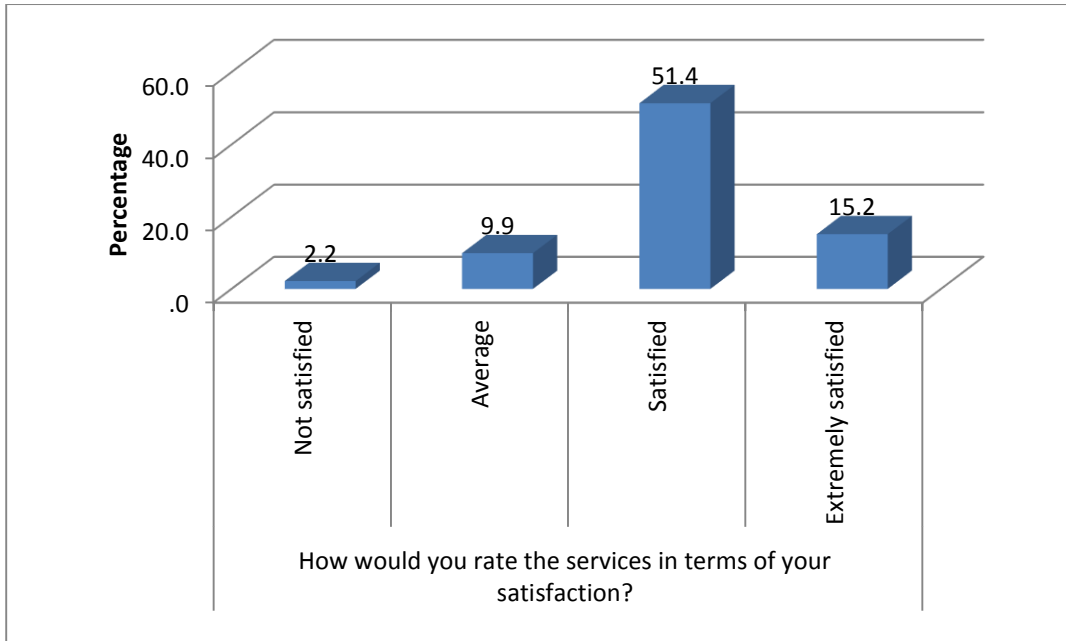


Figure 4.22

Over half (51.4%) of respondents were satisfied, while 15.20% were extremely satisfied with the services. It is noteworthy that only 2.2% of respondents were not satisfied with the services.

4.27 Did the services you receive, help to grow your business? Table 4.26

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	243	75.2	89.0	89.0
	No	30	9.3	11.0	100.0
	Total	273	84.5	100.0	
Missing	System	50	15.5		
Total		323	100.0		

Almost all those respondents (89%) who accessed services accept their (services) contribution to business growth.

4.28 Would you make use of the services again?

Table 4.22

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	254	78.6	94.4	94.4
	No	15	4.6	5.6	100.0
	Total	269	83.3	100.0	
Missing	System	54	16.7		
Total		323	100.0		

Only a small percentage (4.6%) said they would not make use of the accessed services again.

4.29 Did you pay for the services you received?

Table 4.23

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	225	69.7	81.5	81.5
	No	51	15.8	18.5	100.0
	Total	276	85.4	100.0	
Missing	System	47	14.6		
Total		323	100.0		

Most (69.70%) of the respondents who accessed service paid for the services.

4.30 If yes, how much did you spend on the service received?

Table 4.24

	Frequency	Percent	Valid Percent	Cumulative Percent
R1 - R200	3	1.3	1.4	1.4
R201 - R500	5	2.2	2.3	3.6
R501 - R1000	6	2.7	2.7	6.4
R1001 - R1500	9	4.0	4.1	10.5
R1501 - R2500	15	6.7	6.8	17.3
R2501 - R5000	30	13.3	13.6	30.9
R5001 - R10000	26	11.6	11.8	42.7
R10001 - R15000	23	10.2	10.5	53.2
R15001 - R25000	25	11.1	11.4	64.5
>R25000	78	34.7	35.5	100.0
Total	220	97.8	100.0	
System	5	2.2		
Total		225	100.0	

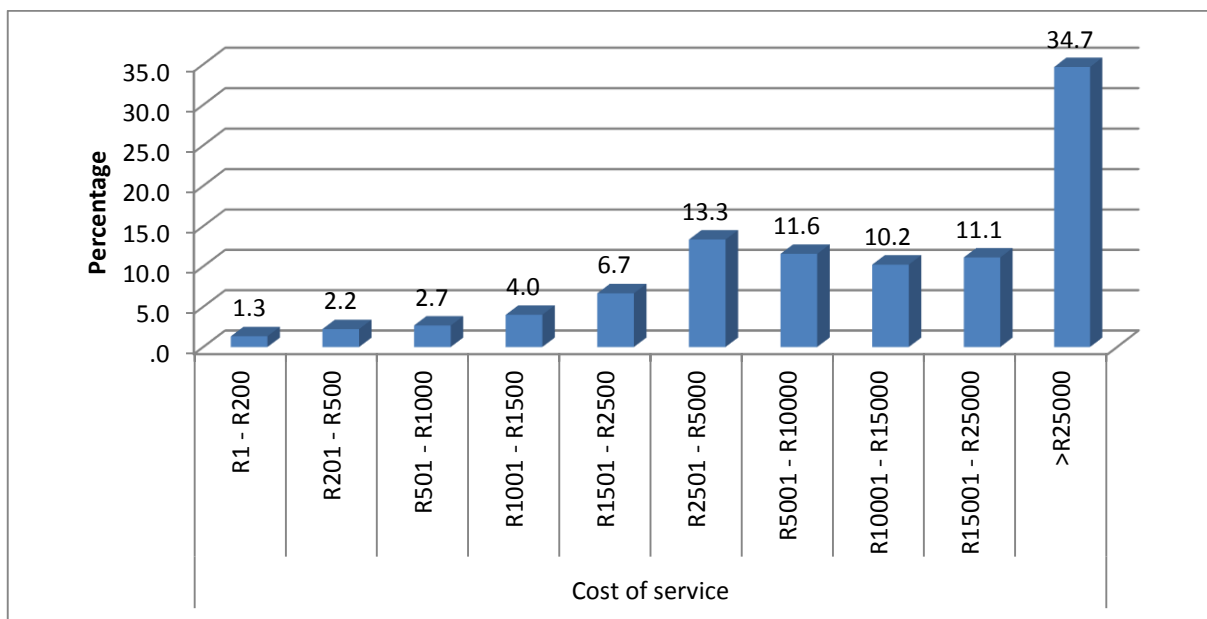


Figure 4.23

Respondents paid for services received with 34.7% paying more than R25000 per annum.

4.31 I will pay; will not pay for the following services.

Table 4.25

	Category	N	Observed Prop.	Test Prop.	Asymp. Sig. (2-tailed)	
Q6.4a Advisory services relating to production process	Group 1	Will pay	164	.56	.50	.035 ^a
	Group 2	Will not pay	127	.44		
	Total		291	1.00		
Q6.4b Environmental management advisory services training	Group 1	Will not pay	112	.39	.50	.000 ^a
	Group 2	Will pay	178	.61		
	Total		290	1.00		
Q6.4c Facilitation of business linkages	Group 1	Will pay	215	.74	.50	.000 ^a
	Group 2	Will not pay	77	.26		
	Total		292	1.00		
Q6.4d Quality training & advisory services	Group 1	Will pay	246	.84	.50	.000 ^a
	Group 2	Will not pay	47	.16		
	Total		293	1.00		
Q6.4e Identifying new markets	Group 1	Will not pay	65	.22	.50	.000 ^a
	Group 2	Will pay	227	.78		
	Total		292	1.00		
Q6.4f Assistance with regard to tendering	Group 1	Will pay	200	.69	.50	.000 ^a
	Group 2	Will not pay	91	.31		
	Total		291	1.00		
Q6.4g Accounting services	Group 1	Will not pay	44	.15	.50	.000 ^a
	Group 2	Will pay	247	.85		
	Total		291	1.00		
Q6.4h Advisory services in business management and mentoring	Group 1	Will not pay	63	.22	.50	.000 ^a
	Group 2	Will pay	224	.78		
	Total		287	1.00		
Q6.4i Computer hardware and software services including maintenance and website design	Group 1	Will not pay	41	.14	.50	.000 ^a
	Group 2	Will pay	252	.86		
	Total		293	1.00		
Q6.4j Legal support and advisory in legal services	Group 1	Will not pay	40	.14	.50	.000 ^a
	Group 2	Will pay	254	.86		
	Total		294	1.00		
Q6.4k Management and business skills training	Group 1	Will pay	242	.82	.50	.000 ^a
	Group 2	Will not pay	52	.18		
	Total		294	1.00		
Q6.4l Financial planning and business plans and financial projections	Group 1	Will pay	234	.80	.50	.000 ^a
	Group 2	Will not pay	58	.20		
	Total		292	1.00		

Q6.4m Negotiations skills regarding government contracts	Group 1	Will not pay	130	.45	.50	.099 ^a
	Group 2	Will pay	159	.55		
	Total		289	1.00		

a. Based on Z Approximation.

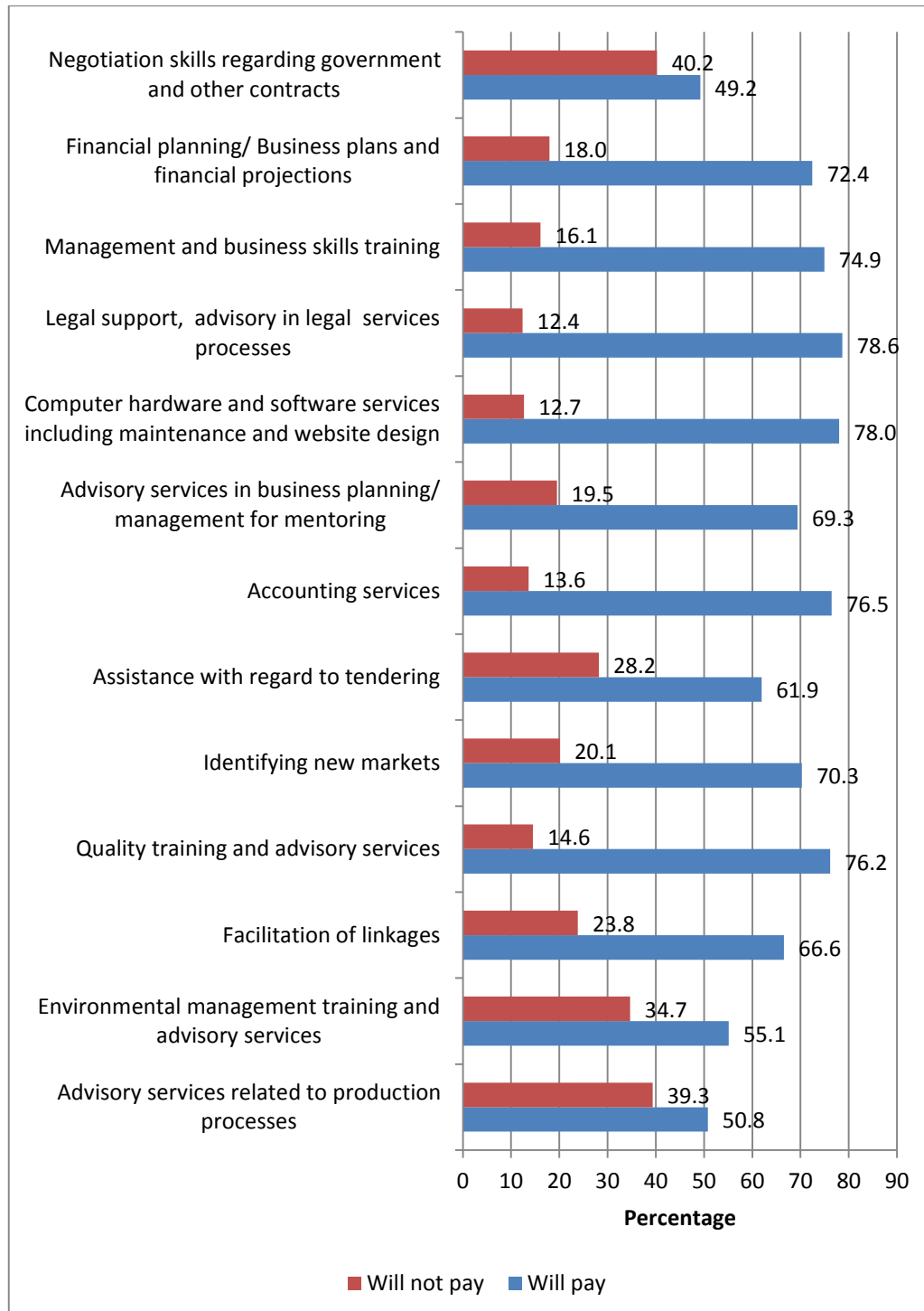


Figure 4.24 Binomial Test

Although all respondents indicated willingness to pay for all services, there was clear keenness to pay for Legal Support (78.6%) and Computer Hardware and Software (78%)

and a split decision on either paying or not for negotiation skills regarding government offer contracts.

4.32 Correlations: Average Turnover Q 2.6 vs. Number of people employed Q2.8

Table 4.26

		Q2.6 Average monthly turnover in my business	Q2.8 How many people do you employ?
Spearman's rho	Q2.6 Average monthly turnover in my business	1.000	.113*
	Correlation Coefficient Sig. (2-tailed)	.	.043
	N	323	323
	Q2.8 How many people do you employ?	.113*	1.000
	Correlation Coefficient Sig. (2-tailed)	.043	.
	N	323	323

*. Correlation is significant at the 0.05 level (2-tailed).

A significant positive correlation exists between turnover and the number of employees (rho=.113, p=.043). Firms with more employees have a higher turnover.

4.33 Correlations: Average Turnover Q 2.6 vs. Average years in Business Q 2.5

Table 4.27

		Q2.6 Average monthly turnover in my business	Q2.5 Average years in business
Spearman's rho	Q2.6 Average monthly turnover in my business	1.000	.255**
	Correlation Coefficient Sig. (2-tailed)	.	.000
	N	323	323
	Q2.5 Average years in business	.255**	1.000
	Correlation Coefficient Sig. (2-tailed)	.000	.
	N	323	323

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

NB. No significant relationship was found between:

- (a) Type of Business Q 2.2 vs. Average monthly Turnover Q 2.6
- (b) Motivation Q2.1 vs. Average Monthly Turnover Q 2.6.

Qualitative Analysis of Data

This section analyses qualitative data from the main questionnaire (see **Appendix A**) and from Semi-Structured Interviews (see **Appendixes B & C**). Saunders et.al (2016:569) explains the difference between quantitative and qualitative data in a table (see **section 4.71 below**)

Main Questionnaire:

The Research Instrument (See **Appendix A**) –the questionnaire for this study, contains some questions that require qualitative responses (see **section 3.6.2 & Appendix D**), this is known

as concurrent embedded design (Saunders, 2016:172).The questions in the main questionnaire per section 3.6.2 are explained below:

4.34 Give reasons why you consider eThekwini an excellent place to conduct business.

Most respondents indicated that eThekwini is a busy area, with a lot of customers, business parks and great opportunities for networking and expanding business projects.

4.35 How can your business operation environment be improved by:

(a) eThekwini Municipality?

Respondents wanted the Municipality to reduce the high crime rate, promote KZN as an ideal investment destination and hold international events in the city of Durban. Above all, Police patrol needs to be improved for the safety of all.

(b) Provincial Authority?

Reduction of crime rate and deployment of more Police Officers in the CBD was the major cry for many respondents.

(c) South African Government?

The governments must stabilize the rand and imprison offenders for long periods in order to reduce crime rate.

4.36 Could the Private Sector such as Banks and Training Providers help to improve the operating environment in eThekwini?

Banks should improve access to funding and assist in up-skilling small business owners.

4.37 What problem(s) is/are your business currently experiencing?

Some respondent retailers complained of lack of customers during the week except for weekends and that there is a nationwide drop of retail of luxury gifting items. The high crime rate presented huge challenges for business in eThekwini. Payment of outstanding accounts debtors, presented major challenges for most small businesses.

4.38 If you should address these problems, what support would you require?

There is need for proper debtor's management and a reduction in Vat.

If yes, specify

Services accessed included advertising and overdraft among many others. These were mainly sourced from Homemaker and Banks through negotiations.

4.39 To support small business, who should take an active roleMost respondents felt that the duty to support small business growth rests with the South African Government, Banks and outside investors.

4.40 How should small businesses be supported by those you mentioned in 4.5?

In order to promote small business growth, there is need to provide Capital and funding. The government should constantly find ways to create jobs provide soft loans to small businesses.

4.41 Indicate the main reason(s) for using the service(s)

Services were sought to grow small businesses and educate disadvantaged people in rural areas.

4.42 Who informed you of this service?

A number of Banks, particularly B1, run a number of SME awareness workshops and training seminars. The respondents rely on the internet and friends to access information on available services to grow their businesses.

4.43 If not satisfied, why not?

Rural respondents were of the view that services required in the rural areas are not easy to access.

4.43 Did you obtain relevant services for the needs of your business?

Most respondents felt that the services helped them to develop, grow, expand and enhanced their understanding of managing their businesses.

4.44 How did the services help in growing your business?

Services helped in maintaining proper and well calculated cash flow and in advertising brands and products.

4.45 Would you have any suggestions to grow your business?

There is need for improved market research and cordial relationships with Banks so that more funding can be obtained. In addition, lower rentals should be negotiated in order to reduce overheads.

Funding Institutions:

This section, along with the next section (Training Institutions) contains summarized responses from semi-structured interviews. Most qualitative research relies on the unstructured or semi-structured interviews (Cooper, 2008:171).

4.46 Background

Semi-structured interviews conducted with five Banks, namely, B1, B2, B3,B4 and B5 revealed that the respective Banks' SME Endeavour is managed by qualified personnel. Except for B4, all the other four manages are degreed while B1 and B2 managers hold MBA

qualifications. Most managers have experience ranging between 9 and 35 years with the exception of B5 whose manager has been in the office for 2 years (see **Appendix E**).

4.47 What services do you offer to SMEs?

The services offered by the respective banks are as follows:

B1-Banking Solutions, Savings and Investment, Lending Solutions (Need based). Merchant Devices-Insurance, Public Liability, Internet Banking and Business Plan.

B2-All Banking Services, Overdraft, Loans, Electronic Banking and Debtors Management.

B3 -Revolving Business Loans, Overdraft, Commercial Property Finance, Instant Accounting and Instant Payroll.

B4-Funding

B5-We open individual Savings Accounts and not assist SMEs as Business entities.

4.48 How do you offer these services?

B1 – Reactively and proactively. Awareness presentations and Lifestyle entrepreneurship.

B2- Advertising on Radio, TV, Bill Boards. Visits by Business Managers to clients

B3 – System approved facilities. Business Financials, perform/prepare Balance Sheets and Cash Flow Projections.

B4 – We assess each SME individually for viability- Cash Flow, Business Plan, CV evaluation.

B5 – We ask for proof of residence and credit is granted on affordability and individual credit record.

4.49 Does your organization have a vision for SMEs?

All banks except B5 had visions for SMEs.

4.50 If no, explain how your services impact on SMEs

B5 – You can get credit of up to R250000 provided you qualify. No security is needed. The SME sector is considered high risk business hence the bank refrains from doing business with them.

4.51 Do you know any legislation which relates to small business development?

Only B1 and B2 were aware while the other three professed ignorance.

4.52 Are there any clearly defined structures within your organization to address SME development?

All banks except B5 had clearly defined structures to address SME development.

4.53 What can you say about repayment of funds borrowed from your organization?

B1 Risk is very high for start-ups. We do not fund innovation even for established SMEs. They should arrange for guarantors.

B2 The bank always checks the Current ratio and Cash Flow cycle before awarding credit finance.

B3 Depending on the Financing Option, the client opts for; the repayment is either a fixed monthly repayment or the repayment of interest.

B4 Majority of customers are repaying

B5 People fall into arrears on their loans because of loss of income.

4.54 Have SMEs failed to pay back money borrowed from your organization?

All banks agreed that SMEs had failed to repay their loans.

4.55 If yes, what could be the reason for this?

B1 Economic factors, competition and interest rates aligned to risk.

B2 BEE compliance needs to be re-considered. Corruption by government officials who demand a percentage of the payment for awarding tenders.

B3 Lack of management skills compounded by inability to understand market dynamics.

B4 Ineffective cash flow management because of poor management by business owners. There are risk sectors such as Transport and Engineering which this bank is reluctant to fund.

B5 Loss of jobs.

4.56 Have you had bad debts for money borrowed from you by SMEs?

All banks except B5 had bad debts for money borrowed from them.

4, 57 If yes, was this after legal recourse?

B1, B2, B3 resorted to legal recourse while B4 declined to comment.

4.58 If no, how does your organization manage to do this?

B5 Insurance covers the loans.

4.59 Would you have any suggestions to improve SME DEVELOPMENT in South Africa?

B1 Government and Banks should work together with SME contribution.

B2 Banks should look at special industries and avoid risk ones.

B3 Skills development and management capacity must be enhanced. The Bank offers a free Accounting package and Payroll solution.

B4 Encourage entrepreneurship

B5 SME development is currently a risk sector to avoid.

4.60 Is there anything else you would like to mention or comment about growth of SMEs in South Africa and the role of Funding Institutions?

B1 Contract Financing and Invoice Discount are innovations. It is important to beware of such funding innovations. On the flip side, there is a need for guarantors to fund innovation.

B2 BEE is good for the country, however, a more controlled: environment needs to be created for the success to be enjoyed.

B3 Start-up funding is often regarded as risk due to the level of skills that the entrepreneur has. The government based indemnity funding helps mitigate this risk.

B4 SME sector is growing but, we need government to aid in this growth.

B5 Risk factors should always be considered when dealing with SMEs.

Training Institutions

This section, along with the previous section (Funding Institutions) contains summarized responses from semi-structured interviews. Most qualitative research relies on the unstructured or semi-structured interview (Cooper, 2008:171).

4.61 Background.

Semi-structured interviews held with five Trainers, namely, T1, T2.T3.T4 and T5 revealed that each trainer has specific training areas/courses he offers to SMEs (see **Appendix F**). Trainers are well qualified and experienced serving as Consultants in their own right.

4.62 Who are your customers/clients?

T1 SMEs in business for more than 3 years including the Corporate Sector.

T2 SMEs across all sectors

T3 SMEs and the Corporate Sector

T4 SMEs who are clients to corporate and government organisations e.g. Standard Bank, eThekweni Municipality and Ned Bank.

T5 Anyone willing. The majority are from the Construction Industry

4.63 How do you get clients?

T1 Referrals and word of mouth, Internet (Google) and Networking.

T2 A membership based organization that presents business. Any business can participate.

T3 We have a sales and marketing team

T4 Repeat business, marketing and networking

T5 Makita Dealers and end user referrals.

4.64 What determines your clients' needs?

T1 Business Diagnostic/Personal Development Plan-360 degree analysis. Self audit and one on one interview (2 hours long).

T2 Through needs assessment. Hand out questionnaires and also through feedback from business.

T3 Analyzes training materials, examine gaps in work place training plans.

T4 Uses customized questionnaires to assess individual SME training needs.

T5 Initial contract-ask what is needed for which tool?

4.65 Have you ever referred your clients to other service providers for assistance?

T1 Yes, to Banks, Financing Organizations, Lawyers, Graphic Designers, Accountants and HR consultants.

T2 Only for support we do not offer e.g. Banks such as Standard Bank, Seda, and eThekwini Municipality.

T3 Where we are unable to assist, we refer our clients to other reputable training providers.

T4 Yes, Banks, Enterprise Development Organizations such as Seda and Business Support Unit.

T5 Yes, mainly to Dealers with correct contract(s).

4.66 Indicate some programmes which you have in place to meet the needs of your clients

T1 One on one coaching programmes (3 months duration). Team alignment, Personality profiling (insights 360 degrees).

T2 Industry specific Skills Development (seminars and workshops).

T3 Fire-fighting, First Aid, Learner ship and Forklift Training.

T4 Business Development and Business edge training

T5 Makita monthly.

4.67 Do you have any processes and procedures in place to monitor performance of your clients?

T1 Set 90 day plan upfront; 90 day review, Management Accounting/Financials, Customized structured questionnaire.

T2 Enterprise/Supplier Development programmes that are linked to the specific customer needs in terms of what they need to be supplied.

T3 Debtors department, client feedback forms and client service surveys.

T4 Training surveys and ongoing monitoring by staff.

T5 None officially, but work with clients on a personal basis.

4.68 How do you determine payment rate for your clients?

T1 Business Coaching=R1250 per hour (1 on 1 coaching). Executive Coaching=R2450 per hour (1 on 1 coaching). Team Alignment/Workshops=R8500 per session (4hours).

T2 Rate linked to number of employees to be trained

T3 Industry related with a standard price list of R720 per day per candidate.

T4 Charges determined at Head Office in Johannesburg.

T5 R500 per person- minimum 6 and maximum 10 (5 hours)

4.69 Do you know any key problems concerning small business development?

T1 Too many government and NGO initiatives in the market place. Lack of Technical and mentorship programmes.

T2 Access to markets. Access to funding because of limited collateral security.

T3 Inability to pay accounts due to poor Cash Flow. Lack of support from Financial Institutions because of collateral security requirements.

T4 Lack of Business skills by Business Owners. Cash flow problems.

T5 Lack of skills. No apprenticeship programmes available.

4.70 What possible solutions do you recommend?

T1 Chambers to support Business Development and Job Creation .Utilizing E-learning, Video Conferencing to develop Business Owners at the owners own time and place. Re-look/Re0structure Business Development agencies to better support business.

T2 More corporate to procure form small business. Need for tailored SME funds.

T3 Need to train SMEs in finance. Business Coaching and mentoring on Business and Financial Planning.

T4 More accessible training for SMEs

T5 Apprenticeship programmes should be improved.

4.71 Comparing Qualitative, Quantitative and Mixed Methods Research

After presenting a detailed quantitative and qualitative analysis, this section explores literature pertaining to the emergence of the Mixed Methods Data Analysis and its import in this study

Saunders et al (2016:569) have compared quantitative data/research and qualitative data/research as shown below:

Table 4.28 Distinctions between quantitative and qualitative data.

Quantitative data	Qualitative data
Based on meanings derived from numbers	Based on meanings expressed through words(spoken and textual) and images
Collection result in numerical and standardized data	Collection results in non-standardized data requiring classification into categories
Analysis conducted through the use of diagrams and statistics	Analysis conducted through the use of conceptualization

Source: Saunders et al (2016:569)

The next section gives the strengths and weaknesses of Quantitative and Qualitative data/research.

4.71.2 Strengths and Weaknesses of Quantitative and Qualitative Research

Johnson & Onwuegbuzie(2004:19) have advanced the following strengths and weaknesses of quantitative and qualitative :

Strengths and Weaknesses of Quantitative Research

Strengths:

Testing and validating already constructed theories about how (and to a lesser degree, why) phenomena occur.

Testing hypothesis that are constructed before the data are collected. Can generalize findings when the data are based on random samples of sufficient size.

(Can generalize a research finding when it has been replicated on many different populations and sub populations.

Useful for obtaining data that allow quantitative predictions to be made

The researcher may construct a situation that eliminates the confounding influence of many variables, allowing one more credibly assess cause-and effect relationships.

Data collection using some quantitative methods is relatively quick (e.g. telephone interviews).Provides precise, quantitative, numerical data analysis is relatively less time consuming (using statistical software).The research results are relatively independent of the researcher (e.g. effect size, statistical significance) and may have higher credibility with many people in power (e.g. administrators, politicians, people who fund programs), therefore,it is useful for studying large numbers of people.

Weaknesses

The researcher's categories that are used may not reflect local constituencies' understandings and may miss out on phenomena occurring because of the focus on theory of hypothesis testing rather than on theory or hypothesis generation (called the confirmation

bias). Knowledge produced may be too abstract and general for direct application to specific local situations, contexts and individuals.

Strengths and Weaknesses of Qualitative Research

Strengths

The data are based on participants' own categories of meaning, useful for studying a limited number of cases in depth, describing a complex phenomenon which provides individual case information to conduct cross-case comparisons and analysis.

The researcher identifies contextual and setting factors as they relate to the phenomenon of interest and the researcher can study dynamic processes (i.e. documenting sequential patterns and change) for use primarily in qualitative method of 'grounded theory' to generate inductively a tentative but explanatory theory about phenomenon. Qualitative researchers are responsive to changes that occur during the conduct of a study (especially during extended field work) and may shift the focus of their studies as a result.

Qualitative data in the words and categories of participants lend themselves to exploring how and why phenomena occur. One can use an important case to demonstrate vividly a phenomenon to the readers of a report.

Weaknesses

Knowledge produced may not generalize to other people or other settings (i.e., findings may be unique to the relatively few people included in the research study). It is difficult to make quantitative predictions. And it is more difficult to test hypotheses and theories and in addition; it may have lower credibility with some administrators and commissioners of programs. The results are more easily influenced by the researcher's biases and idiosyncrasies.

4.72 Why the use of the Mixed Methods Data Analysis?

A plethora of literature seeks to explain the emergence of this method. The following are among many that explain the sudden increase in the utilization of the method:

Social scientists appear increasingly willing to embrace Mixed Methods in a number of different forms, as demographers collaborate with interviewers (England and Edin 2007:58)

The growth of an interdisciplinary community of scholars devoted to cataloguing, developing and promoting mixed methods research (Tashakkori and Teddlie 2003:60)

Mixed Methods Research encourages researchers to use multiple approaches to collecting and analyzing data within a single study, recognizing the limitations of using a single method (Migiro and Magangi 2011:3757)

Having identified the emergence and development of the Mixed Methods in Research, the next section explains what exactly is this method and the criteria for its utilization.

4.73 What is the Mixed Method Data Analysis?

Mixed analysis involves the use of both quantitative and qualitative analytical techniques within the same framework, which is guided with a priori, a posteriori, or iteratively (representing analytical decisions that occur both prior to the study and during the study)(Onwuegbuzie and Combs 2010:21). Saunders et al (2016:169), on the other hand consider mixed methods research as the branch of multiple methods research that combines the use of quantitative and qualitative data collection techniques and analytical procedures.

Onwuegbuzie et al, as already cited above identified 13 criteria that represent decisions that mixed researchers make before, during and/or after they conduct their mixed analysis:

Rationale/purpose of conducting the mixed analysis

Philosophy underpinning the mixed analysis

Number of data types that will be analyzed

Number of data analysis types that will be used

Time sequence of the mixed analysis

Level of interaction between quantitative and qualitative analyses

Priority of analytical components

Number of analytical phases

Link to other design components

Phase of research process when analysis decisions are made

Type of generalization

Analysis orientation

Cross-over nature analysis

Two of the above criteria, namely, Rationale/Purpose of Mixed Analysis and Priority of Analytical Components are of immediate relevance to this study and are therefore explained below:

4.74 Priority of analytical components

This refers to the emphasis of priority i.e.

(a) Where quantitative analysis component is given significantly higher priority resulting in a quantitative analysis to dominant mixed analysis, and the analysis adopts a post-positivist stance (Johnson, Onwuegbuzie & Turner 2007)

(b) If the qualitative analysis component is given significantly higher priority, then the analysis essentially is qualitative-dominant mixed analysis and assumes a constructivist-post-structuralist-critical stance with respect to the mixed analysis process (Johnson et al, 2007).

4.76 Strengths and Weaknesses of Mixed Research.

These strengths and weaknesses of Mixed Research as advanced by Johnson, Onwuegbuzie and Turner as cited above/

Strengths

Words, pictures, and narrative can be used to add meaning to numbers.

Numbers can be used to add precision to words, pictures and narrative.

Can provide quantitative and qualitative research strengths.

Researcher can generate and test a grounded theory.

Can answer a broader and more complete range of research questions because the researcher is not confined to a single method or approach.

A researcher can use strengths of an additional method to overcome the weaknesses in another method by using both in a research study.

Can provide stronger evidence for a conclusion through convergence and corroboration of findings.

Can add insights and understanding that might be missed when only a single method is used.

Can be used to increase the generalizability of the results.

Qualitative and quantitative research used together produce more complete knowledge necessary to inform theory and practice.

Weaknesses

Can be difficult for a single researcher to carry out both qualitative and quantitative research, especially if two or more approaches are expected to be used concurrently, it may require a research team.

Researcher has to learn about multiple methods and approaches and understand how to mix them appropriately.

Methodological purists contend that one should always work within either a qualitative or a quantitative paradigm.

More expensive and time consuming.

Some of the details of mixed research remain to be worked out fully by research methodologies (e.g., problems or paradigm mixing, how to qualitatively analyze quantitative data, how to interpret confliction results).

4.77 Further Analysis and discussion

This section presents a further detailed analysis with comparative examples in the region and international where possible.

Gender

Table 4.28 Gender

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	200	61.9	61.9	61.9
	Female	123	38.1	38.1	100.0
	Total	323	100.0	100.0	

Table 4.28 shows that 61.9 % and 38.1% of respondents were males and females respectively. It is necessary to examine and see why more males tend to be in business compared to females. A global context, African context and South African context are briefly explored in order to explain the situation above.

4.77.1 Women in business –the global context

Women entrepreneurs in developed countries enjoy an advantage over those in developing countries in that they have access to greater support from women mentors and role models and easier access to formal training in principles of business planning and organization (Sherman, Trisi & Parrotts, 2013:1).

In developed countries, access to capital and acceptance of women as business owners and women in the workplace has dramatically improved. In addition, women entrepreneurs are a driving force in today’s modern economy. They shape and redefine the work place, business net works, financial institutions and culture.

4.77.2 Women in business- the African context

African women entrepreneurs follow a path that is in most cases different from entrepreneurial activities in the developed countries of the West in an attempt to find an African answer to the applicability of models and theories developed in other parts of the

world. Hallward,(2013) is of the view that in Africa, entrepreneurial activities are gendered in terms of access, control and remuneration and that the major constraints to the expansion of entrepreneurial activities for African women entrepreneurs as lack of capital, landlessness, labour, education, family, discrimination and training. Hallward further identified the following key challenges facing women entrepreneurs in Africa:

- (a) Inadequate access to formal credit.
- (b) Vulnerability of women to adverse effects of trade reform.
- (c) Restraints with regard to assets (land).
- (d) Lack of information to exploit opportunities; and
- (e) Poor mobilization of women entrepreneurs

4.77.3 Women in business- the South African context

Gender composition in eThekweni is 95.6 men to 100(see **Chapter One**).Despite this, Table 5.0 above shows that more men are in business than women. In South Africa, more and more women are taking the route to informal sector entrepreneurship (Al-Alak,2010; Mahadea, 2001).Women entrepreneurs in South Africa remain on the periphery of the national economy. Concentration of activities of women in business is located in areas of crafts, hawking, personal services and the retail sector. There is low participation by women in value-adding business opportunities.

4.77.4 Main barriers to entry in business for women in South Africa:

The main barriers for women to enter into business in South Africa include; cultural and social problems, psychological impact of cultural norms, employment legislation and policy and lack of information, training, finance, markets, technology and infrastructure.

4. 77. 5 Challenges faced by women in business

Women are not taken seriously by the business environment and by business finance institutions- South Africans lives in a male dominated society where women tend to be more empathetic than men and this is perceived as being less business-like whereas men think that one should be confrontational to succeed ‘in a man’s world’. Women tend to be conservative-‘men still do the radical stuff’ (this from a technology-based incubator programme)-women are not adventurous enough. As a result, women lack confidence because of their life experiences Men’s perceptions of women are that women have to prove themselves all the time

There is need to put in place some measures to promote women’s participation in business in South Africa. For example, education from dependency and entitlement to self-sufficiency

and economic growth, development/facilitation of information and communication technologies that bridge the gap between new enterprises and established businesses, establishment of networking links, international partnerships, community participation and access to national and global markets, development of partnerships between stakeholders (government, private sector, NGOs, trading partners), provision of business skills training, facilitation of business incubation, mentoring and support services and establishment of appropriate changes to trade, investment and tax policies that promote sustainability and does not stifle the economic dream of women entrepreneurs. There is also need to Review/change the regulatory frameworks that stifle women entrepreneurs and accelerate economic growth.

Gender is considered to have an effect on firm performance (Robb and Watson 2012). Studies report that female operated small firms exhibit slower growth and have inferior performance than male owned firms. Furthermore, Sabarwal and Terrell (2008) reported that female operated firms are smaller in size and less efficient. They attribute the small size of female operated firms to more serious financial constraints than those faced by their male counterparts.

On the contrary, Chirwa (2008:349) found evidence of differences in the performance of female-owned and male-owned small firms. In fact, Chirwa (2008:350) reported that female-owned enterprises grow at a faster rate than male-owned enterprises partly due to the relative access to credit facilities from micro finance institutions. He also found that access to credit is more productive in female-owned enterprises.

4.78 Marital Status

Table 4.29 Marital Status

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Single	90	27.9	27.9	27.9
	Married	205	63.5	63.5	91.3
	Divorced	20	6.2	6.2	97.5
	Widowed	8	2.5	2.5	100.0
	Total	323	100.0	100.0	

According to Statistics South Africa (2016:1), fewer people are getting married and there is an increase in divorces. Globally, less people are getting married.

In South Africa, men who initiate the divorce were largely managers and administrators (14, 5%) while the women were mainly in professional, semi-professional and technical occupations (14, 3%). According to John Sunderland (2016:1), a counseling psychologist in Pietermaritzburg, the results seem to follow global trends.

Single respondents in business constituted 27, 9% of the total respondents. These could be young people whose businesses were just making ends meet-apparently pushed into business for survival purposes.

4.79 Age

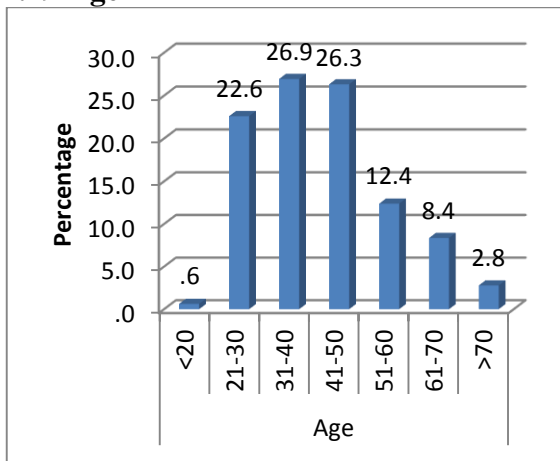


Figure 4.25

Hannon(2012:1) , in a study of male and female owners of young firms found that businesses managed by young people experience general management problems such as lack of people management and accounting skills. Age and family circumstances of owners can negatively or positively affect performance of the business. Small business owners with a supportive, experienced family structure tend to be able to cope with pressure of running the business.

4.80 Racial category

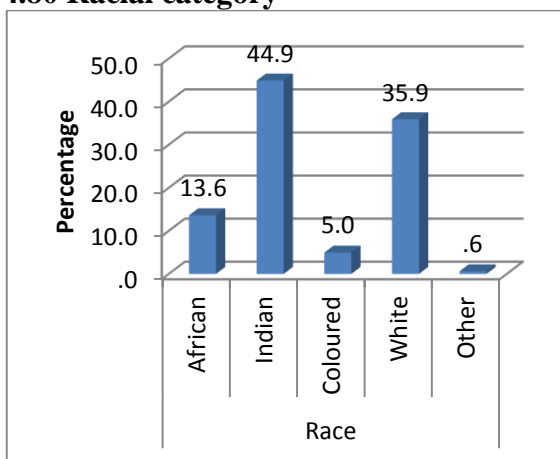


Figure 4.26

Indians top the business ownership for the SMEs studied. This may be attributed to the joint family business culture. According to Goodman (2016:1), the joint family business far from

being a hindrance to economic growth is an excellent institution for the concentration of capital, which is a precondition for growth.

In Durban where Indians have had problems in competing for capital and other resources in the open market, the value of the joint family business may be even greater.

On the International scene, more particularly in the U.S.A., Fairlie & Robb (2008) examined the racial patterns in business outcomes and identified the following:

Although racial disparities in business ownership are troubling, perhaps a more important concern is that businesses owned by disadvantaged minorities tend to be smaller and less successful than minority-owned businesses.

African-American and Latinos are substantially less likely to own a business than are Whites and Asian-Americans

Black-owned businesses have lower sales and profits, hire fewer employees, have smaller payrolls and have higher closure rates than White-owned businesses, have smaller payrolls and have higher closures rates than white –owned businesses.

Although White firms generally outperform Asian firms when examining data for all businesses, Asian firms clearly have the strongest performance among all major racial and ethnic groups after removing small scale businesses.

Nearly half of all Asian-American business owners are college educated, which follows the pattern of high levels of education in the Asian American business owners, who are 80 per cent foreign born, explain a large fraction of the better outcomes in Asian compared with white-owned businesses.

The relative success of Asian owned businesses is not due to having advantaged family-business backgrounds. In fact, Asian business owners are less likely than white business owners to have a self-employed family member prior to business start up and are less likely to work in that family business.

Another possible explanation to the African business owner coming third on Figure 4.26 above could be the BEE policy. Indians and Whites opt for going into business because of lack of promotion or employment opportunities which may be reserved for the Black African.

4.81 Educational Level

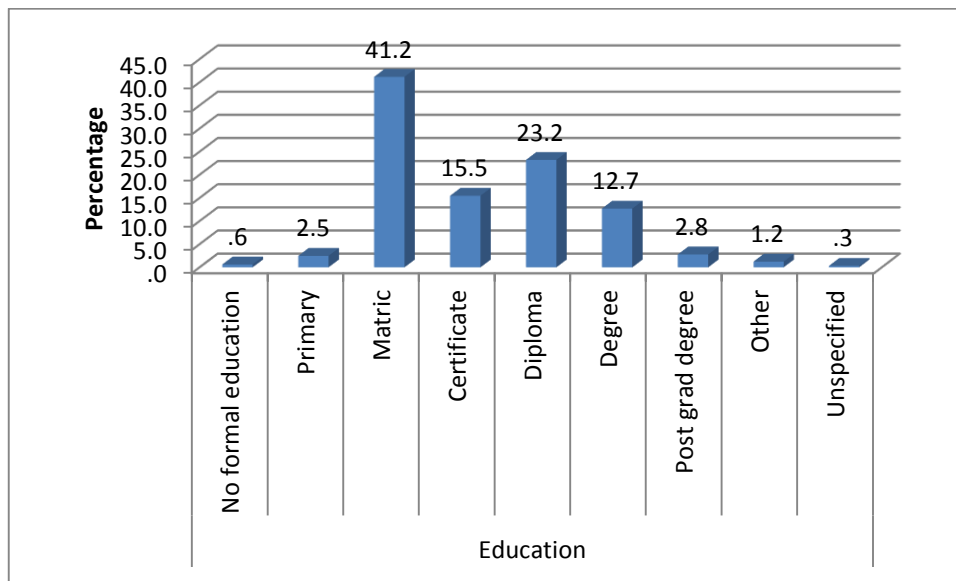


Figure 4.27

Figure 4.27 show that 96.90% of respondents have Matriculation and higher educational qualifications. This is an indication of a positive link between flourishing SMEs in South Africa and education and training.

The World Bank (1993) endorsed this concept by showing a direct correlation between sales and education in South African SMEs. The World Bank's investigation concluded that entrepreneurs who have achieved a Standard 10 level of education have average turnover nearly twice that of those who have completed Standard 8.

In a study in the Western Cape, Sanway (1995:692) cited by Rogerson & Peberdy, 2000:36) to determine the success of emerging Black owned small business in the manufacturing sector, it was concluded that "the rate of success was highly correlated with the level of education attained by the owner."

The effect of education on entrepreneurship has been an issue of inquiry for quite some time. Studies on education and firm longevity such as those by Bates (1990) reported that highly educated entrepreneurs are most likely to create firms that remained in operation for a long period.

Similarly, McPherson (1996) reported that the educational level of a business owner is among the important determinants of firm growth and that firms owned by trained entrepreneurs grow relatively faster. This is also confirmed by Kangasharju (2000) who reported that the likelihood of growth increases with the increase in educational background.

4.82 Motivating Factors to go into business

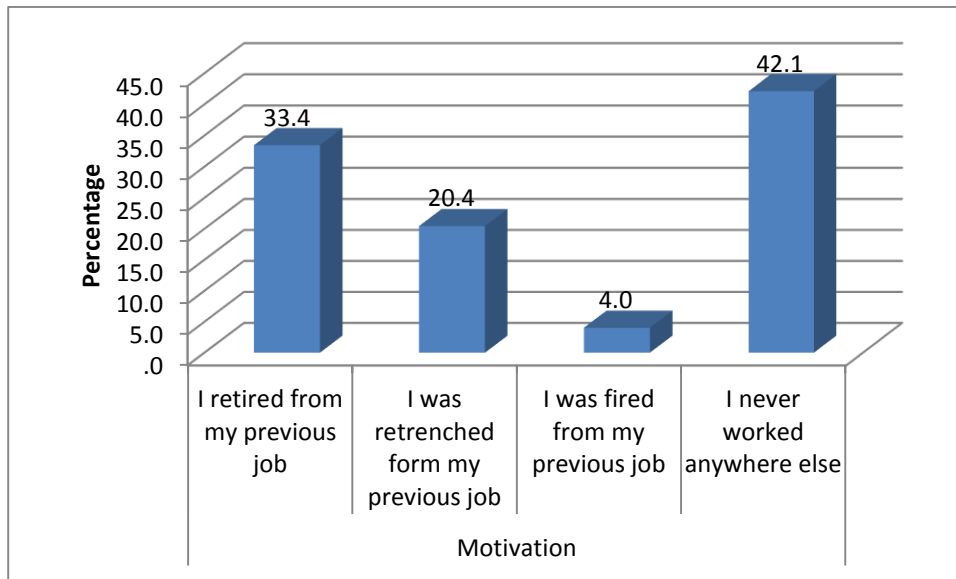


Figure 4.28

Figure 4.28 reveals that the majority of respondents (42.1%) never worked anywhere while 33.4% of respondents, had retired from their previous employment. Research (Hannon, 2012; Goodman, 2016) has shown that most successful small and medium sized businesses have emerged from employees leaving a large firm and starting his/her own business, rather than a business that has graduated from being an informal trader to a small business. New business owners need to understand the rules of business; the technical issues of their industry as well as having access to business networks. Targeted support to businesses that have the potential to succeed due to the entrepreneur understanding the nature of his/her business and having business acumen is critical in order to create a vibrant SME sector

4.82.1 Entrepreneurial Motivating Factors: Internal and External Factors.

Factors motivating people to go into business are either push or pull, as discussed in Chapter two. In South Africa, the unemployment situation tends to push people into business for survival purposes. This situation affects business growth. Entrepreneurs regard their businesses as places for self-employment and as discussed earlier; do not employ more than ten people.

Zakic, Jovanovic & Stamatovic (2008:27) identified the following Internal and External factors motivating entrepreneurs to go into business:

(a) Internal Factors

Desire to do something new

Become independent

Achieve what one wants to have in life

Be recognized for one's contribution

(b) External Factors

Government assistance and support

Availability of labour and raw material

Encouragement from big business houses

Promising demand for the product.

In addition, they also detailed 6Cs that motivate Entrepreneurs, namely:

Change: Entrepreneurs constantly want change and also want to be the bearers of the change. They are problem solvers and want to disrupt the status quo. They have a vision and go about attempting to change- some succeed and others fail in this endeavour.

Challenge: Many people who like to startup want it for the challenge and want to handle big problems. For such people, the typical job in big corporations is not challenging enough and too boring to be considered worthwhile.

Creativity: Entrepreneurs who run their own businesses can be more creative. For instance, they can experiment with a new website design, new marketing strategy, create innovative products that attach a known problem in a different way, create new packaging and new advertising campaigns. They have a leeway to bring in their creativity in a small business that they founded.

Control: Many people who startup a business do not want to be pushed around and work in a product/company in which they have no way to shape their destiny. They want to work at their own time, own pace, location of their choice and have an active role in deciding the direction of the company.

Curiosity: Successful Entrepreneurs are always curious and ask-“what if we do X this way?” They want to understand the customers' minds, markets and competitors. They are constantly curious to see how their particular theory works. In this aspect, they are not different from a researcher who is searching for the truth.

Cash: Many non-entrepreneurs think cash comes first for entrepreneurs. That is never really true. If that were the case, there is no reason for Ellison or Gates to keep pursuing their business aggressively (Bort, 2015:1) after they have made a billion dollars-which could get them almost everything a person could want. However, cash does play a part in motivation to run a business. Just that if it's the primary motivation, it is quite likely that the business would either fail or have a premature exit.

On the contrary, other authors (Rogerson & Peberdy, 2000:33) are of the view that Entrepreneurs take financial risks, work long hours and practically torture themselves trying to stay afloat and build a business from the ground up. In their view, money must take a major focus. Accordingly, they identify five main motivations that drive most entrepreneurs:

4.82.2 Another perspective on Motivating Factors to go into business

Motivating factors are ranking differently from the ones above.

Money: The vast majority of entrepreneurs get into the game at least partially because of the potential to make lots and lots of money. Stories about entrepreneurial geniuses like Richard Branson and Mark Zuckerberg (Make it, 2016:1) make it seem possible for any enthusiastic citizen with a good idea to become an overnight billionaire.

Flexibility: Some entrepreneurs venture out on their own because they are tired of the demands of traditional work. In a high-level position, the demands are exceptional- working long hours, catering to the whims of your bosses and clients, and being stuck in the same old rut of responsibilities. Being your own boss in the world of entrepreneurship frees you from those restraints. You can work your own hours, wherever you feel like working, and set your own goals and responsibilities.

Control: The desire for control drives many entrepreneurs who aspire to attain a leadership position. When you are the boss of your own organization; you will get to call all the shots, from who gets hired and at what salary to what new strategic directions your business heads. Workers tired of their previous companies' poor performance, or those working under an inept CEO, might be especially motivated by this factor. Once rooted in a business, entrepreneurs have full control over every decision made under them. The flipside is, of course, the additional stress and pressure that go along with that responsibility. You will get the privilege of setting the course for your business, but if that course fails, you will have only yourself to blame.

Teamwork: As an independent entrepreneur, you will choose your strategic partners, your mentors, your core team and even your first round of subsequent employee hire. That means you will get to pick the skill sets, talents and personalities you want to work with, and you will never have to worry about working on a team that you do not like or cannot be productive with.

4.82.3 It is not money that motivates people to go into business

Other views are advanced, relegating money to the end of motivational factors to go into business. Following this view, factors are ranked as indicated below:

Problem solving: The most common impetus for an invented product or service is that it solves a problem an entrepreneur is having. Serial entrepreneurs are often addicted to recognizing problems and seeing them as opportunities to create value by solving problems.

Creativity: Inventing brand and new solutions to existing problems require a certain propensity towards non-linear thinking. Where others see constraints, a creative entrepreneur will identify ways of circumventing those barriers with brand new ideas. These solutions often come from exploring analogous problems in unrelated fields.

Aesthetics: Software codes will often admit that what they seek to elicit from their code is not functionality, but a sense of aesthetics. Scientists will often talk of elegant solutions to complex problems.

Ego: Entrepreneurs are often motivated by a desire to be recognized as world leaders in a specific field.

Community: Contributions to a specific field of study often serve to strengthen community bonds and social cohesion. Specific fields in engineering, biotech or web development have their own social order and community rules. Many entrepreneurs are more excited by contributing and building communities around their product than they are by protecting their idea with a patent.

Challenge: Many entrepreneurs are addicted to the challenge of building a company from nothing. Serial entrepreneurs often share stories of leaving well paid, secure jobs to follow a wild hunch into the market. They often fail. But an addiction to solving thorny problems, and the inherent and complex challenges of starting a company, is what keeps them inventing and growing.

Money: Money is a source of never-ending frustration for investors. Entrepreneurs do need to make a living and many of them have their eyes set on a future of bulging bank accounts and world travel. This is a dream that occasionally fails because of failure of the venture.

4.83 Type of business owned

Table 4.30

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Sole Proprietorship	73	22.6	22.6	22.6
	Partnership	48	14.9	14.9	37.5
	Private Ltd company	132	40.9	40.9	78.3
	Other	70	21.7	21.7	100.0
	Total	323	100.0	100.0	

Table 5.7 reveals that majority of respondents (40.9%) were Private Ltd companies, followed by Sole Proprietorship (22.6%) with Partnerships coming a distant fourth position (14.9%). This section looks at the above forms of business and explains the advantages and disadvantages of the same.

4.83.1 Sole Proprietorship: This is the simplest of business entities (Small Business Solutions). A sole proprietor trades under his/her own name, with no separation of assets and liabilities. There is no need to register this form of business. In other words, you just wake up and start running the business.

4.83.2 Partnership: This is an association of between two to twenty people who are contractually bound to one another to operate a joint profit generating business. Each partner contributes money, goods or services to a fund, agreeing that any profits made will be shared between the partners as per their contract.

A Partnership is quite cheap to set up, as it does not have to be legally registered at the Registrar of companies. The State only requires that stamp duty be paid in connection with the Partnership agreement and this is minimal.

There are crucial characteristics of Partnership which serve as advantages and disadvantages of this form of business.

4.83.2.1 Characteristics of Partnerships.

According to Small Business Solutions, characteristics of Partnerships include the following:

Each partner must make a contribution to the Partnerships

It does not have a juristic personality separate from the partners; each partner can bind the Partnership.

If the Partnership's estate is sequestrated, the estate of the partners can follow unless the partners undertake to pay the debts of the Partnership.

The profits and net assets are usually distributed amongst the partners on dissolution of the Partnership in proportion of their respective interests.

The life of the Partnership is not separate from the lives of the partners (so if one partner dies, leaves or is declared personally insolvent, the Partnership becomes null and void.)

On dissolution, the assets are liquidated, creditors are paid and partners must stand in for any shortfall.

The Partnership is not a 'person' for tax purposes and is not taxed a company would be.

There is no statutory audit requirement.

An important issue is how the assets and liabilities are dealt with in the Partnership.

4.83.2.2 Assets and Liabilities

As much as a Partnership is quick and easy to set up, and has benefits in terms of taxes one has to pay (Small Business Solutions) for example, there is also a downside to this. The partners are co-owners of the Partnership's assets and are all personally liable for the liabilities of the business but proportionate share from the other partners.

Should the business fail, creditors must initially try to recover monies against the business's assets. Then if any amount is left unpaid after the Partnership has been sequestrated and all assets sold, a creditor can claim against the personal assets of the individual partners.

If the Partnership is declared insolvent by a court, every partner (except an anonymous partner, a partner en commandite or a partner who gives security for the payment of debts) must also be sequestrated at the same time. This means that not only could you lose your business, but that you and your family could lose all your personal finances and assets as well.

4.83.3 Private company or (Pty) Ltd: This type of business may be founded and managed by just one director (known as a One-man company), and must have at least one shareholder, but no more than 50(Small Business Solutions).

It is clear that Sole Proprietorship and Partnership forms of business together had large respondents (37, 5%) indicating that they operate these types of business. Both these types do not require registration and are easy to dissolve. In addition, the risk factor for these businesses is very high when the business fails. The company form of business requires registration and should have at least one shareholder and 40.9% of respondents indicated that they were in this type of business. The risk is comparatively lower than that of Sole Proprietorship and Partnership.

4.84 Sector of business

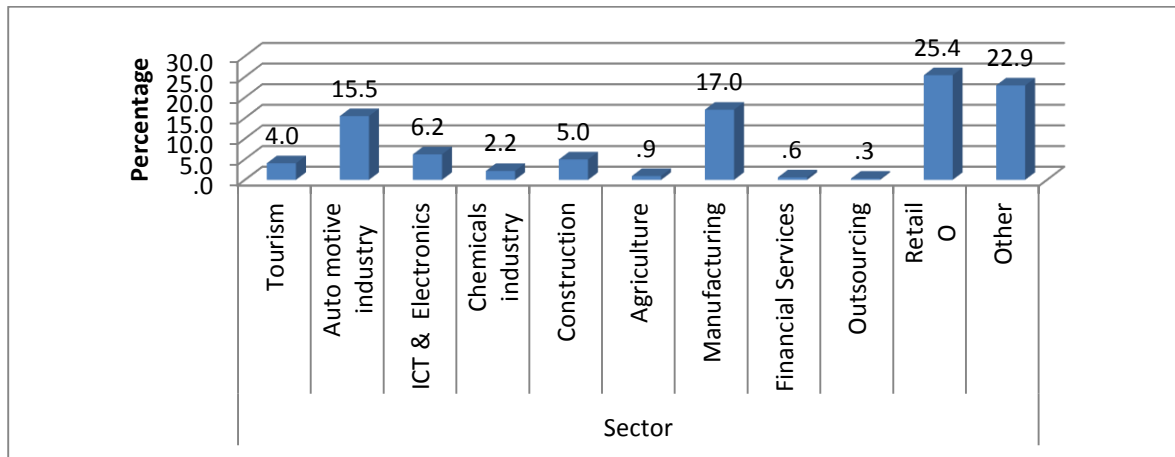


Figure 4.29

The most outstanding business sectors according to respondents above are Retail Sector (25.4%), Manufacturing (17%), Automotive Industry (15.5% and ICT and Electronics (6.2%).

Like many developing countries, the economy of South Africa relied on primary sectors such as agriculture (Brand South Africa, 2014). The economy also relied on mineral resources. However, changes have taken place since the 1990s. Increasing focus of growth is on the tertiary sector which also includes wholesale and retail trade, tourism and communications. –This has necessitated the country to move towards becoming a knowledge-based economy with a greater focus on technology, e-commerce and financial and other services.

South Africa's key sectors: Contribution to GDP growth in 2013

Table 4.31

Agriculture, forestry & fishing	2,2%
Mining & quarrying	4,9
Manufacturing	15,2
Electricity, gas and water	1,8
Construction	3,0
Wholesale, retail & motor trade, catering & accommodation	12,5
Transport, Storage, Communication	9,0
Finance, real estate, business services	21,5
General government services	13,7
Personal services	5,4
Taxes less subsidies on products	10,8

Source: Statistics South Africa 2016

The most contributions to GDP in 2013 were: Finance, real estate, business services (21.5%), Manufacturing (15.2%), General government services (13.7%) and Wholesale, retail and motor trade, catering and accommodation (12, 5%). Botes (2015:1) of Business Partners identified top 5 sectors for South African entrepreneurs. These are not necessarily as indicated in Table 5.7 above.

4.84.1 Top 5 sectors for South African entrepreneurs

- (1) **Education:** Both Government and the private sector have allocated large budgets to improve this sector. More franchises are increasingly being established, especially Technical and Vocational Education Training (TVET) Colleges due to the demand for such facilities and skills in the country.
- (2) **Manufacturing:** While the sector will continue to offer opportunities in 2015, entrepreneurs should be exploring export oriented manufacturing. Government offers attractive incentives such as rebates and tax deductions, for component manufacturing as well as an entrepreneur's ability to develop overseas markets for such products.

(3) **Tourism:** Business tourism is increasingly growing in attractiveness due to South Africa being recognized as the gateway to Africa and due to the weak rand, savvy entrepreneurs can capitalize on the country being ‘fairly cheap destination to host international conferences, when compared to some of the more established/traditional conference destinations.’

(4) **Mining:** While at a low base due to labour disputes over the last 18 months, the sector has recently experienced an increase in expenditure on capital programmes, especially in coal mines as older mines reserves are shrinking and coming increasingly under pressure to supply more coal to our mainly coal fired electricity generating power stations.

(5) **Infrastructure at large:** Apart from low-cost housing, basic services, such as water, electricity, sewage plants, as well as repairs and upgrades to government building and recreation sites, are needed in cities and towns across the country.

According to SEDA (2016), the majority of SMEs turnover is in the trade sector, followed by manufacturing. This view appears to be in line with Figure 5.7 above where manufacturing is at the top with retail not very far off.

4.85 Average years in business

Table 4.32

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	<1 year	11	3.4	3.4	3.4
	2-3 years	41	12.7	12.7	16.1
	4-5 years	32	9.9	9.9	26.0
	6-7 years	30	9.3	9.3	35.3
	>7 years	209	64.7	64.7	100.0
	Total	323	100.0	100.0	

Research abounds showing that there is negative and no significant influence between firm’s age to profitability (Salman & Yazdanfar, 2012). It means that whether old or young, the age of the firm does not affect the level of profitability. Malik (2011) on the other hand argues that the older the firm, it cannot be concluded that it will be more profitable. The younger the firm, the more it is associated with the new innovation, more information, knowledge and opportunities compared with the older firm. In the same vein, Mehari (2013) found that statistically, there is a non significant influence between the age of a firm to the

profitability. The younger companies or newly established ones successfully reached their goals and profitability from the opportunities in the market.

4.85.1 Correlations: Average Turnover Q 2.6 vs. Average years in Business Q 2.5

Table 4.33

				Q2.6 Average monthly turnover in my business	Q2.5 Average years in business
Spearman's rho	Q2.6 Average monthly turnover in my business	monthly Correlation Coefficient	Sig. (2-tailed)	1.000	.255**
			N	323	323
	Q2.5 Average years in business	years in Correlation Coefficient	Sig. (2-tailed)	.255**	1.000
			N	323	323

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

This study shows that there is (Table 5.6 above) a positive correlation between monthly turnover in respondents' businesses and the average years in business as indicated by the Spearman's correlation co-efficient calculated above.

4.86 Average monthly turnover in business

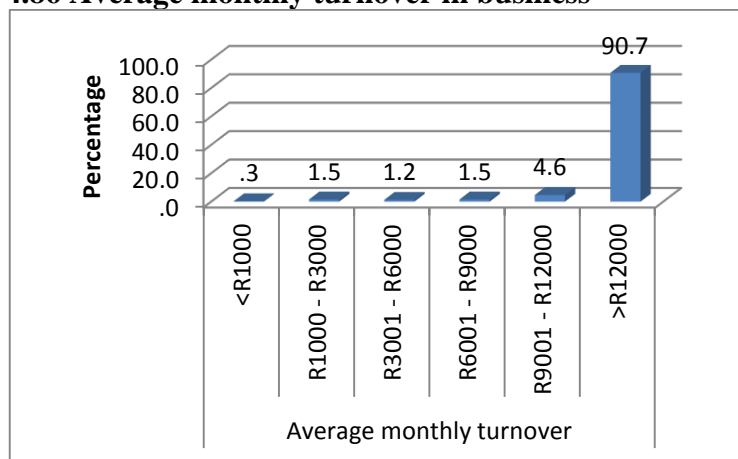


Figure 4.30

Of the 323 respondents, 90.7% indicated that their monthly turnovers are well more than R12000. Table 5.11 below shows that there is a positive correlation between the number of employees and monthly turnover i.e. that the higher turnover the SME makes, the more people it employs. This finding is in line with SAICA's Annual SME survey of 2015. Among the four findings of SAICA (2015), the following are indicated which support this finding:

- The number of people employed grows rapidly with turnover and with the length of time an SME survives. It is not sufficient to only stimulate SME creation to create jobs. The stimulation of existing SMEs to grow may be more beneficial to job creation.

- SMEs are positive about the prospects for their business in terms of turnover growth and profitability.

4.87 Correlations: Average Turnover Q 2.6 vs. Number of people employed Q2.8

Table 4.34

	Q2.6 Average monthly turnover in my business	Q2.8 How many people do you employ?
Q2.6 Average monthly turnover in my business	1.000	.113*
Correlation Coefficient	.	.043
Sig. (2-tailed)		
N	323	323
Q2.8 How many people do you employ?	.113*	1.000
Correlation Coefficient	.043	.
Sig. (2-tailed)		
N	323	323

*. Correlation is significant at the 0.05 level (2-tailed).

A significant positive correlation exists between turnover and the number of employees ($\rho = .113, p = .043$). Firms with more employees have a higher turnover.

4.88 How many people do you employ?

Table 4.35

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 0-10	219	67.8	67.8	67.8
11-50	85	26.3	26.3	94.1
51-200	19	5.9	5.9	100.0
Total	323	100.0	100.0	

Most SMEs (67.80%) or 219, employ less than 10 people. Table 5.12 indicates that only 19(5.90%) of the SMEs employ between 51 and 200 people. Figure 5.8 above indicates that 90.9% of respondents had monthly turnover of well over R12000. In fact, some SMEs made more than R1million per month but employed less than 10 people. Table 5.9 shows that there is a positive correlation between monthly turnover and the number of people employed i.e. the more people an SME employs, the more the turnover. On the contrary, respondent SMEs continue to employ fewer people despite making high turnovers. It would appear that the motive is not employment but to make money for the SME owner. This tends to subvert the job creation wish of the South African Government.

4.89 Ranking in order of importance to SME business

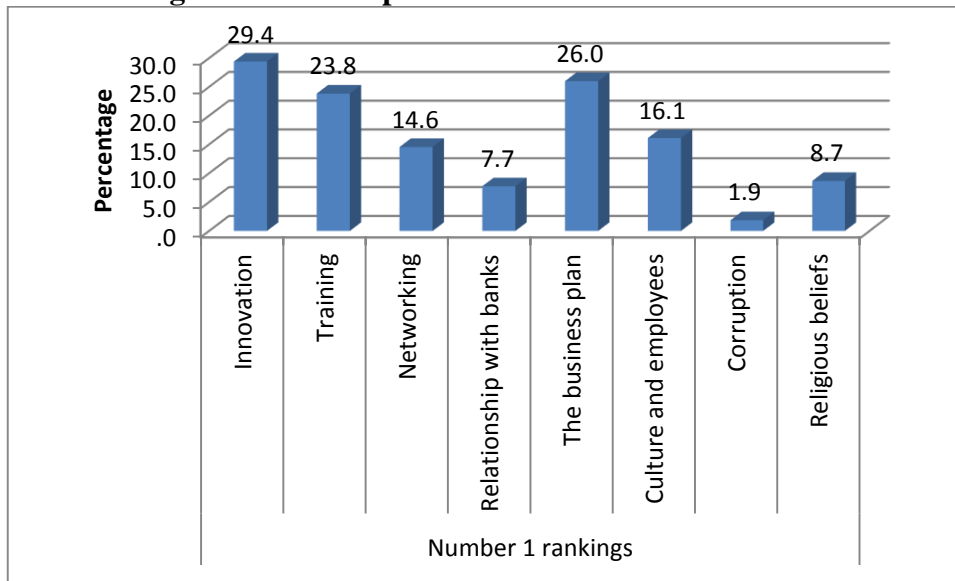


Figure 4.31

This section explains the eight aspects in Figure 5.7 and then considers the rankings by the respondents.

4.89.1 Innovation and its importance to SME development

Rook (2012:1) contended that; Innovation needs to have novelty associated with it, creating something new, but also thereby generating value in the process. Innovation is understood to be the process of creating new value in form of products, processes, services and business models. Christensen, Hall, Dillon & Duncan (2016:14) believe that innovators are left to mix, match, and often misapply inadequate concepts and terminology designed for other purposes. In their view, we are awash in data, frameworks, customer categories, and performance metrics intended for other purposes on the assumption that they are helpful for innovation.

On the other hand, Babu & Kumari (2013) developed a formula: **Innovation= Creativity + Risk-Taking.**

In their view, Innovation is the process of bringing the best ideas into reality, triggers a creative idea, which generates a series of innovative events in the creation of new value. They further explain creativity and risk as components of innovation.

(a)Creativity: The entrepreneur is primarily concerned with developing new products, processor markets, and the ability to bring something new into the market. An entrepreneur indulges in original thinking more than any other person thinks and he is able to produce solutions that fly in the face of established knowledge.

(b)Risk: This is the probability of something happening X Resulting Cost or Benefit if it does. Risk also refers to terms such as danger, hazard and potential for loss.

Babu & Kumari (2013) further opined that innovation is the successful development of competitive advantage and as such, it is the key to entrepreneurship. In the process, they identified elements of innovation:

4.89.1.2 Elements of Innovation:

Challenge: What we are trying to change or accomplish-the “pull”

Customer focus: Creating value for your customer-the “push”

Creativity: Generating and sharing the idea(s) –the “brain”

Communication: The flow of information and ideas-the ‘life blood’

Collaboration: People coming together to work on the idea(s)-the ‘the heart’

Completion: Implementing the new idea- the ‘muscle’

Contemplation: Learning and sharing lessons lead to higher competency- the ‘ladder’

Culture: The playing field of innovation-includes:

Leadership: (sees the possibilities and positions the team for action-the role model)

People:(divers groups of radically empowered people innovate-the source of innovation)

Basic values: (trust and respect defined and distinguish an innovative organization-the backbone)

Context: Innovation is shaped by interactions with the world.

4.89.1.3 Barriers to Innovation in SMEs-a global view

Limited Commercialization of innovation from Universities:

South African Universities are patenting many innovations in multiple fields. However, few are successfully commercialized and there are poor linkages and few elective relationships between academia and industry.

Limited Research and Development (R&D) on Innovation

Table 4.36

Percentage of GDP on R&D

Country	Percentage of GDP
Botswana	0,4
DRC	0,5
Ghana	0,3
Lesotho	0,1
Madagascar	0,2
Mauritius	0,5
Mozambique	0,2
Seychelles	0,4
South Africa	0,9
Tanzania	0,35
Uganda	0,2
Zambia	0,0

Source: SARUA (2008), UNESCO (2007) Ghana's Science and Technology Profile; and UNESCO Institute for Statistics: <http://Stats.uis.unesco.org/>

Studies such as SARUA (2008) generated estimates of public expenditure on R&D of some SADC countries. These show that none of the countries expends at least 1 percent of its GDP on R&D. According to UNESCO (2007), R&D intensity in Sub-Sahara Africa (excluding South Africa) is less than 0,3 percent. In the UK, the R&D Tax Credit is a recent policy initiative by government that aims to help and assist SMEs working on innovations (Smith 2006:263). The Scheme applies to SMEs that are registered limited companies spending more than 25000 pound sterling per year on research and development. There are three different types of tax relief available:

- (a) Basic R&D tax relief: treats expenditure as equal to 150 percent of actual.
- (b) Pre-trading R & D tax relief: expenditure creates a tax loss.
- (c) R & D tax credit: a tax refund of 16 per cent of unused loss

R&D is defined as 'creative' work undertaken on a systematic basis in order to increase the stock of knowledge and use of this knowledge to devise new applications. The scheme is aimed specifically at SMEs endeavouring to 'break new ground' by developing new products.

4.89.1.4 Competence barriers

A large number of SMEs experience a certain limitation when engaging in innovation, as they for instance they either lack sufficiently qualified personnel in house or lack marketing capabilities to efficiently market new products and processes (Vinnova, 2007) provided descriptive statistics on innovation barriers in Sweden between 2004 and 2006.

Financial Barriers

Financial innovation and small and medium businesses requires a funding system that sustains entrepreneurship and drives job creation, Venture capital is an important part of such a framework, but not the only one, as it finances only a very small fraction of companies that have the potential to grow into large firms and provide investors with adequate returns.

A Euro-barometer survey (2005) shows that 79% of SMEs use bank loans to finance their operations, while only 2% use venture capital (European Commission, 2005). The lack of financial resources hinders many SMEs from initiating or- even worse-completing their innovative ideas. Financial constraints as a barrier to innovation in German SMEs were confirmed by Howel (2015:1). They found out that SMEs have problems in acquiring loans because financial institutions are often reluctant to (co-) finance risky innovation projects (Howel, 2015:1).

4.89.1.5 Factors Promoting Innovation

There are several factors that influence innovation in entrepreneurs, namely firm characteristics, manager characteristics, size and age of the firms, technological factors, organizational factors and also environmental factors (Mbizi, Hove, Thondhlana & Kakava 2013).

(1) Firm characteristics: A study that was conducted by the World Bank (2008) shows that firm size has a strong positive effect on innovation while competition has a strong negative effect on innovation and organization.

(2) Manager's characteristics: According to Panizzolo (1998) managers play a huge role in deciding to adopt an innovation in a company. Success of the project depends on the managers correct positioning of the R&D to satisfy a need or fill a niche.

(3) Size and age of the organization: According to the OECD (2005) the smallest firms have the benefit of individualism and the larger firms have the benefit of more resources and systems, while the intermediate sized firms lacked the best of either world.

(4) Technological factors. Technological capability is defined as the knowledge and skills required for firms to choose, install, operate, maintain, adapt, improve, develop technologies and grow (Albaladejo, 2006). Albaladejo (2006) further stated that, the notion of innovation capability applies to process and products technology, as well as the way in which production is organized and managed.

4.89.1.6 Are South African SMEs innovative enough to compete in the market?

Most Banks in South Africa are reluctant to fund innovation and risky projects. In addition, some Banks are unwilling to fund SMEs in Transport and Engineering sectors.

There are basically three critical requirements for effective innovation to take place. These are:

- (a) Level of Education: Knowledge and skills development emanate from the incumbent's level of education (OECD). In South Africa, the skills level and educational qualifications need improvement.
- (b) Policy makers and government officials regard SMEs as ideal vehicles for economic growth and job creation (OECD 2005). This factor needs to be enhanced by knowledge and skills as stated above and works against South Africa because of paucity of skills.
- (c) Research and Development (R&D): Many developing countries rarely include R&D in their GDP calculations. Developed countries like the United States of America are keen on R&D. The Bureau of Economic Analysis (BEA, 2013) included R &D in its GDP for the United States. Emphasis was put on the importance of intellectual property which is seen as a driver of the economy. Contrary to this, most developing countries fall short on R&D and thus fail on innovation-including South Africa-thus relegating their economies to poor levels of competitiveness..

Maas (1999) noted that South African SMEs were less innovative than their counterparts in the developed world. Most SMEs in South Africa concentrate in the retail, community services and construction and are unlikely to export their products or services. Consequently, small businesses tend to lack the innovative capacity, and this, coupled with the unwillingness of Banks to fund risky projects in manufacturing and engineering which can normally be exported to generate growth and employment.

One bank totally refrains from funding SMEs at all, preferring to open individual accounts in the name of owner SMEs and insists on insurance policies being taken against the amount borrowed-usually to the tune of R250000. This underscores the unwillingness of Banks in South Africa to fund innovation to the detriment of growth and employment creation.

4.90 Training and its importance to SME Development

Small business owners and their employees require training in areas of basic accounting, communication and social skills, computer and customer service, literacy and marketing skills.

The objective of training is to bring about attitude and behavioural change to enable business owners to perform effectively and efficiently (Aguins and Kraiger, 2009:452; Ongori & Nzonzo, 2011:187). Training is a planned undertaking by organizations which helps their employees to acquire job related skills and knowledge. These skills ultimately help employees to positively perform their tasks and job assignments.

Accordingly, training programmes which help employees to improve on their managerial skills are needed (IFC 2011:1). How structures and training programmes that are in place usually do not comply with specific needs of SMEs (Jolly, 2003:2). In South Africa, there are a number of Training providers including the ones discussed in Chapter Four. It is necessary for SMEs to look around for sound training and development initiative if they are to grow and develop their employees as well as their businesses.

4.91.1 Challenges of Training

Although respondents in this study ranked training very highly at number three indicating its importance for SME growth and development, training has the following challenges.

The Knowledge gap in SMEs skills development

Although there is recognition that low levels of training participation by staff within SMEs impact the employees' productivity and labour force mobility, as well as the company's productivity and adaptability to what is an increasingly knowledge intensive business environment, questions about dynamics of these impacts remain. Martinez, Fernandez & Sharpe (2013:167) asked the following questions:

- (a) What is the impact of skills development on knowledge intensive or productivity enhancing activities in SMEs? What is the impact of these activities on employability of labour force, particularly the lower qualified?
- (b) How can SMEs increase the participation of low-skilled and low-qualified employees, particularly informal skills development such as KISA (knowledge intensive service activities)? What incentives and mechanisms can be provided to employers to increase this participation?
- (c) How can the skills developed through informal activities be recognized with formal qualifications?

(d) How can different net working elements across the supply chain of SMEs and local innovation systems contribute to SMEs and local innovation systems contribute to a greater participation of the labour force in training and skills development activities? What examples of best practices are available in OECD (Organization for Economic Co-operation and Development) countries? What are the lessons both for productivity enhancement and work-force development?

4.91.2 The European Union (EU) context of SME Training-Challenges

The challenges of training explained above are not only prevalent in developing countries like South Africa but also impact business growth and development in developed countries, some of which are members of the European Union as explained below:

Main challenges in SME Training in the EU can be identified as follows:

Lack of skilled labour is a problem for more than one third of all SMEs in the EU. SMEs are already carrying out a good deal of vocational training but that, at the same time many employees are leaving SMEs for better paid positions in large enterprises, leaving the company to bear the cost of training, without reaping the rewards.

Existing training offers and programmes are normally designed and organized from the point of view of larger companies and they simply do not fit into the organizational needs of smaller companies (SMEs).

When it comes to training and skills development, SMEs face a number of very practical and organizational problems, for example: How to identify a training programme suited to the specific needs? How to find financing for training courses? How to organize training for example further training in micro companies where each worker is needed every day? How to attract more qualified young people?

4.91.3 The role of the SDL (Skills Development Levy) in South Africa

In South Africa, a Skills Development Levy was introduced in April 2000.

Every organization (except public sector and public benefit organizations who are exempt) with a payroll of R500000 per annum and over must pay a 1% skills development levy (SDL).

The 1% SDL is paid to the South African Revenue Services (SARS).

20% of the SDL is paid to the National Skills Fund (NSF) to fund projects of national importance.

80% of the SDL goes to the 21 Sector Education and Training Authorities (SETA)

There is need for the SME (company) to register a SDF (Skills Development Facilitator) who can be an employee in the organization or an outside consultant. Once an SME has started to participate in skills development by submitting their Mandatory Grant and the submission has been accepted by their SETA the concerned SME/Company begins to benefit from the following funding interventions:

Learner ship: which lead to an occupational qualification or part qualification

Apprenticeships: which leads to a trade

Internships: which may follow an academic graduate qualification, or for in service training leading to an academic qualification.

Bursaries: which cover the costs of registration for studies, books and exam fees, and

Adult basic education and training (ABET) which is the literacy and numeracy equivalent to primary education.

It is clear that SMEs in South Africa have scope to train and develop their employees through the Skills Development Levy. Unfortunately, most SMEs regard the 1% levy as one of those taxes and never bother to utilize it. Consequently, programmes such as Apprenticeships/Internships have suffered a huge blow in the country as SMEs push them to the background purely because of lack of knowledge/information. There is need to make the SMEs aware of the benefit that accrue from the skills development levy. Trainers do not seem to be aware of the benefit of SDL and simply complain of the non-existence of Apprenticeship programmes.

4.92 Networking and its importance to SME Development

Despite the fact that respondents in this study ranked networking a distant number five, Misner (2008) is of the view that: Business networking is leveraging your business and personal connections to bring a regular supply of new business. It involves relationship building and can be a deceptively complex process. Business networking is much more than showing up at networking functions shaking a lot of hands and collecting a bunch of cards. Business is about people and that the world of business runs on networks of people-talking to each other, learning from each other and doing business together. Networking is a socioeconomic business activity by which business people and entrepreneurs use to form business relationships and to recognize, create or act upon business opportunities, share information and seek potential partners for ventures.

In a paper- How Leaders create and use networks in the Harvard Business Review, January Issue of 2007:51, Ibaora & Hunter identified three forms of networking as shown below:

In their view, managers who think they are adept at networking are often operating only at an operational or personal level. Effective leaders learn to employ networks for strategic purposes.

The Three Forms of Networking

Table 4.37

	Operational	Personal	Strategic
Purpose	Getting work done efficiently; maintaining the capacities and functions required of the group.	Enhancing personal and professional development: referrals for useful information and contacts	Figuring out future priorities and challenges; getting stakeholder support for them.
Location and temporal orientation	Contacts are mostly internal and External toward current demands	Contacts are mostly external and oriented toward current interest and future potential interests	Contacts are internal and external and oriented toward the future
Players and recruitment	Key contacts are relatively nondiscretionary; they are prescribed mostly by the task and organization	Key contacts are mostly discretionary ;it is not always clear who is relevant	Key contacts follow from the strategic context and the organizational environment, but specific
Network Attributes and Key behaviours	Depth: building strong working relationships	Breadth: reaching out to Contacts who can make referrals	Leverage: creating Inside-outside links

Source: Harvard Business Review: January 2007:51

4.92.1 Operational Networking

All managers need to build good working relationships with the people who can help them do their jobs. The purpose of this type of networking is to ensure coordination and cooperation among people who have to know and trust one another in order to accomplish their immediate tasks. One of the problems with exclusive reliance on operational networks is that they are usually geared toward meeting objectives as assigned, not toward asking the strategic question, “What should we be doing?”As a manager moves into a leadership role, his or her network must reorient itself externally and toward the future.

4.92.2 Personal Networking

A personal network can be a safe space for personal development and can provide a foundation for strategic networking. Personal networks are largely external, made up of discretionary links to people with whom the company has something in common.

4.92.3 Strategic Networking

When managers begin the transition from functional management to business leader, they must start to concern themselves with broad strategic issues. The key to a good strategic network is leverage: the ability to marshal information support and resources from one

sector of a network to achieve results in another. Strategic networkers use indirect influence, convincing one person in the network to get someone else, who is not in the network, to take a needed action.

Moreover, strategic networkers do not just influence their relational environment; they shape it in their own image by moving and hiring subordinates, changing suppliers and sources of financing, lobbying to place allies in peer positions and even restructuring their boards to create networks favourable to their business goals.

4.92..4 Benefits of Networking for SME development

Networking is crucial for SME growth and development. It assists the concerned SME owner/manager to improve relationships with banks, keep in touch with prospective suppliers and tap into new markets. There are many benefits to networking that arise from dealing with people.

Friendship benefits: Although not immediately converting to Rands or Dollars, it is important to have friends in business with no strings attached. There is need to know that someone has our back, that we have people who are there for us. It can be lonely when one works alone, with only a monitor light to keep one's company. Having someone who understands is extremely valuable on a psychological and emotional level. Friends can chat to keep one motivated and cheery and can be a sounding board for ideas, or will listen to you moan when you need to moan.

Opportunities: A number of possibilities exist including joint ventures and partnerships along with gigs, businesses assets bought and sold can accrue from networking/contacts. The best opportunities can be shared person to person in back channels. Where two people are equally qualified then the opportunity goes to the one who is known, liked and trusted.

Advice: Businesses rely on networks to advise them and keep them on track and give back to them networks in return. In life, 'give a lot and you have credit in the bank when you need to make a withdrawal.' The more one networks the more knowledge one can tap into.

Assistance: One of the ways one can benefit from network is from the following:

Promotion-Networking can give one a boost in traffic, reputation or sales

Community-It can help build conversation and community

Links-Links in terms of sharing news and information from other people's networks

Introductions-Connecting one to people one would like to meet or who one thinks is awesome

Getting one out of a hole-Fixing doggy code(s), giving one a heads up when one goofs, or having one's back when someone attacks.

Positive Influence: Modeling successful people is a proven way to improve one's own performance, what better than to be able to model people up close and personal? The tribe one selects will have a profound impact on one's work and life so choose well. One becomes who he/she associates with. Burke and Segaloe (2003:6) conclude that networking and networks will enable emerging entrepreneurs to establish a relationship with people they have never met, who would otherwise not be aware of their business, or improve their existing relationships. It enables them to market themselves as well as their business directly to people who, in turn, may refer other customers to them. At the same time, it enables them to share ideas, information and experience. Adams (2009:193) identified the following functions of networking:

4.92.5 Functions of a network in the growth of a business venture

- (1) It ensures that goals for growth and the vision of the entrepreneurs are realistic.
- (2) It increases the entrepreneurs' level of aspiration.
- (3) It helps to identify opportunities.
- (4) It provides practical assistance.
- (5) It provides emotional support.
- (6) It provides a sounding board for ideas.

Misner (2008:66) advised on networking as follows: 'stop hanging out with the wrong kind of people and start actively seeking the right kind of people'-look for some of the signs relating to people who fit the profile of good networkers. These include:

People who ask how they can help you or what they can offer you(and mean it), before they ask anything from you.

Individuals who show that they are willing to work on creating a professional relationship over a period of time because they understand that they must develop credibility with you before asking for your business or your referrals.

Those who make the time to go beyond the normal business innervations with those from whom they want to be able to ask for support.

Professionals who understand that networking is more about farming than hunting and show it in their actions by making the effort to get to know you outside of the business environment wherever possible, knowing that the more of a friendship there is between you, the more expectations you can both have from each others' networking efforts.

People who do what they can to bring business and contacts to you and their other networking partners, who share pertinent information with you, and invite you to business meetings that will position you favourably with others you need to get to know.

Individuals who give of their time and knowledge in order to help their referral sources succeed.

Networking is considered to be a useful tool in terms of 'know-how' and 'know-who', as critical external relationships contribute to business success. The information, knowledge and data gathered via networking are important resources for the entrepreneur as it facilitates linkages with banks, suppliers and customers.

4.93 Relationship with Banks and its importance to SME Development

In a Paper titled 'Just how SME friendly are the big four banks really', Hayes (2014:1) noted that SMEs in South Africa face a number of challenges, the most important of which are:

- A lack of management skills
- Finance and obtaining credit
- Access to markets and developing relationships with customers
- Appropriate technology and low production capacity
- Recognition by large companies government bureaucracy
- Support for the role that they play in economic development

The four major banks in South Africa are, namely, First National Bank (FNB), ABSA, Standard Bank and Ned bank.

Rick, as cited above, interviewed the four banks in 2014 and found the following:

(a) First National Bank

- Solidarity Research Institute had found their bank charges to be among the lowest
- FNB has a brochure which lists the documents that one need and guides one through the process
- There is a quick service area with computers at each branch where a staff member will show you how to make the transactions yourself
- FNB gives you free access to Instant Accounting Software
- FNB organizes workshops for clients to help them to run their business more effectively
- FNB's motto: How can we help you?

(b) **ABSA**

- ABSA's website boasts of their Banking Solutions for Small Businesses
- They offer SMMEs funding for government contracts
- ABSA has Enterprise Development centers in 8 provinces where SMMEs can walk in and get assistance
- They give legal and business service.

(c) **Standard Bank**

- They get clients through word of mouth referrals
- Provides a template to help you to draw up a business plan that will support your application
- Advice on alternate sources of finance
- There is support on the bank's BizConnect website
- Uses technology to improve its efficiency e.g. cash flow projections and income tax and BBBEE.

(c) **Ned Bank**

- They offer a small business skills development toolbox and mentorship with Business Partners
- Simply Risk in Ned bank's dedicated small businesses portal where you can learn everything that you need to know to start, grow and run your business
- Solidarity report showed that Ned bank was frequently the most expensive.

4.93.1 The role of the Banking Sector

In most countries, the commercial banking sector is still the main source of external finance for SMEs. It is important, therefore, for the commercial banking sector to develop viable and sustainable means of extending credit to the SME sector.

In most OECD countries, banks perceive SMEs as an attractive line of business and have developed effective monitoring systems. These include investing in credit scoring models and other sophisticated techniques' to discriminate between high and low risk borrowings in overcoming the information asymmetry problem. It is worth noting that in most cases funds supplied under official Government programmes are modest compared to that supplied by banks as their own risk (OECD 2006)

Small business book of major banks

Table 4.38

	Standard Bank	Ned bank	Absa	FNB	Total
SME clients	367500	346500	210000	126000	1050000
Total Book		R2.6 billion			R13billion*
Average size of loan	R39000		R47000		
Market share	35%	33%	20%	12%	100

Source: Split of market share and average size of loan on SME Report, IFC.2014:1

*Probably on the low side but no data from Banking Council to date. Source: SME Report 2001 and ABSA Annual Report
Of the four major banks in South Africa, Standard Bank holds the largest share followed closely by Ned bank in the Small business sector. Bbenkel & Garova (2007) in an investigation of Small and Medium Enterprises perceptions towards services offered by Commercial Banks in South Africa observed as follows:

SMEs from rural areas have a very poor understanding of services commercial banks offer and understanding of bank loan procedures. This leads to their weak bargaining positions in terms of interest paid, asset and liability disclosure, misuse of loan funds and generally bad preparedness when applying for business loans.

Commercial Banks are ‘profit-seeking and risk averse’

Commercial Banks need to satisfy themselves of the SMEs ability and capability to repay the loan sought.

SMEs are considered high risk due to insufficient assets, low capitalization, lack collateral and vulnerability to market conditions.

4.93.2 Findings of the 2015 and 2016 National Small Business Survey and the pointers to Relationships between Banks and SMEs

2015 National Small Business Survey-Findings

In view of the poor relationships between Banks and SMEs identified in Chapter Four, the 2015 National Small Business Survey’s Findings help to point to the need to augment the said relationships if SMEs in South Africa are to grow and develop. The following findings are instructive and helpful to all banks in South Africa.

Banks were the least likely place for an SME to go for financial help. SMEs clearly do not see banks as a source of funding for their business.

57 percent of respondents used their own funding, suggesting that the majority of SMEs tend to be used pulling themselves up by their own bootstraps.

28 percent of respondents used funding from business partners while 10 percent claimed to obtain funding from family members

The results of SME survey of 2015 clearly demonstrate that banks need to become more SME friendly and, in particular, need to be more funding friendly. This is a case in point wherein the current study, only 55 SMEs accessed services from Banks because of the poor relationships which exists between the two. Results of the 2015 survey clearly call for the enhancement of such relationships between Banks and SMEs in South Africa.

4.93.3 2016 National Small Business Survey-Findings

17950 small businesses throughout the country were surveyed

92 percent of small businesses in South Africa actively plan to increase their customer base and generate more sales over the next 12 months

76 percent of SMEs were in operation less than five years and cited a lack of funding and poor cash flow as the biggest obstacle preventing growth.

Competition from larger businesses along with difficulties in scaling to meet client's needs also featured as primary challenges holding small businesses back from achieving growth.

56 percent of businesses have considered expanding their operations into Africa and beyond while a further 25 percent indicated they would consider doing so in the future. This is an encouraging finding and further illustrates the SMEs optimism in future growth.

The funding issue still continues into the 2016 survey implying that the relationships between SMEs and Banks had not improved.

4.93.4 Factors considered important for building relationships between Banks and SMEs

There is need for banks to disseminate information on their products to SMEs especially those in the rural areas. Many SMEs in the rural areas feel that this information is kept to the commercial banks and not disseminated to them.

The environment in which the exchange episodes take place is important. The environment can either be friendly or threatening and this will influence the perceptions formed by either party in the exchange process.

4.93.5 Need for SMEs and Commercial Bank behaviours in building relationships

For effective relationships between banks and SMEs (particularly rural SMEs) the following need to be cultivated (de la Torre, Peria & Schmukler 2010: 2280).

Keep SME accounts in order and maintain a positive cash flow for the commercial bank to know the SME better. In order for this to materialize, an account has to be opened, maintained properly in order to trace the banking behaviour of SMEs.

SMEs need to invest more time to know bank loan requirements and provide the required information by banks. Issues of not understanding their own business is a major weakness which banks find unacceptable (de la Torre et al 2010: 2286).

SMEs need to maintain an open communication with banks in both situations when the SMEs are doing well or when they are in difficulties. This would give the banks an idea of how best to assist at present and in future.

Generally, SMEs need to be honest in how they conduct their financial transactions by managing their cash flow to reduce unwanted overdraft on their accounts.

SMEs reported(de la Torre et al 2010: 2288) that they expect commercial banks to provide different SMEs from rural areas with more information on loan application; spend more information on loan application; spend more time and visit SMEs at their premises.

4.94 The Business Plan and its importance to SME Development

Throughout the business and academic world, a successful business plan is perceived as the most essential document to be prepared by the entrepreneur or small venture owner when setting up a business (Pretorius and Shaw, 2004:1). Planning is key to any business throughout its existence. Every successful business regularly reviews its business plan to ensure it continues to meet its needs. It is sensible to review current performance on a regular basis and identify the most likely strategies for growth. Once an entrepreneur has reviewed his progress and identified the key growth area that he wants to target, it is time to revisit his business plan and make it a road map for the next stage of his business.

Many, however, regard a business plan as a waste of time and money, but one must take cognizance of the fact that many of the top 500 United States companies have business plans (Hisrich and Peters 1998:227) and these encourage entrepreneurs and small business owners to draw up such a document as it describes all the relevant external and internal elements involved in starting-up a new business. While a business plan is often obsolete as soon as it is printed, it is an important tool for the entrepreneur as well as the potential financier.

According to Standard Bank South of Africa (2017:1), a business plan is crucial to the success of any business. Most potential investors will want to see a business plan before they

consider funding a business. Although many businesses are tempted to use their business plans solely for this purpose, a good plan should set the course of a business over its lifespan.

A business plan is simply a step-by-step exercise in forward thinking. A sound business plan should contain crucial budgets and cash flow forecasts that will show how much profit one can expect one's business to make, how much finance one will need and the risk involved. This helps to demonstrate one's business idea, how one wants to implement it and the long-term viability thereof.

Before writing out a Business Plan, it is necessary to consider the following core questions:

- What service or product does your business provide and what need does it fill?
- Who are the potential customers for your product or service and why would they purchase it from you?
- How will you reach these potential customers?
- Where will you get the financial resources to start your business?

A successful business plan should incorporate a set of targets and objectives. While the overall plan may set strategic goals, these are unlikely to be achieved unless you use SMART objectives or targets, i.e. **Specific, Measurable, Achievable, Realistic and Timely**.

Appropriate performance indicators can be used to monitor performance of employees, teams or a new product or service. The indicators are:

- (i) Sales or profit figures over a given period
- (ii) Milestones in new product development
- (iii) Productivity bench marks for individual team members
- (iv) Market share statistics

In a practical guide for small business owners (2017) Standard Bank points out areas that a Business Plan should cover, namely:

- (a) Identify the target market by defining your audience, the size and scope of the market, details about competitors, and your pricing and marketing strategies.

- (b) Explain the benefits of your product or service, how it is unique and its appeal to customers. Include information about your company's location and how that location will benefit your business.
- (c) Show that you have effective management –people who not only have the necessary business skills, but who also work effectively together.
- (d) Focus on the future by attempting to develop forecasts of relevant business trends over the next three to five years. At the same time do not be too optimistic in estimating sales potential. Allow for the best, worst and most likely scenarios.
- (e) Highlight current and potentials problems and show how they will be overcome. This helps you avoid problems and boosts your credibility with investors and lenders.
- (f) Developing a financial plan that includes a capital equipment list, balance sheet, income statements or projections for three years, cash flow statements, break-even analyses and loan applications.

Given the high failure rate of SMEs in South Africa, a question can be asked whether these SMEs fail to plan or plan to fail. In developing a Business Plan and having taken into account the above suggestions by Standard Bank South Africa, the following reasons for failure of SMEs need to be considered:

- Inadequate business planning
- Over-investment in fixed assets
- Insufficient capital
- Lack of management experience
- Poor location
- Poor inventory and cash flow management
- Poor credit arrangements
- Competition or lack of market knowledge
- Low sales/not pricing properly.

The common audience of a Business Plan is the investor, lender or employees. For SMEs, the intention is to excite the Banks to fund them. While it is acknowledged that a Business Plan is a sales or marketing document and much like a brochure, for a new automobile gets the right consumer to want to learn more and/or purchase it, there is need to be cautious. Overselling and particularly by saying things like, we have the best technology, a world

class management team and incredible employees may take away the credibility of one's Business Plan.

4.95 Culture and Employees and their importance to SME Development

Culture is an important aspect of life, more so, for organizational life where employees spend most of their life at work. According to Forbes (2017:1) writing on the importance of culture in organization noted that, each organization has its own culture. Since many employees spend 40 or more hours at their workplace, their organization's culture obviously affect both their lives as well as their personal lives.

Organization culture refers to the beliefs, ideologies, principles and values that the individuals of an organization share. According to Haringbotham (2012:1), when employees feel that the company takes their interest to heart, then the employees will take company interest to heart. Companies with strongest cultures tend to have much lower turnover rates than others. Good company culture contributes to employee happiness and happy employees are more productive employees.

A more vigorous look at culture reveals that it is comprised of many different elements that have been passed down for generations, including knowledge, belief systems, experiences, values, attitudes, religion, art, ideas, laws, morals, customs and ways of perceiving the world.

Some aspects of culture are visible, such as the people dress or the food that they eat, while other elements of culture are invisible, such as the importance of religion, beliefs surrounding the role of family in a society, or the way people think and feel about certain issues. While the visible aspects of culture are often easy to spot, it usually takes much more time and effort to understand and appreciated the importance of the invisible.

However, it is usually the invisible elements of culture that have the most impact on the way people view the world, and as a result how they view a business's marketing strategies and whether or not they accept or reject your product or service. Culture is, therefore very important for SMEs in marketing their products, for example, in some cultures like Indian culture, it is not acceptable to shake hands with women. The SME business marketer needs to be careful how he markets his products in such markets.

4.95.1 Consequences of failing to consider culture in localization projects:

Businesses will do well to remember that consumers in different locations and cultures are influenced by their economies, values, attitudes and preferences and will therefore differ in ‘what they buy, why they buy, how they buy, when they buy and where they buy?’

The importance of the possible outcomes of a marketing strategy, product release, or website necessitates constant vigilance and consideration of the culture of the target market. Failure to do so, may result in a(for example closing of business during working hours by the Moslem community in the Overport area in Durban) combination of the following consequences:

Consumers lose faith and confidence in your product and company.

Customer backlash and highly visible, negative public relations.

Negative public relations and the erosion of the brand you have worked hard to build.

Loss of revenue, sales opportunities, and customers.

Possible punishment in the form of retaliatory legislation or lawsuits.

Culture is a determining factor in the success of an organization and respondents in this study ranked it number four. Culture is indeed a crucial element in determining SME growth and development and it engenders the following in the concerned SME/ company.

Unit: A shared organizational culture helps to unite employees of different demographics. Many employees within an organization come from different background, families and traditions and have their own cultures. Having a shared culture at the workplace gives them a sense of unity and understanding towards one another, promoting better communication and less conflict. In addition, a shared organization culture promotes equality by ensuring no employee is neglected at the work place and that each is treated equally.

Loyalty: Organizational culture helps to keep employees motivated and loyal to the management of the organization. If employees view themselves as part of their organization’s culture, they are more eager to want to contribute to the entity’s success. They feel a higher sense of accomplishment for being a part of an organization they care about and work harder without having to be coerced.

Competition: Health competition among employees is one of the results of a shared organizational culture. Employees will strive to perform at their best to earn recognition and appreciation from their superiors. This in turn increases the quality of their work, which helps the organization prosper and flourish.

Direction: Guidelines contribute to organizational culture. They provide employees with a sense of direction and expectations that keep employees on track. Each employee understands what his roles and responsibilities are and how to accomplish tasks prior to established deadlines.

Identity: An organization's culture defines its identity. An entity's way of doing business is perceived by both the individuals who comprise the organization as well as its clients and customers and it is determined by its culture. The values and beliefs of an organization contribute to the brand image by which it becomes known and respected.

Culture and the beliefs that an organization holds towards its employees determines the level of employee turnover in an organization and therefore, success of that SME/organization as it competes in the market. Cultural values and belief may determine the corruption levels or lack of corruption as discussed in the next section.

4.96 Corruption and its impact on SME development

An example of corruption is payment of a bribe or kickback to be awarded a contract. According to Wraag, Paynes & Connor (2009:57) corruption is the abuse of entrusted power for private gain-an inducement to show favour and the pervasion of destruction of integrity in the discharge of public duties by bribery or favour.

Corruption is worse than prostitution (Kraus 2009:1). The assertion is that prostitution endangers an individual's morals while corruption endangers the entire country's morals. An example of corruption includes asking for cartons of cigarettes by a customer in return for speeding up an import process at a border

According to Transparency International, Africa is the most corrupt region in the world. In South Africa, there is an annual loss of about R30 billion as a result of bribery and corruption. It would appear that it is exactly the poor and the vulnerable who suffer most under the scourge of corruption.

The magnitude of corruption as noted above is an impediment to SME business growth and development in South Africa. This is compounded by the high crime rate as discussed below.

4.97 Religious beliefs and their role in SME development

Ranked number six by respondents of this study, religious beliefs enable individuals to survive time and technological advancement. Religion and culture play a significant role in the lives of many individuals. Religion is said to be "a system of communal beliefs and practices (World Religions 2003).

4.97.1 Trade enhancing networks and religions

According to Oliver (2008:3), only two religions, Buddhism and Judaism, have positive direct aid in direct institutional effects on as well as trade enhancing network effects. That Buddhism is so positively and consistently correlated with international trade would not surprise Lal (2011) who argues that the examples of Japan after World War 11 and China, India and many other Asian economies more recently, prove that rapid economic growth can be achieved in non-Western Societies.

Judaism's positive network effect suggests that Jewish traders may still form implicit networks that expand international trade, not unlike the Jewish Maghribi traders 1000 years ago as described by Greif (2007).

Commenting on religion from a Christian perspective, Craig (2013:74) noted that, within my executive consulting and coaching practice, the part religion plays is specific to my core values. I make it my goal to be positive and giving and sometimes even forgiving. My belief is if I am not consistent with my religious values (Lutheran), how will I have the moral courage to advise my clients when something is wrong or turn down those clients that are not a good fit for me or my solutions? One does not need to verbalize one's religious convictions to tie them on a consistent basis. People judge you based on your behaviours, what they observe and for me my religion is embedded within those behaviours.

Briggs (2014) in a study entitled: Can religion help reduce violent crime- made the following findings?

Blacks and White violence decreased significantly as the percentage rose of country residents who belonged to congregations or were regular attendees.

Black and Latino violence was lower in communities where residents belonged to similar types of religious institutions, indicating faith groups from similar traditions were able to exert greater influence on community values when they had significant presence.

Religious homogeneity was not associated with overall rates of white violence, but further breakdowns showed communities with larger percentages of evangelicals had lower rates of White violence. Latino violence was significantly reduced in communities with larger numbers of active Catholics.

Black violence dipped dramatically in communities with high levels of poverty, unemployment and low levels of education where large percentages of residents were active

in congregations. This is a key finding, as communities with severe social and economic disadvantages are more likely to have high violent crime rates.

It is clear from the above findings that religion and religious beliefs help reduce crime rate. This augurs well for a country like South Africa where crime rate is very high. In South Africa, freedom of worship is guaranteed by the constitution, and official policy is of non-interference in religious practices.

Religious beliefs concludes the discussion on the eight variables respondents were asked to rank, namely, Innovation, Training, Networking, Relationship with Banks, The Business Plan, Culture and employees, Corruption and Religious beliefs as shown in Figure 5.20 below.

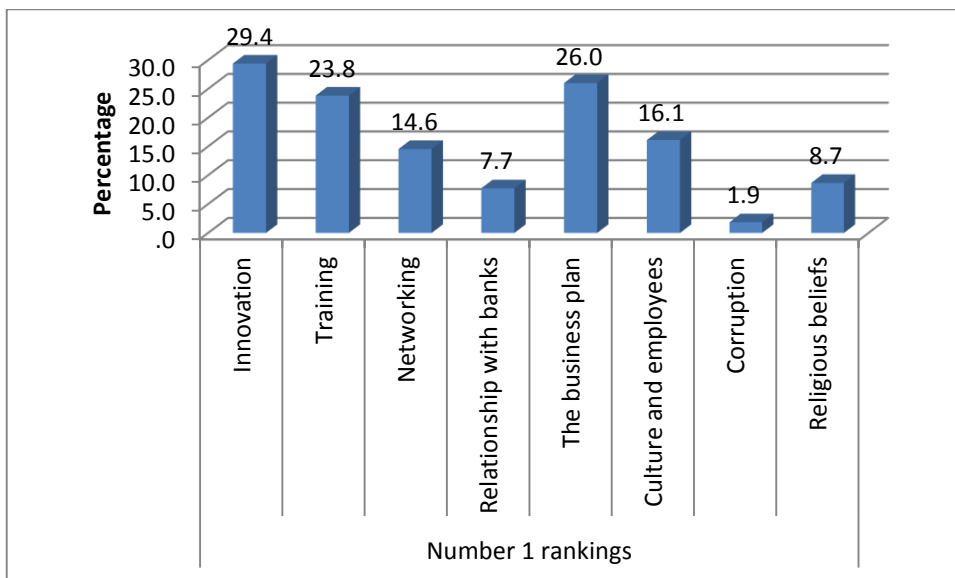


Figure 4.32

Respondents ranked the above variables as follows:

Innovation	1
The Business Plan	2
Training	3
Culture and employees	4
Networking	5
Religious Beliefs	6
Relationships with Banks	7
Corruption	8

4.98 The Rankings by respondents

While Innovation was ranked number 1 by respondents, it must be noted that a number of banks expressed no interest in funding innovation, particularly engineering and manufacturing projects by SMEs. These are considered to be risky and intending SMEs have to find their guarantors to finance the projects. There is therefore, a mismatch between respondent SMEs wish and Funding Institutions' expectations in terms of return on investment.

The Business Plan is a crucial document from the lending Banks point of view. It appears appropriate that respondents ranked it second although, in the eyes of banks, it would come tops in number one. It is surprising though, that respondent ranked Relationships with banks as number seven (close to last). Without good relationships with banks, it is inconceivable how the Business Plan would be prepared and accepted by banks. Perhaps, the reason is because few respondents depend on borrowed funds from banks and that the banks regard the SME sector as very risky.

Religious beliefs were ranked above Relationships with banks. This may be attributed to many Indian respondents. Most of them close their shops during the day to go and worship at mosques sometimes for more than two hours and generally work half a day on Wednesday or Thursday. At least, they work half a day per week in line with their religious beliefs. Training comes third ahead of Culture and employees and networking. These are all important. The challenge though, is that most Trainers indicated that most SMEs are not keen to pay for Training services.

While corruption was ranked last, giving an impression that there is no corruption or at least that it is minimal, Bank B1 raised alarm that there is rampant corruption especially regarding processing of tenders with Government departments. The bank alleged that most Government officials demand a ten percent upfront payment to enable the concerned SME to win the tender, without which, the tenders will always fail.

4.99 I consider eThekwini as:

Almost half (48%) of respondents praised eThekwini for its business location. They felt that it is an excellent place to conduct business with 29% indicating that it is a good place to conduct business in. Respondents further indicated that eThekwini has good infrastructure (44%) with a close proximity to markets (38%). However, all these are marred by the response which indicates that there is High Crime rate (43.3%) and that eThekwini

Municipality charges High rates. Under **Question 3.7(Appendix A)**, most respondents (62.2%) indicated that their businesses were moderately successful with 23.2% expressing a view that their businesses were extremely successful. A small percentage (14.6%) reported that their businesses were just making ends meet. The major business worry in eThekweni is the high crime rate which respondents feel can be addressed by the Municipality and Government deploying more Police to guard and reduce crime.

4.100 In what ways do you think your business will possibly improve?

Respondents were asked to indicate their response under five variables. They showed their preference for (a) Exposure in the Market, (b) Information sharing, (c) Fostering partnerships and networking, (d) Business opportunities and Increasing sales and (e) Other. These are discussed separately below

(a) Increasing sales/business opportunities

Q3.8a Increasing sales / business opportunities

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	251	77.7	78.9	78.9
	No	67	20.7	21.1	100.0
	Total	318	98.5	100.0	
Missing	System	5	1.5		
Total		323	100.0		

Most respondents (77.7%) indicated that their businesses could be improved by increasing sales/business opportunities. According to SME growth index (July 2015), contrary to global trends where small and medium enterprises (SMEs) constitute the largest employer in either developed or developing economies, smaller firms in South Africa are showing stagnation in both turnover and employment growth. Both these measurements are important-turnover has a strong bearing on the wealth being created in the economy, while employment is vitally important for South Africa's social stability.

(b) Market exposure

Q3.8b Market exposure

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	205	63.5	64.5	64.5
	No	113	35.0	35.5	100.0
	Total	318	98.5	100.0	
Missing	System	5	1.5		
Total		323	100.0		

Market exposure was another highly rated requirement which is closely linked to increased sales/business opportunities in (a) above. Competition is a major inhibiting factor for SMEs in South Africa. Murphy (2006:14) stated that small business owners exhibit certain personality traits that are responsible for the success or failure of their businesses.

Inadequate marketing skills of owners create marketing problems in the small business sector. Marketing of an SME determines in the long-term whether the business will succeed or go under. There are however, some marketing skills challenges of SMEs as identified by Van Sheers (2011), namely:

- (1) Gain an understanding of the market and potential for growth
- (2) Market segmentation
- (3) Market needs Analysis
- (4) Access to finance
- (5) Education and training
- (6) Competitiveness
- (7) Marketing of products and services

Q3.8c Sharing information

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	147	45.5	46.2	46.2
	No	171	52.9	53.8	100.0
	Total	318	98.5	100.0	
Missing	System	5	1.5		
Total		323	100.0		

environment in South Africa. The trend in developed countries is towards information sharing.

Sharing information is emerging to be very important for small businesses and yet respondents (52.9%) did not regard it as such. It is common knowledge that knowledge management (KM) was originally mostly practiced in large enterprises, with specific foci on issues such as culture, networking and the development of organizational and technological infrastructures to accommodate KM initiatives, especially in large multinational environments.

However, SME success and ultimately their growth, will determine to what extent they manage their knowledge work and thus knowledge sharing. It is important that SMEs should open up and share information to enhance their mutual survival in this harsh economic

Q3.8d Networking/fostering partnerships

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	172	53.3	54.3	54.3
	No	145	44.9	45.7	100.0
	Total	317	98.1	100.0	
Missing	System	6	1.9		
Total		323	100.0		

More than half (54.3%) of respondents considered Networking and fostering partnerships as important. The same respondents had ranked Networking as number five out of eight variables. Networking /fostering partnerships was not considered important by 45.7% of the respondents. This is almost a split decision. However, Misner (2008) is of the view that: Business networking is leveraging your business and personal connections to bring a regular supply of new business. It involves relationship building and can be a deceptively complex process. Business networking is much more than showing up at networking functions shaking a lot of hands and collecting a bunch of cards. Business is about people and that the world of business runs on networks of people-talking to each other, learning from each other and doing business together. Importance of Networking can therefore, not be overemphasized.

Q3.8e Other (specify)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	8	2.5	2.5	2.5
	No	309	95.7	97.5	100.0
	Total	317	98.1	100.0	
Missing	System	6	1.9		
Total		323	100.0		

A huge (95.7%) of the respondents were of the view that there is nothing else beyond business opportunities and increasing sales, exposure in the market, information sharing and fostering partnerships and networking. Only a small percentage (2.5%) of respondents indicated that there are other variables to be considered over and above the mentioned four, but they did not indicate which variables

4.101 Have you ever accessed support for your Business?

	Category	N	Observed Prop.	Test Prop.	Asymp. Sig. (2-tailed)
Q4.3 Have you ever accessed support for your Business?	Group 1 No	255	.82	.50	.000 ^a
	Group 2 Yes	55	.18		
	Total	310	1.00		

Majority of respondents (82%) of respondents had never accessed support for their businesses. This may be attributed to poor relationships between SMEs and Banks and almost a split decision regarding the role of networking/fostering partnerships .Banks in South Africa consider SMEs as a risk sector. SMEs generally lack collateral security and are considered unfit to lend to by commercial banks. One Bank even refused to lend directly to SMEs except in their individual personal names. In addition, the individual has to take an insurance policy to cover the risk of the money borrowed-usually to a maximum of R250000. Only 18% of respondents confirmed having accessed support for their businesses from banks. These could be the ones who considered their businesses to be extremely successful and have attendant collateral security to back up their borrowings.

4.102 How would you describe the satisfaction expressed from the support you received?

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Poor	7	12.7	14.0
	Average	6	10.9	26.0
	Good	14	25.5	28.0
	Very good	14	25.5	28.0
	Excellent	9	16.4	18.0
	Total	50	90.9	100.0
Missing	System	5	9.1	
Total		55	100.0	

Of the 55 respondents who accessed support from banks, 26% considered the service by banks as being poor to average, 28% considered the service as good while another 28% indicated that the service was very good with the last 18% thinking that the service was excellent. It must be noted that 268 (323-55) respondents declined to comment on this question, implying that they did not utilize or borrow from banks. This could be because of the collateral security requirements by banks or the poor relationships existing between banks and SMEs in South Africa as already discussed above.

4.103 Are you aware of Business Development Services available to you?

	Category	N	Observed Prop.	Test Prop.	Asymp. Sig. (2-tailed)
Q5.1 Are you aware of Business Development Services available to you?	Group 1 No	245	.78	.50	.000 ^a
	Group 2 Yes	71	.22		
	Total	316	1.00		

A huge 78% of respondents were not aware of Business Development Services in South Africa.

According to South African LED Network, BDS include advisory services, information sharing, consultancy, development of technology and promotion of linkages. Other BDS include services outside the value chain, payment in kind and cash. These are transacted services which comprise management consultancy, marketing and advertising. In addition, some services are embedded, covering packaged, bundled or commercial transactions in the value chain. Further examples cover design advice to a manufacturer from a buyer. This may also include input and knowledge used from an input supplier.

The public also benefits from services provided by chambers such as the Durban Chamber of Commerce which have an effect beyond a single small business. Some of the services provided by such chambers are advocacy for friendly regulations and provision of market trends and opportunities.

4.103.1 Mechanisms of payment for services.

Services provided can be paid for in different ways for example, acceptance of reduced price of products in exchange for technology or the use of a service on a commission basis. Some service providers are prepared to charge a direct fee as a component of the price of a bundled service.

4.103.2 Who are the service providers?

Service providers range from individuals, non-profit organizations, national or international government agencies and industrial associations.

There are also some BDS facilitators who educate small businesses on many aspects including the potential benefits of services or the provision of incentives on a trial and return basis. Other services include quality assurance, advocacy for better policy environment(s). These services are generally offered by NGOs, industry and employers' associations, government and donor agencies. Governments, who may provide funding for BDS projects and programs, Beyond BDS interventions, the principal role of governments is to provide an

enabling policy, legal and regulatory environment for Small Businesses and BDS providers as well as public goods such as basic infrastructure, education and information services.

4.104 Are you aware of the following Business Development Services?

This section addresses the responses to each of the fourteen Business Development Services in view of the response from respondents' statements. The section ascertains the number of respondents who answered Yes and No and where possible an attempt is made to evaluate the importance of each Business Development Service to SME development.

Q5.2.1a Advisory services relating to production

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	75	23.2	23.6	23.6
	No	243	75.2	76.4	100.0
	Total	318	98.5	100.0	
Missing	System	5	1.5		
Total		323	100.0		

Only 23.6 % (75 respondents) of the total respondents were aware of advisory services relating to production. The majority (75, 2% (or 243 respondents) of the total respondents were not aware of the advisory services relating to production. Production/manufacturing is regarded as a risk area by most funding banks. This could be the reason why most SME respondents are not familiar with services in this area since they do not interact with funding institution owing to poor relationships with banks.

Q5.2.1b Environmental management training advisory services

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	98	30.3	30.5	30.5
	No	223	69.0	69.5	100.0
	Total	321	99.4	100.0	
Missing	System	2	.6		
Total		323	100.0		

A huge (69%) number of respondents indicated lack of awareness of Environmental management training and advisory services. Traditionally, businesses and the environment have been, and in certain aspects continue to be conflicting elements: business is a threat to the environment, and environmental concern presents obstacles to business development and job creation. All business or organizations, regardless of their size, activity or scope,

generate environmental problems to a greater or lesser degree and they must meet the challenge of complying with the requirements of the natural environment in which they operate.

Q5.2.1c Facilitation of business linkages

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	115	35.6	35.8	35.8
	No	206	63.8	64.2	100.0
	Total	321	99.4	100.0	
Missing	System	2	.6		
Total		323	100.0		

Many respondents indicated that they did not engage in business linkages (63.8%). Business Linkages are important for both large businesses and SMEs. For large firms globalization has generated both new markets and new competitive forces. Constant pressure to reduce costs, shorten lead times, and focus on core competencies has driven firms to change their supply chain management strategies. Most large manufacturing companies now buy significant percentages of their inputs of both goods and services from other firms, with some spending as much as half of their revenues this way. Managing the supply chain for an optimal mix of cost, quality, flexibility, and strategic advantage (such as access to innovation) is becoming an increasingly important source of competitive advantage.

4.104.1 Potential Benefits of Business Linkages for large firms, local Business Communities and Small and Medium Enterprises Table 4.40

SME	Local Communities	Large Firms
Increased employment and wealth creation by local firms	Stimulation of economic activity and enhanced local economic development	Reduced procurement, production and distribution costs
Acceleration of knowledge transfer and technology upgrading	Increased employment and production	Improved productivity
Enhanced skills, standards and capacity	Long-term increase in local or regional competitiveness	Increased opportunities for corporate responsibility combined with profitability
Access to new domestic and/or foreign markets	Added local purchasing power	Enhanced reputation and local license to operate
Attraction of additional foreign direct investment in 'cluster' effects	Access to more affordable, reliable, or better quality products and services	Improved integration in new overseas markets
More diversified client and market structures	Increased participation of large-scale companies in	Increased ability to reach consumers at the base of the

	local business and community development	economic pyramid
More stable relationships to buyer or producer organizations	Balance of payment benefits when products are exported and/or substituted for imports	Proactively deal with downsizing
Risk-sharing through joint funding and/or operations	Development of local business service providers catering to SMEs	Reduction of foreign exchange needs through import substitution
Facilitation of access to finance		Increase inflexibility in making design and production changes due to proximity of local suppliers
Opportunities to innovate, upgrade and increase competitiveness		Reduced environmental impacts from long-distance shipping
		Compliance with government local content requirements

Source: Adapted from Stanton, D and Polatajko, T. (2001). "Business Linkages: Their value and donor approaches to them" UK Department for International Development.

Q5.2.1d Quality training and advisory services

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	175	54.2	54.5	54.5
	No	146	45.2	45.5	100.0
	Total	321	99.4	100.0	
Missing	System	2	.6		
Total		323	100.0		

Almost a split decision, although 54.2% of respondents indicated that they were aware of quality training and advisory services. Some Trainers though, worry about non-payment for training services by SMEs.

Q5.2.1e Advertising services

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	213	65.9	66.6	66.6
	No	107	33.1	33.4	100.0
	Total	320	99.1	100.0	
Missing	System	3	.9		
Total		323	100.0		

This appears to be an area well acknowledged by respondents. Most respondent SMEs (66.6%) advertised their services or used advisory services to advertise. It might be the

reason why most SMEs had sales well over R12000 per month although the majority indicated that their businesses were moderately successful.

Q5.2.1f Identifying new markets

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	178	55.1	55.6	55.6
	No	142	44.0	44.4	100.0
	Total	320	99.1	100.0	
Missing	System	3	.9		
Total		323	100.0		

Identification of new markets is a crucial developmental aspect for SMEs. Initially, there is need for local market identification in South Africa and later the International market. The need for advertising is to increase market exposure which is important to increase market share.

Q5.2.1g Assistance with regard to tendering

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	141	43.7	43.9	43.9
	No	180	55.7	56.1	100.0
	Total	321	99.4	100.0	
Missing	System	2	.6		
Total		323	100.0		

Tendering is a method for SMEs to acquire business particularly from Government and Municipality. Some banks reported that corruption is rife in this area, with Government/Municipal employees demanding up to 10% down payment for the tendering SMEs in order to win the tender. More than half (55.7%) of respondents were not aware of where they could get assistance with regard to tenders.

Q5.2.1h Accounting services

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	205	63.5	64.3	64.3
	No	114	35.3	35.7	100.0
	Total	319	98.8	100.0	
Missing	System	4	1.2		
Total		323	100.0		

According to Adeuja(2015:65) , South Africa has become the first country in the world to adopt the International Accounting Standard Boards proposed International Financial

Reporting standards for Small and Medium –sized Entities in its exposure draft form as a transitional standard for limited interest companies without public accountability.

Many respondent SMEs (63.5%) utilize accounting services, may be in a bid to fulfill the requirements of SARS while a small number (35.7%) does not utilize Accounting services. These SMEs may be using their internal accounting services in view of the SARS tax requirements. Kamyabi and Devi (2011:54) found that accountant’s advisory services are positively associated with the performance of SMEs in developing countries. In contrast to findings in developed countries (Robson and Bennet, 2000:201; Berry ,Sweeting & Goto, 2006:441, noted that any advice from accountants directly improved the performance of SMEs in developing countries.

Q5.2.1i Advisory in business planning/ management and mentoring

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	185	57.3	57.8	57.8
	No	135	41.8	42.2	100.0
	Total	320	99.1	100.0	
Missing	System	3	.9		
Total		323	100.0		

Advisory in business planning/management and monitoring is an important aspect for SMEs. Over half (57.3%) of respondents expressed having utilized this service while 41.8% were not aware. According to Musara(2011:17), business development services are those non-financial services and products offered to entrepreneurs at various stages of their business needs. These services are primarily aimed at skills transfer or business advice.

Business development services are important because they can assist entrepreneurs to run their business more effectively and, if appropriately applied, can act as an enhancer of access to finance and as an alternative form of “collateral” in circumstances where tangible collateral may be an impediment to meeting traditional security requirements

.Mentorship is important for SMEs in South Africa, particularly for women in business. Gender focused BDS and mentorship need to be established as part of mainstreaming of business-women in the economy. This is especially important for less mature businesses owned by women.

4.104.2 Importance of Mentorship for women in business (SMEs) (Musara, 2011:21)

Mentors are women business owners willing to give back to their communities by assisting other women ready to grow their businesses. Mentors can also come from legal, financial or

other professions, providing guidance, advice, and training to new women entrepreneurs. Mentors are viewed as wise and trusted counselors, willing to share their business knowledge, skills, experience, and most importantly, serve as respected role models –as seasoned entrepreneurs and mentors are recognized within their communities and industries for excellence and leadership.

4.104.3 Skills Development in South Africa

Danshaw Consulting (2016:35) points out that the legacy of apartheid has left the vast majority of South Africans with a lack of basic skills. In addition, there is a lack of entrepreneurial training for young people, which has impacted on confidence, initiative and creative thinking, all of which are traits required by successful entrepreneurs. South African entrepreneurs are thus ill equipped to communicate effectively with financial institutions. They tend to be intimidated by financial institutions and are not very confident about their presentation and business skills. This hinders the entrepreneur’s ability to sell a business plan successfully to the institutions.

Q5.2.1j Computer hardware & software including Maintenance and website design

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	199	61.6	62.2	62.2
	No	121	37.5	37.8	100.0
	Total	320	99.1	100.0	
Missing	System	3	.9		
Total		323	100.0		

ICT is very important for effective and efficient running of business in general and SME business in particular. Information generation and maintenance is crucial for smooth operation of SME business. A fairly large (61.6%) of respondents indicated awareness of computer hardware and software including maintenance and website services .Business is increasingly becoming technology driven and training and advisory services in this area grows by the day.

Q5.2.1k Legal support & advisory in legal services

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	215	66.6	67.0	67.0
	No	106	32.8	33.0	100.0
	Total	321	99.4	100.0	
Missing	System	2	.6		
Total		323	100.0		

Legal support and advisory in legal services plays a crucial role in South African SMEs particularly where labour law is concerned. Many SME respondents (67%) indicated awareness of legal support and advisory in legal services. As an SME, you need a fully competent workforce working towards a common goal, which ultimately increases the bottom-line, revenue growth and the amount of free cash the business has- there is little space and not enough resources to focus on providing training support to non performing employees on probation that is the role of the government and big business.

Q5.2.1l Management and business skills training

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	218	67.5	67.5	67.5
	No	105	32.5	32.5	100.0
	Total	323	100.0	100.0	

Business Management Skills are an important contribution to any company. Respondents (67.5%) indicated awareness of Management and business skills training. Because of this, they should be developed to their full potential in order for a manager, his or her organization to be successful.

Gaither and Frazier (2002:18) noted that important SME skill span the areas of Strategic, Operational and Control areas of management.

Strategic decisions: These are considered with the long-term plan and may include the following:

- Deciding whether to launch a new product development project
- Deciding on the design for production process for a new product
- Deciding on how to allocate raw materials, utilities, production capacity and other resources
- Deciding what new businesses are required and where to locate them.

Operating decisions: These pertain to issues relating to planning and production in order to meet customers' demands. The principal responsibility of operations is to take the orders to products and to deliver the finished product to the customer. Decisions are made in terms of

Deciding how much finished goods inventory to carry for each product

Deciding what products and how much of each to include in next month's production schedule

Deciding whether to increase production capacity for next month through overtime and subcontract

Deciding the details of a raw material purchase plan to support next month's production schedule

Control decisions: These are concerned with a variety of day to day execution issues in operations such as inferior quality and machine breakdowns control decisions may include the following

Deciding what to do about a department's failure to meet the planned baseline labour cost

Developing labour cost standards for a revised product design that is about to go into production

Deciding on what the new quality control and acceptance criteria should be for a product that has had a change in design

Deciding how often to perform preventative maintenance on a key piece of production machinery

Control decisions concerning workers, product quality and production capacity, are often the most pervasive aspect of operations management in a manufacturing environment.

Q5.2.1m Financial planning / business plans & Financial projections

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	191	59.1	59.3	59.3
	No	131	40.6	40.7	100.0
	Total	322	99.7	100.0	
Missing	System	1	.3		
Total		323	100.0		

Financial planning/business plans and financial projections are normally required by funding institutions (banks) assist them in evaluating their clients for lending purposes. The Business Plan was ranked number two and 191 (59.1%) respondents who indicated awareness of this service would include the 55 SMEs who accessed banking services to improve their business operations. Good financial management is critical to the success of any business, but it is

particularly important in small to medium enterprises (SMEs) where the rise of insolvency is often little more than an unpaid invoice away (CEMI 2014).

A key concern for small business owner-managers is cash flow management or more specifically the cash conversion cycle. This is the firm’s ability to generate cash from its customers’ invoices, and the time it takes to collect these accounts receivable.

Education is the key to enhancing SME owner-manager financial management skills and performance. In South Africa, owner-managers who had more knowledge of cash flow management and formal record keeping and their importance, were more likely to keep good financial records. This was also found in Greece where owner-managers with higher levels of education were more likely to have superior financial knowledge and to manage their finances better. Within the United States, owner-managers who had a good understanding of financial statements were more likely to regularly use them to make decisions (CEMI 2014).

Q5.2.1n Negotiations skills regarding Government & other contracts

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	74	22.9	23.1	23.1
	No	247	76.5	76.9	100.0
	Total	321	99.4	100.0	
Missing	System	2	.6		
Total		323	100.0		

Most (76.5%) respondents were not aware of negotiation skills regarding Government and other contracts. Negotiation is a very important skill and assistance in this regard is critical for SME growth and development. Strong negotiation skills can be the difference between a beneficial compromise and a loss. There will always be conflicts in life and the ability to solve them particularly in the business world, is what creates success.

Shapiro Negotiation Institute (2014:6) identified the following negotiation skills

4.104.4 Important Negotiation skills

Confidence: Do not be intimidated, bullies know how to get their way. Feeling intimidated one may already be on his/her way to defeat. People can sense when you are emotionally not up to the fight, and they take advantage of it.

Knowing when to walk away: Some battles are not worth fighting. When business decisions hang in the balance, it’s imperative to know when to walk away. If someone is

transparently trying to get their way with no concessions to you, it's best to exit the negotiation.

Playing fair in most negotiations, the goal is compromise. If both parties can understand this and be sympathetic to the other's needs, both stand to benefit far more.

People skills: More often than not, it's not what you say-it's how you say it. By presenting your case in the right light you stand to gain much more from any negotiation. Approaching a negotiation nervously or aggressively gives the other party the upper hand. Be calm, civil and direct. A good sense of humor and open demeanor, as well as being a good listener, goes a long way to realize a successful negotiation.

4.104.5 Which of the following services have you made use of?

Q5.2.2a Advisory services related to production processes

	Observed N	Expected N	Residual
Very often	26	77.0	-51.0
Frequently	41	77.0	-36.0
Seldom	34	77.0	-43.0
Never	207	77.0	130.0
Total	308		

Of the total 323 sampled SMEs, 15 (323-308) did not respond to the question regarding advisory services related to production processes. The majority of respondents, 207(67.2% of those who responded to this question) never utilized advisory services related to production processes. Small numbers, namely 34(11%), 41(13.3%) and 26(8.5%) seldom, frequently and very often respectively utilized advisory services related to production process.

Q5.2.2b Environmental management training and advisory services

	Observed N	Expected N	Residual
Very often	21	77.5	-56.5
Frequently	57	77.5	-20.5
Seldom	53	77.5	-24.5
Never	179	77.5	101.5
Total	310		

More than half (57.8%) or 179 respondents indicated that they did not use environmental management training and advisory services because they were not aware of their existence while a paltry number 21(6.8%) used this service very often.

Q5.2.2c Facilitation of linkages

	Observed N	Expected N	Residual
Very often	33	77.3	-44.3
Frequently	54	77.3	-23.3
Seldom	46	77.3	-31.3
Never	176	77.3	98.8
Total	309		

While facilitation of linkages is an important aspect of SME development through linking up with bigger companies for input supplies and marketing of their products and also with banks for funding, 56.9%(or 176) of respondents had not utilized this service.

Q5.2.2d Quality training and advisory services

	Observed N	Expected N	Residual
Very often	50	78.0	-28.0
Frequently	98	78.0	20.0
Seldom	58	78.0	-20.0
Never	106	78.0	28.0
Total	312		

This is a split sample with 31.4% frequently using training and advisory services while 33.9% never used quality training and advisory services. There are also 18.6% of respondents who seldom utilized quality training and advisory services although accompanied by 16% of respondents who used the service very often. In the main, though, most respondents did not utilize quality training and advisory services as BDS (business development service)

Q5.2.2e Advertising services

	Observed N	Expected N	Residual
Very often	73	78.5	-5.5
Frequently	106	78.5	27.5
Seldom	39	78.5	-39.5
Never	96	78.5	17.5
Total	314		

The findings reveal an almost split sample with 33.8% and 30.6% utilizing the advertising service frequently and never using the service respectively. As already discussed in 5.24 above, advertising is an important element of marketing for a business. SMEs cannot afford to do without marketing of their products.

Q5.2.2f Identifying new markets

	Observed N	Expected N	Residual
Very often	59	77.3	-18.3
Frequently	91	77.3	13.8
Seldom	31	77.3	-46.3
Never	128	77.3	50.8
Total	309		

Developing or identifying new markets is very important for any business and more particularly for SMEs. Majority of respondents (39.6%) did not utilize identification of new markets advisory services. This is supported by the split decision for advertising which was just discussed above. It was pointed then that advertising is an important element of marketing. It is a bit encouraging though that 150 (46.4%) of respondents either utilized this service either frequently or very often.

Q5.2.2g Assistance with regard to tendering

	Observed N	Expected N	Residual
Very often	44	77.3	-33.3
Frequently	64	77.3	-13.3
Seldom	27	77.3	-50.3
Never	174	77.3	96.8
Total	309		

Tendering is a grey area for SMEs in South Africa as already discussed under corruption above. Many respondents (53.4%) did not seek assistance with regard to tendering.

Q5.2.2h Accounting services

	Observed N	Expected N	Residual
Very often	93	77.3	15.8
Frequently	89	77.3	11.8
Seldom	30	77.3	-47.3
Never	97	77.3	19.8
Total	309		

More than half (56.4%) of respondents utilized Accounting services either very often or frequently while 30% never used the accounting services at all. It might imply that those that never utilized the Accounting services made use of their internal Accounting Services.

Q5.2.2i Advisory services in business planning/ management for mentoring

	Observed N	Expected N	Residual
Very often	61	76.8	-15.8
Frequently	82	76.8	5.3
Seldom	51	76.8	-25.8
Never	113	76.8	36.3
Total	307		

A fairly large number (35%) of respondents never used advisory services in business planning/management for mentoring. However, 44.3% of respondents either utilized this service very often or frequently with 15.8% seldom using the service.

Q5.2.2j Computer hardware and software services including maintenance and website design

	Observed N	Expected N	Residual
Very often	78	77.5	.5
Frequently	87	77.5	9.5
Seldom	36	77.5	-41.5
Never	109	77.5	31.5
Total	310		

More than half (51%) of respondents either utilized maintenance and design services comprising software and hardware services while 33.8% never utilized these services at all. It could be inferred that most SMEs utilize their internal computer hardware and software services given the highly prevalence of ICT in South Africa and the world over.

Q5.2.2k Legal support, advisory in legal services processes

	Observed N	Expected N	Residual
Very often	56	76.8	-20.8
Frequently	83	76.8	6.3
Seldom	60	76.8	-16.8
Never	108	76.8	31.3
Total	307		

Legal support, advisory in legal services processes are important for SMEs especially for labour law in South Africa as already discussed under 5.23 above. The fairly big (33.4%) of respondents who indicated that they never utilized legal support, advisory in legal services processes could imply that they utilized their internal legal services.

Q5.2.2l Management and business skills training

	Observed N	Expected N	Residual
Very often	71	76.8	-5.8
Frequently	86	76.8	9.3
Seldom	49	76.8	-27.8
Never	101	76.8	24.3
Total	307		

A significant (31.3%) of respondents indicated that they never utilized management and business skills training while 48.6% either frequently or utilized the services very often.

Q5.2.2m Financial planning/ Business plans and financial projections Observed N Expected N Residual

Very often	57	77.3	-20.3
Frequently	83	77.3	5.8
Seldom			
Never	117	77.3	39.8
Total	309		

The business plan was ranked number two and yet 36.2% of respondents here indicate that they never utilized financial planning/business plans and financial projections. The Business is a significant requirement by funding institutions as already discussed above.

Q5.2.2n Negotiation skills regarding government and other contracts

	Observed N	Expected N	Residual
Very often	23	77.8	-54.8
Frequently	44	77.8	-33.8
Seldom	48	77.8	-29.8
Never	196	77.8	118.3
Total	311		

A substantial (63%) or 196 of respondents never used negotiation skills regarding government and other contracts while only 44 (14%) frequently used such services. Those who used negotiation skills regarding government and other contracts constituted a small percentage (7.4%) or 23 with 15.4% seldom using such services.

4.105 Who were the main providers of the services?

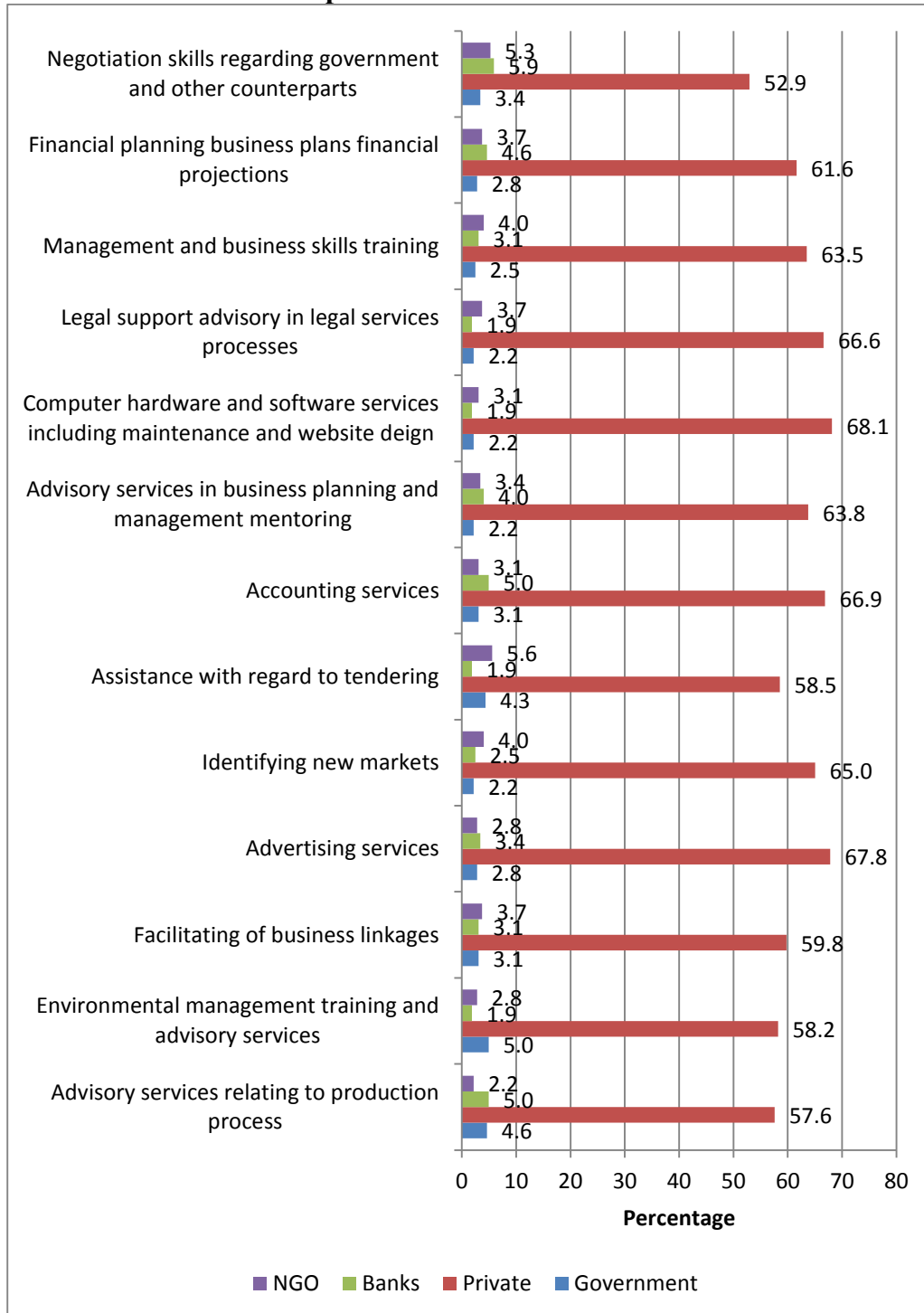


Figure 4.33

Clearly private is the most selected provider – no need to do tests to see this. This is a significant result ($p < .0005$ in each case)

Most respondents reported that most of the Business Development Services were privately sources as indicated in Figure 5.26 above. Most significantly outsourced services are Compute hardware and software services including maintenance and website design (68.1%)

,Advertising services (67.8%), Accounting services (66.9%) and Legal support advisory in legal services processes.

4.106 How easy was it for you to be able to access the service?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Easy	201	62.2	75.6	75.6
	Not very easy	48	14.9	18.0	93.6
	Difficult	17	5.3	6.4	100.0
	Total	266	82.4	100.0	
Missing	System	57	17.6		
Total		323	100.0		

Most respondents (62.2%) indicated that it was easy to access the services. Clearly, private sources were preferred to Government, Banks and NGO sources. There were however, (24.4%) of respondents who stated it was either very easy or very difficult to access the services.

4.107 How would you rate the services in terms of your satisfaction?

	Observed N	Expected N	Residual
Not satisfied	7	63.5	-56.5
Average	32	63.5	-31.5
Satisfied	166	63.5	102.5
Extremely satisfied	49	63.5	-14.5
Total	254		

Test Statistics

	Q5.2.7 How would you rate the services in terms of your satisfaction?
Chi-Square	234.661^a
df	3
Asymp. Sig.	.000

a. 0 cells (.0%) have expected frequencies less than 5. The minimum expected cell frequency is 63.5.

A total of 254 respondents cared to answer this question and 166 (65.4%) indicated that they were satisfied with the services while 49(19.3%) were extremely satisfied.

4.107.1 Did the services you receive help to grow your Business?

		Frequency	Valid Percent	Cumulative Percent
Valid	Yes	243	789.0	89.0
	No	30	911.0	100.0
	Total	273	8100.0	
Missing	System	50		
Total		323		

Slightly over three quarters (75.2%) of respondents confirmed that the services received assisted in growing their businesses with a small (9.3%) percentage reporting that the services did not assist in growing their businesses.

4.108 Would you make use of the services again?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	254	78.6	94.4	94.4
	No	15	4.6	5.6	100.0
	Total	269	83.3	100.0	
Missing	System	54	16.7		
Total		323	100.0		

Test = binomial

Binomial Test

	Category	N	Observed Prop.	Test Prop.	Asymp. Sig. (2-tailed)
Q5.2.10 Did the services you receive, help to grow your Business?	Group 1 Yes	243	.89	.50	.000 ^a
	Group 2 No	30	.11		
	Total	273	1.00		
Q5.2.12 Would you make use of the services again?	Group 1 Yes	254	.94	.50	.000 ^a
	Group 2 No	15	.06		
	Total	269	1.00		

a. Based on Z Approximation.

A huge percentage (78.6%) of those who returned the answered questionnaire stated that they were interested in using the same services if allowed another opportunity. A binomial test was conducted between the two responses i.e. did the services receive help to grow your business? And would you make use of the services again? And the results are as indicated in the table above.

4.109 Did you pay for the services you received?

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	225	69.7	81.5
	No	51	15.8	100.0
	Total	276	85.4	100.0
Missing	System	47	14.6	
Total		323	100.0	

Binomial test....

Binomial Test

	Category	N	Observed Prop.	Test Prop.	Asymp. Sig. (2-tailed)
Q6.1 Did you pay for the services you received?	Group 1 Yes	225	.82	.50	.000 ^a
	Group 2 No	51	.18		
	Total	276	1.00		

a. Based on Z Approximation.

A majority (81.5%) of respondents acknowledged having paid for the services received while 18.5% did not pay for the services. SMEs seem willing to pay for services which can enhance growth of their businesses.

4.110 If yes, how much did you spend on the service received?

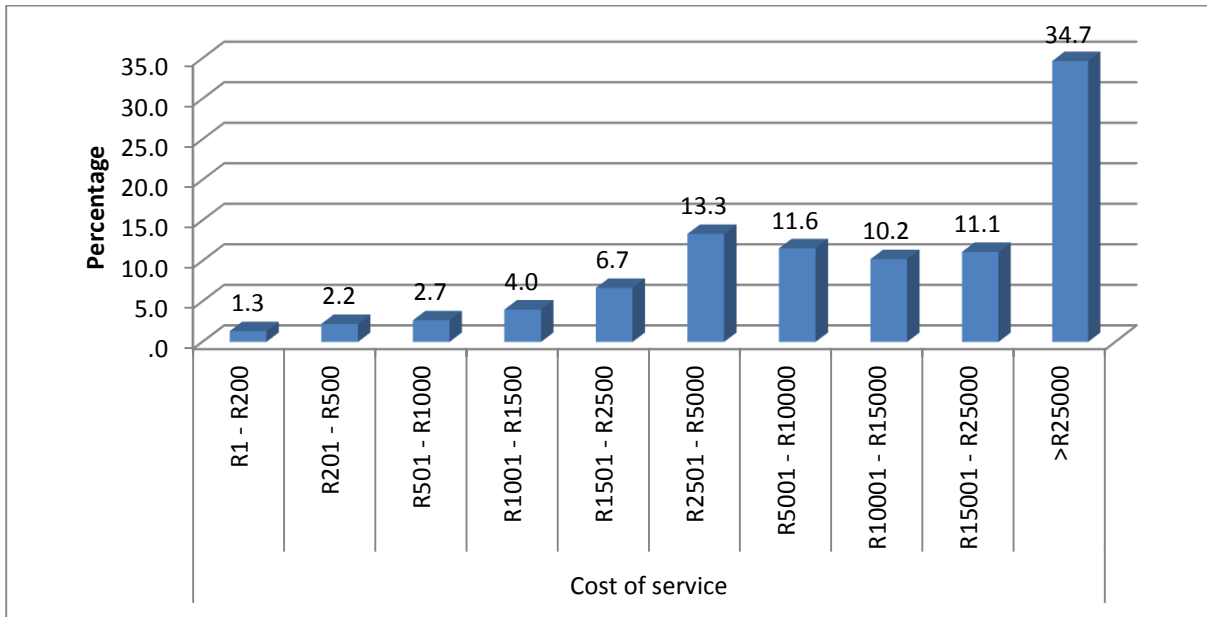


Figure 4.34

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	R1 - R200	3	1.3	1.4	1.4
	R201 - R500	5	2.2	2.3	3.6
	R501 - R1000	6	2.7	2.7	6.4
	R1001 - R1500	9	4.0	4.1	10.5
	R1501 - R2500	15	6.7	6.8	17.3
	R2501 - R5000	30	13.3	13.6	30.9
	R5001 - R10000	26	11.6	11.8	42.7
	R10001 - R15000	23	10.2	10.5	53.2
	R15001 - R25000	25	11.1	11.4	64.5
	>R25000	78	34.7	35.5	100.0
	Total	220	97.8	100.0	
Missing	System	5	2.2		
Total		225	100.0		

Test- chi-square gof...

Q6.3 If yes how much did you spend on the service received?

	Observed N	Expected N	Residual
R1 - R200	3	22.0	-19.0
R201 - R500	5	22.0	-17.0
R501 - R1000	6	22.0	-16.0
R1001 - R1500	9	22.0	-13.0
R1501 - R2500	15	22.0	-7.0
R2501 - R5000	30	22.0	8.0
R5001 - R10000	26	22.0	4.0
R10001 - R15000	23	22.0	1.0
R15001 - R25000	25	22.0	3.0
>R25000	78	22.0	56.0
Total	220		

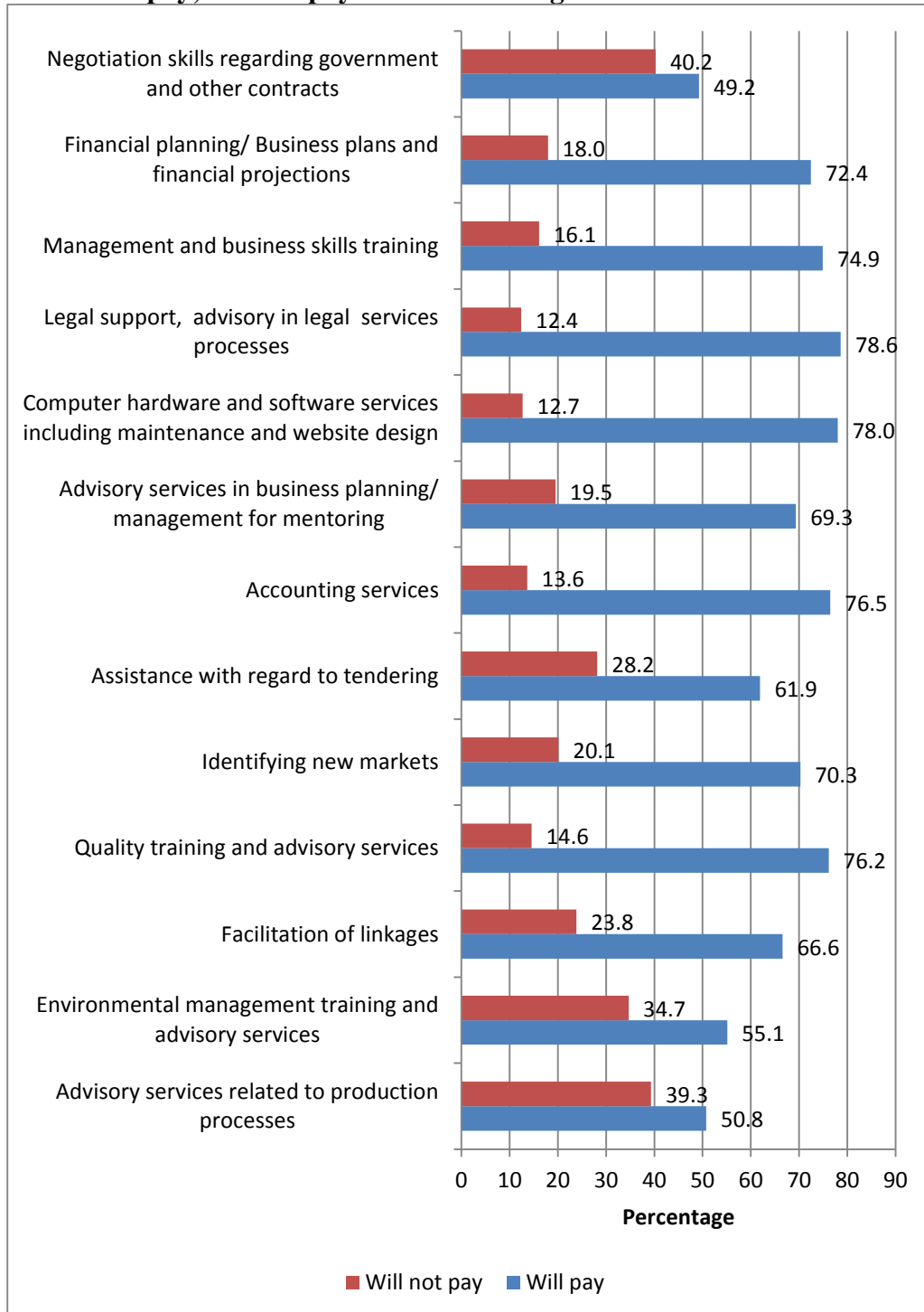
Test Statistics

	Q6.3 If yes how much did you spend on the service received?
Chi-Square	197.727 ^a
df	9
Asymp. Sig.	.000

a. 0 cells (.0%) have expected frequencies less than 5. The minimum expected cell frequency is 22.0.

Most respondents (80.9%) indicated that they paid between R2500 to more than R25000 per annum for services to grow their business..This shows that SMEs are prepared to pay for services that assist in growing their business if only they become aware of such services.

4.111 I will pay; will not pay for the following services.



Binomial test

The ones who responded indicated that they would be willing to pay for the utilized services in percentage rank order shown below:

- Legal support and advisory in legal services 78.6%
- Software and maintenance services including hardware and computer designed website 78%
- Accounting services 76.5%
- Business skills training and management 76.2%

Management and business skills training 74.9%

Business Plans, Financial projections and planning 72.4%

Identifying new markets 70.3%

The top services that respondents would not pay for are:

Negotiations skills regarding government offer contracts 40.2%

Production and advisory services 39.3%

Management training including environmental services 34.7%

Assistance with regards to tendering 28.2

Binomial Test

	Category	N	Observed Prop.	Test Prop.	Asymp. Sig. (2-tailed)
Q6.4a Advisory services relating to production process	Group 1 Will pay	164	.56	.50	.035 ^a
	Group 2 Will not pay	127	.44		
	Total	291	1.00		
Q6.4b Environmental management advisory services	Group 1 Will not pay	112	.39	.50	.000 ^a
	Group 2 Will pay	178	.61		
	Total	290	1.00		
Q6.4c Facilitation of business linkages	Group 1 Will pay	215	.74	.50	.000 ^a
	Group 2 Will not pay	77	.26		
	Total	292	1.00		
Q6.4d Quality training & advisory services	Group 1 Will pay	246	.84	.50	.000 ^a
	Group 2 Will not pay	47	.16		
	Total	293	1.00		
Q6.4e Identifying new markets	Group 1 Will not pay	65	.22	.50	.000 ^a
	Group 2 Will pay	227	.78		
	Total	292	1.00		
Q6.4f Assistance with regard to tendering	Group 1 Will pay	200	.69	.50	.000 ^a
	Group 2 Will not pay	91	.31		
	Total	291	1.00		
Q6.4g Accounting services	Group 1 Will not pay	44	.15	.50	.000 ^a
	Group 2 Will pay	247	.85		
	Total	291	1.00		
Q6.4h Advisory services in business management and mentoring	Group 1 Will not pay	63	.22	.50	.000 ^a
	Group 2 Will pay	224	.78		
	Total	287	1.00		
Q6.4i Computer hardware and software services including maintenance and website design	Group 1 Will not pay	41	.14	.50	.000 ^a
	Group 2 Will pay	252	.86		
	Total	293	1.00		
Q6.4j Legal support and advisory in legal services	Group 1 Will not pay	40	.14	.50	.000 ^a
	Group 2 Will pay	254	.86		
	Total	294	1.00		
Q6.4k Management and	Group 1 Will pay	242	.82	.50	.000 ^a

business skills training	Group 2	Will not pay	52	.18		
	Total		294	1.00		
Q6.4l Financial planning and business plans and financial projections	Group 1	Will pay	234	.80	.50	.000 ^a
	Group 2	Will not pay	58	.20		
	Total		292	1.00		
Q6.4m Negotiations skills regarding government offer contracts	Group 1	Will not pay	130	.45	.50	.099 ^a
	Group 2	Will pay	159	.55		
	Total		289	1.00		

a. Based on Z Approximation.

A binomial test was conducted on the services concerning the willingness to pay and not willing to pay and the details are as indicated in the above table.

4.112 Addressing the Research Questions.

In order to answer the Research Questions of this study, a detailed look at the four Research questions is done. The idea is to link the Research Questions with the objectives. In other words, the Research Questions answer the objectives.

Research Questions

- (1) What are the building blocks to a growth taxonomy which are exhibited by growth oriented SMEs in eThekweni Municipal Area?
- (2) Do culture and religious beliefs constitute building blocks to the growth taxonomy for SMEs in eThekweni Municipal Area?
- (3) How does attitude to innovation and networking comprise the building blocks to the growth taxonomy for SMEs in eThekweni Municipal Area?
- (4) What are the other factors deduced from research findings contribute to building blocks of the growth taxonomy for SMEs in eThekweni Municipality?

4.112.1 What are the building blocks to a growth taxonomy which are exhibited by growth oriented SMEs in eThekweni Municipal Area?

This question is addressed by answering objectives two through to four. Accordingly, those objectives are addressed below and in the process this first objective will also be answered.

4.112.3 Do culture and religious beliefs constitute building blocks to the growth taxonomy for SMEs in eThekweni Municipal Area?

Culture and employees has been discussed in section 5.16 while Religious beliefs in section 5.18 above. The two have been ranked 4 and 6 respectively in Figure 5.18. Both Culture and Religious beliefs have been aptly explained as important in SME growth and development. This section revisits Culture and Religious beliefs and shows their importance as building blocks to the growth taxonomy for SMEs in eThekweni Municipality.

4.112.3.1 Culture:

The World Commission on Culture and Development defined culture as ‘ways of living together’ and argued that this made culture a core element of sustainable development. Culture shapes the way we see the world. It has the capacity to bring about the change of attitudes needed to ensure peace and sustainable development which we know, form the only possible way forward for life on planet earth. Cultural values which often include particular religious beliefs shape the way of living and acting in business and in the world.

Culture is a comprehensive system of behaviour patterns that tend to be learned as opposed to being inherited. Those behaviour patterns differentiate members of a particular society to another. The behaviour patterns can include a range of aspects such as customs, religion, language and material artifacts to those of a psychological nature, like attitudes and feelings. In business and particularly in export business, SMEs need to consider the following points of culture which are relevant in conducting international business as outlined by Dubai Export Development Corporation (SME Toolkit).

Punctuality: Being punctual shows respect for business partner’s time and commitment. Even when it is culturally acceptable to be late the exporter should always be on time for appointments.

Greetings: Different forms of greetings are used in different places. Shaking hands may be acceptable in one country, but frowned upon in another, whereas bowing may be the formal greeting in some countries. Exporters should be sure that they know the right manner or practice for greeting women.

Addressing individuals: Different countries have different practices for addressing people. In some countries, using first names is acceptable immediately, in others, this would be seen as highly improper and interpreted as rude or insulting. An exporter should never use first names unless invited to do so.

Conversation: Some societies are serious by nature and are not in the habit of cracking jokes, or narrating anecdotes during business discussions, while others would consider conversations dry and otherwise uninteresting.

Negotiating styles: Some countries habitually enjoy negotiating and like to haggle over the terms of any transaction. Others prefer a firm and precise proposal which they can seriously evaluate and respond to.

Dress codes: Dress codes vary from country to country, in some it is formal, and in others, informal or casual.

Gift Giving: Many countries practice this custom, the exporter must know whether a gift is expected or not and to whom the gift should be offered. A gift to a government official may appear to be a bribe, therefore, it is important to make sure the gift is appropriate and will be well received before giving it.

Religion: In a number of countries, business and religion are interrelated both in terms of holidays as well as the legal and commercial contracts. Religion also implies that the manner in which business is carried out differs, as well as the products that can be sold.

The above aspects of culture as advanced by the Dubai Export Development Corporation(SME Toolkit) are pertinent for South African SMEs, especially those that seek to enter the export market. Culture is, therefore, an important building block to a growth taxonomy for SMEs in eThekweni Municipal Area.

4.112.3.2 Religious beliefs:

Religion is a set of spiritual beliefs about two key aspects of life:

- (a) Concern with the ultimate meaning of human existence; and
- (b) Identification with a supernatural power beyond the limits of human and natural worlds.

The many different religions have different beliefs about these two aspects of life. However, religions generally have the following characteristics in common

4.112.3.3 Common Characteristics of Religion

Table 4.41

A belief in supernatural beings, or gods
A code of morality believed to be sanctioned by the gods
Ceremonial and ritual acts which focus on sacred objects and symbols
Communication, notably through prayer with the supernatural
Particular religious feelings, such as a sense of mystery, awe, adoration and reverence, that tend to be Around in the presence of sacred objects or symbols and during ceremonies and rituals associated with the supernatural
A particular world view, or a general understanding of the world and the individual's place in the Universe, that shapes the religion's overall organization and style of life
A social group expressing the above features with and to which the individual identifies and contributes

Source: Adapted from Bell, R. and Hall, R. (1999) Impacts: contemporary issues and Global Problems. Jacaranda Press, Brisbane

Religion and religious beliefs, as already discussed in section 5.18, influences businesses significantly. In Durban, Islamic religious beliefs cause most businesses in Overport and

Mugeni areas (as observed by this researcher) to close for about two hours daily while owners/SME/managers go to mosques for prayers. To a discerning customer, seeking to buy in these areas and finding businesses closed; consider religion and religious beliefs as negative opium with unproductive tendencies.

However, to the Islamic business owner, they tend to attribute all sales/revenue to the bounty of the religious leaders they daily pray for guidance and protection.

It is clear that in eThekweni, where the Indian community with their Hindu and Islamic beliefs, Culture and Religious beliefs are important building blocks to a growth taxonomy for SMEs in the Municipality Area

4.113 How does attitude to innovation and networking comprise the building blocks to the growth taxonomy for SMEs in eThekweni Municipal Area?

According to Smith (2006:6) innovation includes not only invention but also activities such as design, manufacturing, marketing, distribution and product support. Respondents ranked Innovation as the number one most important among 8 variables considered critical for business success. On the contrary, however, B1 is reluctant to fund innovation and manufacturing business while B4 does not fund SMEs in Transport and Engineering business.

Innovation is widely recognized as a key factor in competitiveness of nations and firms. Small firms that do not embrace innovation within their core business strategy run the risk of becoming uncompetitive because of obsolete products and processes. Innovative firms are a prerequisite for a dynamic and competitive economy (Van Auken, Guijarro & Lema 2009).

According to Van der Made (2015) in a paper; accelerating the Growth of SMEs in South Africa, there is limited commercialization of innovation from universities in South Africa.

South African Universities are patenting many innovations in multiple fields. However, few are successfully commercialized and there are poor linkages and few effective relationships between academia and industry.

This poor quality of relationship is compounded by insufficient incentives to encourage research towards commercially viable products.

Consequently, academia and industry are not collaborating and taking advantage of each other's complementary skills and strengths towards turning key innovations into commercially competitive advantages for South Africa.

Ranked number 5 by respondents, is networking, which is the process of meeting people, building relationships that can benefit all those involved, sharing information and ideas and getting one's business on the map (Burke & Segaloe 2003:5). Business networking is a viable way to expand one's knowledge, learn from the success of others, attain new clients and tell others about your business. There are various benefits emanating from networking, among which, the following are considerable:

4.113.1 Referrals: Most business owners participate in networking in order to establish contactable referrals. One can turn referrals into clients-high quality leads from networking than other forms of marketing.

Opportunities: There are always lots of opportunities that come from networking and in fact this is where the benefits of business networking are huge e.g. joint ventures, client leads, partnerships, and business or asset sales.

Connections: "It's not WHAT you know, but WHO you know". A successful business depends on having a good source of connections who can be called on in times of need

Advice: To tap into advice and expertise that you would not otherwise be able to get hold of, networking is of relevant significance.

Enhancing personal profile: There is need to be recognized in business. Therefore, networking activities raise an entrepreneur's personal profile by participating in social activities.

Positive Influence: In order to grow a thriving business, one needs to interact with positive and uplifting people who are able to encourage and motivate others to achieve higher goals.

Increased Confidence: Business growth is dependent on talking to people and making connections.

Satisfaction from helping others: Networking is full of business owners that have problems or issues within their business that need solving, and there is great satisfaction from helping someone to solve a problem they have and get a fantastic result from it.

Friendship: A friend in need is a friend in deed. The essence of networking is to establish strong friendships that come handy in difficult times.

Both innovation and networking have been discussed extensively in sections 5.11.1 and 5.13 respectively. The said discussions revealed the importance of innovation and that it needs to

be commercialized. Barriers to innovation were identified but mostly the risk nature of innovation which tends to scare banks and other funding institutions from wanting to finance SMEs. Networking was also explained to show its importance for the owner /manager SME to source funds for the company/organization.

Innovation and Networking are clearly critical components of building blocks to a growth taxonomy for SMEs in eThekweni Municipality Area.

4.113.2 What are the other factors deduced from research findings contribute to building blocks of the growth taxonomy for SMEs in eThekweni Municipality?

This section considers the remaining variables under Figure 4.13 as ranked by respondents and many others as discussed below:

4.113.3 The Business Plan

This is a communication that relates in a succinct way a precise and unambiguous account of the venture and what it aims to achieve (Wickham 2006:380). Respondents ranked The Business Plan as number 2 in order of importance and B1 avails it online for SMEs . None of the Training Institutions train SMEs on how to prepare a Business Plan.

According to Pillay (2014) a good business plan will help SMEs to obtain financing, arrange strategic alliances and attract potential investors to their businesses which are becoming critical in the current BEE environment in South Africa. The Business Plan should consist of a Cash Flow Statement, Income Statement and a Balance Sheet .Operating without a Business Plan could see many things going wrong for many SMEs.

4.113.4 What can go wrong without a Business Plan?

- Running out of cash before you open doors because you have not anticipated your start-up costs
- Missing sales projections because you do not really know who your customers are and what they want.
- Losing customers because your quality or service falls short
- Becoming overwhelmed by too many options because you never took the time to focus on a mission and vision for your company.
- Going bankrupt because you do not have a rational business model or a plan for how to make money.

Potential investors who read SMEs business plan(s) will want to know how SMEs plan to grow their businesses once they are off the ground. This entails more than just demonstrating

how SMEs revenue will grow. The growth strategy section of SMEs growth plan(s) is about proving to others that they have a plan for bringing their product to new customers and new markets and perhaps even introducing new products.

The obvious objective in outlining the SME's growth strategy is to show how these moves will increase sales. Sales growth was identified as one component of a growth strategy along with Profit and ROI. The Business Plan is therefore, a critical element of the building blocks to a growth taxonomy for SMEs in eThekweni Municipality Area

4.113.5 Training

Respondents in this study ranked Training as number three behind Innovation and the Business Plan. Training and its importance was discussed in detail in section 5.12 above.

Two reasons why SMEs fail to train and develop their employees are:

- There is general underestimation of benefits to be derived by employees and managers from participating in training.
- Training costs are usually perceived to be higher than potential benefits from a training programme.

There is certain evidence of a positive link between education and training and successful SMEs in South Africa. While some business owners are unable to perceive the benefits from training, others believe that training goes a long way to assist towards the growth and increase of profitability of organization. In the words of Kotey and Folker (2007:215), training is believed to be the most significant driver to improve the competencies of employees. A study undertaken in the Western Cape on Black-owned manufacturing small businesses (Sawaya 1995:118) concluded that the 'rate of success was highly correlated with the level of education attained by the owner. This finding is endorsed by World Bank (1993) research which shows a direct correlation between education and turnover in South African SMEs. Specifically, this investigation concluded that entrepreneurs who have achieved a Standard 10 level of education have average turnover nearly twice that of those who have average turnover nearly twice that of those who have completed Standard 8.' The status of the majority of SME entrepreneurs in South Africa (World Bank 1993:18)

It is clear that there is a positive correlation between the level of education/training and business success or sales growth in business. Training is therefore, a critical element or component of the building blocks of growth taxonomy for SMEs in eThekweni Municipality Area.

4.113.6 Relationships with Banks

SMEs are regarded as risky borrowers. Some of the funding institutions clearly indicated that they do not fund innovation, manufacturing and businesses in the transport sector. Relationship with Banks was ranked number 7. Lack of interest in funding some activities; tend to make relationships between SMEs and Banks bitter.

According to Makina et al (2015), Provinces with higher GDP such as Gauteng, KZN and the Western Cape have a large proportion of SMEs with access to formal credit. On the other hand, SMEs in poorer provinces such as Limpopo, Eastern Cape and North West largely rely on informal credit.

The South African Government has prioritized SME and informal sector development for their potential social and economic growth prospects. Vehicles for entrepreneurship and employment opportunities, innovation, competition, integration with the local economy, regional development supply chain and procurement, SMEs face challenges such as access to finance, markets, technology, skills and management. Currently, only 13 banks operate in the SME space in industry that consists of 19 registered banks, 2 mutual banks, 13 foreign banks with local branches and 41 foreign banks with approved local representative offices.

The Banking Association of South Africa identified key building blocks of SME Financial Literacy which may assist in improving relationships between SMEs and Banks in South Africa.

4.113.7 Key Building Blocks of SME Financial Literacy

Entrepreneurial and basic SME management competencies

Understanding of consumer/personal finance

Understanding of modern accounting and financial management systems

Understanding of financial services options, the types of funding options available to SME and access to finance requirements for SME

Awareness of and decision-making skills on financial risk, capital investment and complex fund raising corporate restructuring, and financial policy matters affecting SME

Awareness and understanding of financial regulations, legal and tax issues and related legal resources a SME can report to in a situation of financial distress.

Relationships between SMEs and Banks in South Africa need to be improved. There is need for banks not to emphasize collateral security as the main thing in funding business. SMEs should strive to be financial literate so that if funded by banks, they can manage the funds profitably.

Relationships with Banks are a critical growth factor for SMEs and therefore, constitute a critical component of building blocks to a growth taxonomy for SMEs in eThekweni Municipality Area.

4.113.8 Corruption

Corruption was ranked number 8 implying that it is the least disruptive to SME business in South Africa. However, on the contrary, some banks are of the view that Government officials ask for up to 10 percent of contract value of SME tenders to be paid to them as bribery for the concerned SME to win the tender.

Wraag et al (2009:5) regard corruption as the abuse of entrusted power for private gain, ‘an inducement to show favour’ ‘the perversion of destruction of integrity in the discharge of public duties by bribery or favour.’ They further found out that:

- Corruption is positively related with price
- Corruption is negatively associated with growth; productivity and employment.
- Corruption shows no significant statistical relationship with wages and profit.

Be us given power and uses it for personal gain, that becomes corruption. This view is corroborated by the Prevention and Combating of Corruption Act No 12 of 2004. The most common business example of corruption would be when a person pays a bribe or kickback to be awarded a contract.

4.113.9 Things regarded as corruption in the Act.

Bribing foreign public officials is considered a corrupt action in South Africa. Regarding gratification, one does not necessarily have to hand any gratification. Simply asking for a bribe renders one guilty of corruption.

A business owner or senior manager who becomes aware of a corrupt act or fraud exceeding R100000 and fails to report the same becomes guilty of crime.

It is anticipated that SMEs eventually graduate into corporate if employment and job creation in South Africa are to be revamped and increased. In light of that, corporate governance needs to be an issue for SMEs in order to curb corruption.

Regarding corporate governance and corruption, Sir Adrian Cadbury (2015) explained in the seminal Report on Financial Aspects of Corporate Governance; ‘Boards of directors are responsible for the governance of their companies. The shareholders role in governance is to appoint the directors and the auditors and to satisfy themselves that appropriate governance structure is in place.

The responsibilities of the board include setting the company's strategic aims, providing the leadership to put them into effect, supervising the management of the business and reporting to shareholders on their stewardship. The board's actions are subject to laws, regulations and the shareholders in general meeting. In order for an effective relationship to be maintained between the providers of capital and company managers, high levels of trust must exist between the two groups. For sufficient levels of trust to occur, four overarching corporate governance principles need to be in place (Cadbury, 2015).

4.113.10 Principles of Corporate Governance to curb Corruption. (Sullivan, Wilson & Nadgrodkiewicz, 2014:1)

- **Transparency:** Directors must make clear to the providers of capital and other key stake holders why every material decision was made.
- **Accountability:** Directors should be held accountable for their decisions and account to share holders by submitting themselves to appropriate scrutiny
- **Fairness:** All shareholders should receive equal consideration by the directors and management with a sense of justice and avoidance of bias or vested interests.
- **Responsibility:** Directors should carry out their duties with honesty, probity and integrity.

With corruption as an outcome of poor governance, the definition and practice of corporate governance is increasingly expanding beyond its traditional understanding of legal rights and obligations. In the 1999 Corporate Governance report of the World Bank, Sir Adrian Cadbury(2015:3) further qualified his classic definition cited above. Corporate governance is concerned with holding the balance between economic and social goals and between individual and communal goals-the aim is to align as nearly as possible the interests of individuals, corporations and society. As such, corporate governance is crucial to anti-corruption and all other aspects of business operations.

Corruption is rife the world over, in its different forms. State owned enterprises in South Africa report rampant corruption. The recent intention by Eskom to reinstate Brian Molefe after he had resigned and many similar acts of corruption tend to affect growth and development entrepreneurship.

Because of poor relationships between Banks and SMEs and the possibility of corruption in raising finance, there is need for corporate governance for SMEs. While respondents ranked corruption at the lowest rung of the ladder, in actual fact, corruption is rampant between

SMEs and Government officials. Accordingly, corruption and the need to curb it make it a critical component of the building blocks of a growth taxonomy for SMEs in the eThekweni Municipality Area.

4.113.11 High Crime rate

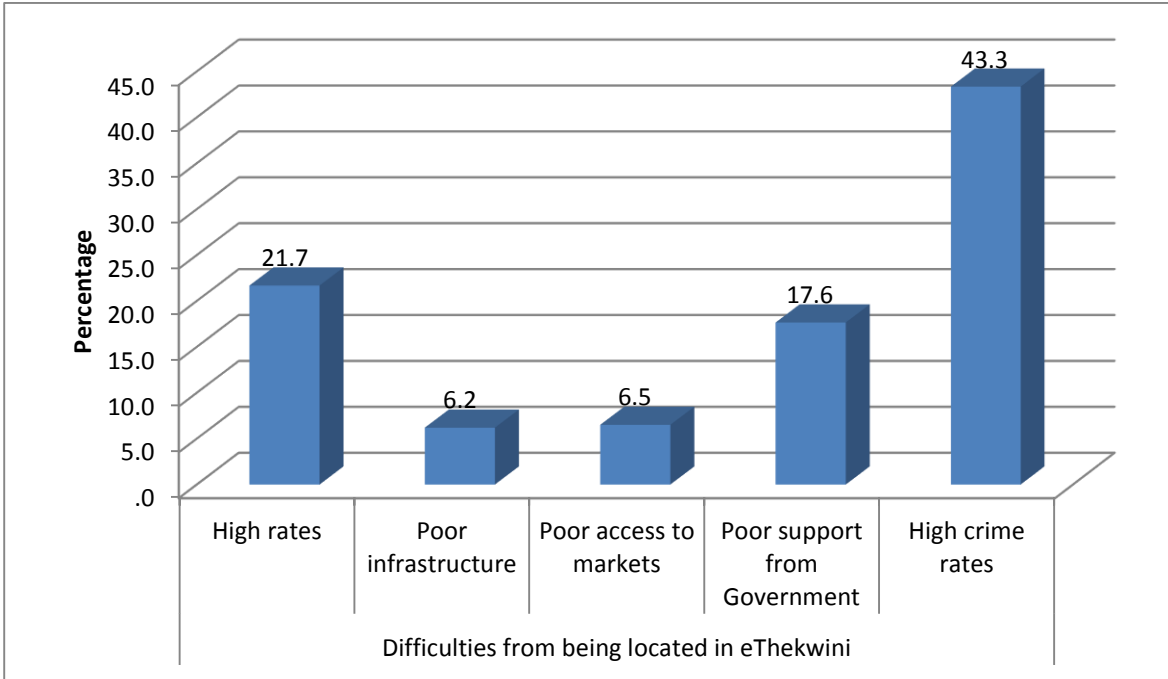


Figure 4.36

Crime is very high in eThekweni particularly in Umlazi. The incidence of crime in Umlazi is unabated (Umlazi-LEDP 2008:9) over the past six years, as there has been an increase in reported common assault crimes from 686 in 2001 to 1170 and assault with intent to inflict grievous bodily harm from 895 to 1014 in 2006. Moreover, rape crimes reported over the same period have also increased from 361 to 406. In general, it may be reasonable to conclude that crime is comparable with communities like Pinetown or Chatsworth where Durban Metro is ranked number one for the incidence of crime in the wider eThekweni Municipality.

4.113.12 Crime Prevention

Crime prevention is about stopping crime before it happens rather than reacting afterwards. This is a paradigm shift from the traditional view of crime prevention as a police activity which focuses on the perpetrator. The National Crime Prevention Centre's Manual for Community Based Crime Prevention entitled 'Making South Africa Safe' emphasizes that reducing crime and building safer communities is a priority for every citizen. To make this happen, crime prevention must be initiated at communication level. Local government is

best suited for this so the eThekweni Municipality has embarked on developing Crime Prevention Strategy, which addresses these components:

- Effective Policing and Crime Prevention.
- Targeted Social Crime Prevention.
- Better Design and Management of Public spaces (Environmental Design)
- Research and Crime Analysis.
- Community Involvement in Safety.

4.113.13 The effect of crime on SMEs

The Small Business Project (SBP) of 2008 which had been commissioned in that year surveyed 446 small emerging businesses; all owned by historically disadvantaged Black Africans. The sample excluded subsistence-level activities-in three urban locations, namely, Cape Town, Durban and Johannesburg/Gauteng.

Findings:

- Seventy percent of respondents said they felt vulnerable to crime while at work.
- Over half (54 percent) of the businesses in the survey had experienced at least one incident of crime in the past year.
- Thirty one percent of businesses had been victimized twice or more, and almost 20 percent of businesses had been victimized three or more times.
- Burglary and robbery accounted for over 60 percent of these crimes.
- Crime hits both the smallest and the most successful entrepreneurs hardest. The risk of experiencing a crime incident is highest for the most vulnerable small entrepreneurs and for companies that are just on the verge of entering the ‘first economy.’ This is a particularly negative pattern from a developmental point of view.
- A quarter of all respondents expressed reluctance or unwillingness to expand or invest in their business because of the threat of crime. In townships and informal settlements just under a third of respondents were unwilling to invest or expand because of crime.
- Observably, businesses directly affected by crime in the past year were around 20 percent less likely to have increased employment and were 10 percent more likely to have decreased employment.
- The smallest businesses in the sample can statistically expect to lose at least 20 percent of turnover to crime. Entrepreneurs with sales of between R15000 and R25000 can expect crime costs of around 8.3 percent of turnover next year. Crime losses on this scale

could easily shut a business down-especially given that only 50 percent of businesses are insured.

- Although the largest businesses in the sample were not at risk of being shut down by the cost of crime, they nevertheless faced average annual crime costs of over R100000 per year.

The survey provided a great deal of useful new information about the types of crimes experienced by business location and type. It also showed very clearly that the cost of crime must not be expressed only as a monetary calculation. Perceptions of crime, together with businesses actual experiences, create considerable opportunity costs for individual enterprises and the broader economy. Furthermore, then negative psychological impacts of exposure to crime, at work or at home were evident among a significant proportion of the sample.

High crime rates impact negatively and are a deterrent to growth and development of small businesses in the country in general and eThekweni in particular. In eThekweni, Umlazi appears to be the hardest hit by crime way above other places like Pinetown, Durban Central area, New Germany and Amanzimtoti.

Most respondents were very concerned about the high crime rates, its impact on their business growth and felt that a lot has to be done by eThekweni Municipality and the South African Government to increase policing and take any other necessary measures to curb or obliterate/ reduce crime completely if possible.

It is clear, therefore, that high crime rate and the need to reduce is of critical importance. High crime rate is therefore a significant component of the building blocks to a growth taxonomy for SMEs in eThekweni Municipality Area.

4.113.14 Education

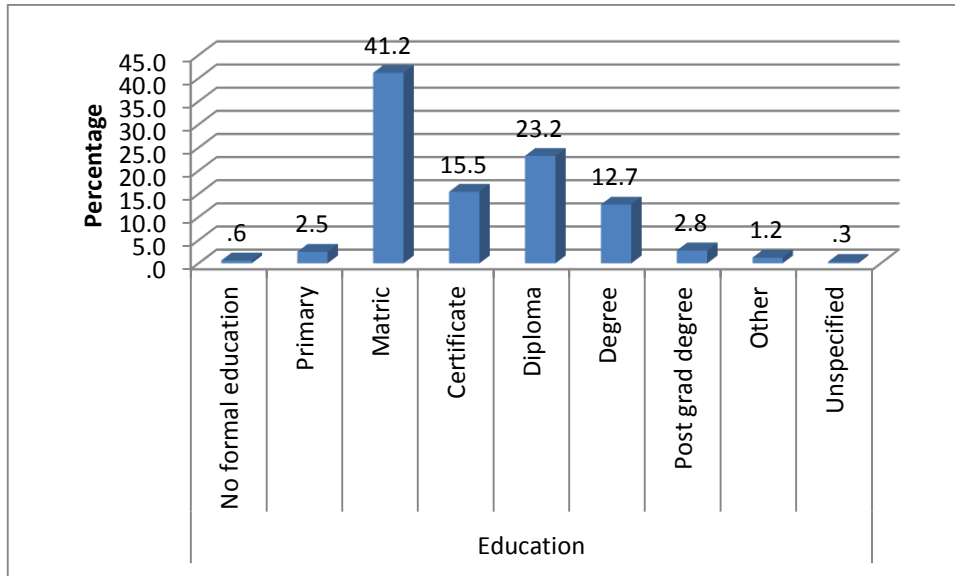


Figure 4.37

Only (3.1%) 10 respondents had less than Matriculation level education. Education is important for the success of SME business. Despite virtually all respondents having Matriculation and above education, the South African education has been criticized.

Obstacles to the South African Education

- (1) World Economic Forum ranked South Africa last out of 148 countries for the quality of its mathematics and science education. It also ranked the country 146th for the overall quality of education.
- (2) The rankings are of particular relevance to the future of business in South Africa because they have been compiled based on the opinions of business executives. The low pass rate in mathematics in the country affects the perceived value of the education system. If business leaders think that South African education is poor, then they will be more likely to look for qualified employees elsewhere. Similarly, South African small businesses and entrepreneurs may look at other countries to launch or develop their business ideas because of a perceived shortage of educated employees.

4.113.15 Does one's level of education determine entrepreneurial success?

There is little doubt that education contributes towards one's social capital, opening up a world of career opportunities and networking contracts.

- (a) Richard Branson(2014:1) founder of the Virgin Group and probably the most successful entrepreneur in the world has made no secret of his poor academic performance as a student.
- (b) Lebo Gunguluza also admitted that his B Com degree in Economics had no bearing to his success(Dludla,2014:1) but he still encourages education saying 'Education is the key to success in life and teachers make a lasting impact in the lives of their students.'

According to GEM (2013:31), Dr Mike Herrington and Tacqui Kew believe that in South Africa there is a positive correlation between opportunity –driven entrepreneurship and levels of education.’

4.113.16 GEM’s findings on education and entrepreneurship

- (i)The highest percentages of early-stage entrepreneurs in South Africa have at least some secondary education or a secondary degree.
- (ii)An educated workforce is vital to organizations’ competitiveness, productivity and growth.
- (iii)Even small changes in education and training can have big positive impact and significantly improve the entrepreneurial climate.

In light of the above findings, GEM made the following recommendations:

- (1)** South Africa must establish a nationwide network of walk-in centers to support entrepreneurs, especially informal and small businesses.
- (2)** There needs to be a greater focus on entrepreneurial qualities in all phases of the educational and training system. The report recommends for a complete overhaul of the education system, both at primary and secondary level, with particular focus on improving the country’s up take and pass rates in mathematics and science

There needs to be increased investment in entrepreneurship training programmes and replication of successful privately sponsored models.

GEM says programmes such as Tsiba, entrepreneurial academies located in Cape Town, Soweto and Vanderbylpark, initiatives like Sasol’s Fast Track programme, and SAB’s Kick start programme should be replicated(Small Business Insight,2017).

Education is an important requirement to enhance skills necessary for business success. Unique people like Richard Branson and Lebo Gunguluza may have succeeded without education, but these are in the minority. Mathematics and science are very important subjects on which South Africa has been ranked very low. Efforts are being made both at secondary and tertiary levels to improve in mathematics and science education.

Education is an important building block to a growth taxonomy for SMEs in eThekweni Municipality Area.

4.113.17 The South African Government's Support for SME Development

A number of impediments exist in Africa. Small businesses struggle to grow. These barriers to growth should be removed to facilitate growth. The situation is made worse by the inflow of small businesses from Asia. There seems to be light as the year 2017 offers an opportunity for identifying and implementing policies to capitalize on the segment of the population that is quickly growing up.

According to Lam and Leibrendt, 2013, unlike other regions with aging populations sub-Saharan Africa faces a rise in the share of its working-age population (WAP). Population data indicates that the WAP in the sub-Saharan African region will increase by 70 percent from 466 million in 2013 to 793 million in 2030. However, high levels of youth unemployment coupled with low-wage income will significantly constrain the continent's ability to reap the benefits of the demographic dividend. Youth unemployment across sub-Saharan Africa is four times higher than the region's aggregate unemployment level.

In Nigeria, 45 percent of the youth are unemployed and in Ghana, the rate is twice as high as the national rate. Youth wages in South Africa are observed to be 40 percent less than the calculated peak labour income (Bhorat and Tarp, 2016). Research has shown that the youth are less likely than older cohorts to find employment, and, when they do are disproportionately more likely to be self-employed or employed in the informal sector. (Goldin, Hobson et.al 2015).

The South African government should consider developments in the Sub-Saharan labour markets in order to learn how to grow the SME sector.

4.113.18 Sub-Saharan African Labour Market

Employment prospect in sub-Saharan Africa seem to be stagnating according to the International Organization (ILO). Productivity, while predicted to rise in 2016, remains below 2000-2013 levels-largely due to Africa's lack of economic diversification. In addition, despite decreasing numbers of the extreme working poor (under \$1, 90/day) ,many are unable to break the barrier out of the working poor category, as the share of working poor continues to grow. Not shown here is the underemployment (the underutilization of the productive capacity of the employed population/rate in the region, which, at an extreme, reaches 75, 80 percent in Cameroon. Thus, unemployment numbers alone cannot always demonstrate the health of the labour market, as in Ghana where the unemployment rate is 5.2 percent, but the underemployment rate is 47.0 percent (ILO Research Departments).

Table 4.42 Employment and productivity growth figures present percentage growth rates.

	2000-2007	2008-2013	2014	2015	2016	2017
Labour force Participation rate	69.8	69.9	70	70.2	70.3	70.4
Unemployment rate	8.1	7.6	7.3	7.4	7.5	
Employment growth	3.0	3.0	3.4	3.0	3.0	3.1
Vulnerable employment	72.9	71.4	69.8	69.9	69.7	69.6
Extreme working poverty (less than \$1,90)	49.3	39.9	35.2	34.3	33.1	31.7
Working poverty ((between \$1,90 and \$3.10)	23.8	27.7	29.6	29.7	30.0	30.4
Productivity growth	2.9	1.8	1.5	0.5	1.2	1.7

Note: Employment and productivity growth figures present percentage growth rates. Employment figures refer to the total economy. Labour productivity is measured as real output per worker, PPP adjusted. Vulnerable employment share is defined as the sum of own account workers and contributing family workers in total employment.

Source: ILO calculations based on ILO Research Departments' Trends Econometric Models, November 2015. From report http://www.ilo.org/wcmsp5/groups/public/-dgreposts/-dcomm/pub/documents/publication/wcms_443480.pdf.

4.113.19 Challenges for African SMEs

Many African countries lack governmental capacity necessary to properly support the development of local SMEs.

Some Africa Government impose harsh regulations on local SMEs, for example, in Ethiopia, many local SMEs complain that regulation is too tight. It is too difficult to obtain a license and SMEs are heavily taxed.

The increasing penetration of China in the African market has brought about several negative consequences, for example, Chinese SMEs are likely to bring over their own workers, and thus new businesses do not contribute to local job creation.

Chinese do not trust local systems, for example, they do not trust the local banking systems, so they are likely to send profits back to China instead of reinvesting in the host countries.

Chinese SMEs lack an understanding of African business as they do not integrate into the host countries (Thorniley, 2010). The most significant consequence is that as a result the strong presence of Chinese SMEs forces local firms out of business. Thus, the penetration of Chinese companies threatens to undermine the development of local (African) SMEs.

4.113.20 The role of African governments in creating an environment for local SMEs.

It is imperative for African governments to create conducive environments by protecting the local small businesses from the Asian tigers. In Nigeria at least an effort has been made (Gu 2009). The government there prohibited import of manufactured products from China. In Namibia, the Chamber of commerce put up a strong complaint concerning the invasion of the country's hair salons. The Namibian government legislated that new entrepreneurs should abide by the country's regulation and employment requirements (Thorniley 2010).

4.113.21 The South African Government-some lessons from current events

Some African countries are seemingly doing well in the entrepreneurship thrust in their countries. According to Ashish J. Thakka Global Entrepreneurship Index (2016) Botswana topped in Global Entrepreneurship Index. The following elements were characteristic:

(1) The index assessed 85 countries in the world and it is the first in an annual series where it will monitor the movement of these countries.

(2) The index was based on five broad pillars, namely, Education, Entrepreneurial environment, Infrastructure, Finance and Policy.

(3)Objective of the Index: To highlight which countries are performing well and which countries could improve.

(4)Top scoring country was Singapore with the following characteristics:- robust pro-entrepreneurial policies, high level of education and strong entrepreneurial culture. Singapore is the regional hub for venture capital investment.

(5)Botswana was placed in the 42nd position in the overall world rankings and third position in Africa behind Namibia and Rwanda respectively.

(6)Certain African countries performed extremely highly on mobile phone penetration highlighting how their digital infrastructure is changing. Botswana, for example, scored higher than the UK, the USA and Singapore, the report said. According to the report the top countries for entrepreneurship in Africa are Namibia, Rwanda, Botswana, South Africa and Zambia.

However, according to Global Entrepreneurship Congress (GEC) held in March 2017, in Johannesburg, Allan Gray Orbis Foundation noted as follows:

(a) South Africa has been named one of sub-Saharan Africa's entrepreneurial frontrunners, after a global report place the country in second place, after its African counterpart-Botswana.

(b) The report states that entrepreneurs in South Africa have overcome structural factors, including the country's slow GDP growth rate and the number of large firms dominating the business marked to produce some of the most successful enterprises on the continent. South Africa was ranked 55 out of the 137 countries surveyed globally. The ranking places Botswana in first place from Africa, followed by South Africa, Namibia, Gabon and Ghana.

(c) The findings highlight South Africa's positive performance in entrepreneurship aspirations, innovation, high growth, internationalization and risk capital, all considered important elements to achieve economic growth in the country. It further states that South Africa provides better conditions for entrepreneurship when compared to 20 other countries with a higher per capita GDP, including Russia, Mexico, Brazil and China.

4.113.22 Efforts by the South African Government to protect SMEs and encourage their growth and development.

An inaugural national SME Policy Colloquium was held at the IDC (Industrial Development Corporation) headquarters in Sandton on 23 October 2014.This meeting was occasioned by the need to create an enabling environment needed if small businesses in South Africa are to

realize the huge potential for transforming the South Africa's economy. The attendants passed a number of the following resolutions:

- (1) A call for the government's localization strategy and associated procurement laws and regulations to be redrafted with an SME focus, in order to enable small businesses to bid for state tenders and through this to play a greater role in the country's infrastructure build programme.
- (2) The creation of enabling regulatory and taxation environment for SMEs runs through many of the resolutions, with calls to raise the threshold allowing micro businesses to pay their tax based on cash receipts, to make the definition of small businesses for tax purposes sensitive to different sectors of the economy, and to regulate accountants offering services to SMEs.
- (3) The South African Revenue Services (SARS) is accordingly urged to improve and expand its communication with taxpayers, avoid laying 'minefields' for entrepreneurs by overusing technical jargon, and establish a dedicated service offering for small businesses to match to one it currently offers to large corporate.
- (4) Regarding the contentious issue of late and non-payment of SMEs by government departments and state owned enterprises, the colloquium passed a number of resolutions calling inter alia, for the introduction of payment guarantees, penalties for late payment and the creation of a special tribunal or ombudsman to intervene on behalf of small businesses.
- (5) Regarding the role of co-operatives, the colloquium called for the convening of a separated National Co-operative Policy Colloquium as well as for programmes to raise awareness of the fact that co-ops are not merely self-help groups for poor people, but a sustainable form of business that can contribute to radical economic transformation in the country.

South Africa needs to learn from the above developments globally and Africa in particular. It (SA), followed its route as described below:

4.113.23 The Integrated Small-Enterprise Strategy

After the political transformation of 1994, government adopted a new strategy for entrepreneurship and small businesses in the country through a White Paper of 1995. This White Paper (Notice 213 of 1995) created an enabling environment for the accelerated growth of small enterprises following a history characterized by the dominance of large capital intensive firms and the continued neglect of small enterprises.

Pillars of the Strategy

- Promoting entrepreneurship through campaigns, leadership training awards
- Strengthening the enabling environment through more flexible regulations, better access to finance and markets, improved infrastructure facilities and business support.
- Enhancing competitiveness and capacity at the enterprise level through skills training, more focused quality-productivity and competitiveness-support and the facilitation of technology transfer and commercialization of incubation.

4.113.24 Core thrusts from the strategy

- (1) Substantially strengthen support for SMEs access to finance. Through more targeted approach, the Apex Fund will focus on survivalist and micro-enterprises, while Khula and other DFI (Development Finance Institutions) will mainly target small and medium-sized enterprises.
- (2) Create an enabling environment. The DTI (Department of Trade and Industry) plans to invoke Section 18(1) of the National Small Business Act which empowers the Minister of Trade and Industry to publish guidelines for organs of national, provincial and local government to promote small business.
- (3) Further expand market opportunities for specific categories of small enterprises. The DTI proposes the selection of a few products frequently used by government departments, to be manufactured by small-scale manufacturers, SEDA is to provide a deal brokerage service for the acquisition of machinery and equipment from local and international suppliers further supplemented by Khula, IDC(Industrial Development Corporation) and NEF(National Empowerment Fund) support programmes and other DTI incentives.
- (4) Localize small-business support through a grid of SEDA-coordinated information and advice-access points. The mandate of SEDA is to design and implement a standardized delivery network that reaches all regions of the country and integrates government-funded small enterprise support across all tiers of government.
- (5) Initiate a national entrepreneurship drive and expand education and training for small business. The Strategy will guide public-private and community driven agencies in support of youth owned enterprises championed by the DTI.
- (6) Co-fund minimum business-infrastructure facilities in local authority areas across the country. Essentially the integrated Strategy has to link up closely with current LED (Local

Economic Development) efforts in all Municipalities, with government prepared to help mobilize core funding.

A review of the above strategy and its thrusts indicate that the South African Government did not succeed much in job creation through SME development. According to the (South Africa Institute of Chartered Accountancy) (SAICA) (2015) in their SME Insights Report, the government wishes that 90 percent of new jobs will be created by SMEs by 2030. However, SAICA is of the view that if government wants to hit the NDP (National Development Plan) target for job creation, it will have to do something differently.

For SMEs, as longevity increases, turnover increases, and employment increases. SMEs only start to meaningfully contribute to job creation when they grow to R2m or higher turnovers. The larger the SME, the more likely it is to employ significant numbers of people. Taking into account that there is a high level of failure of new SMEs, government's policy to grow the sector should be two pronged:

- (a) To encourage more SME start-ups and to provide them with strong financial access and technical support.
- (b) To actively encourage those SMEs who have survived the first few years to grow.

4.113.25 What can Government do to encourage SME growth (SAICA 2015)?

The South African Government needs to seriously consider the following if SME development and the target of 90 percent of new jobs will be created by SMEs by 2030.

- (a) Technical assistance at a scale beyond micro-enterprises to all SMEs
- (b) A more effective way of introducing risk capital to SMEs that show promise
- (c) Subsidies for employment beyond the youth subsidy
- (d) Tax breaks and rewards for those SMEs who show growth and employment in real terms
- (e) Labour laws that allow SMEs to enlarge and reduce their workforces faster and less expensively
- (f) Simpler value-added tax (VAT) registration

Red Tape

According to SAICA (2015), South Africa is ranked 120th out of 144 countries in the 2014/15 Competitiveness Report 'for the Burden of government regulation. In Rwanda, for

example, who are ranked 6th out of 144 countries for the same element, starting a business takes on average 5-6 days, whereas in South Africa it takes approximately 46 days. South Africans rate restrictive labour regulations as the most problematic factor to doing business. South Africa ranks 143rd out of 144 countries on hiring and firing practices and 136th for pay and productivity. Other red tape issues include inefficiencies in the South African Revenue (SARS) difficulties in obtaining tax clearance certificates, mandatory regulations, labour laws, municipal issues and Broad-Based Black Economic Empowerment (BBBEE).

The 2014 GEM Report outlines a number of recommendations to encourage entrepreneurship in South Africa. Some of the suggestions are as follows:

A stronger focus on entrepreneurship in schools is needed. This will help the youth to learn more on entrepreneurial skills and to take on the entrepreneurial opportunities that arise in their youth.

The Independent Entrepreneurship Group (INENG: 2016:1), recommends that a largely free-market system is an integral part of the development of small businesses. In order for government to grow these small businesses it will need to cut back on burdensome regulations reduce its size, reduce corruption and fight crime to accelerate business growth. Liberalization of the market is a must. For example, the energy sector could be an opportunity for thousand of entrepreneurs but due to government interventions and barriers to entry, aspiring entrepreneurs are denied the opportunity to participate in the energy industry.

It is crucial that government and the general public educate one another on the complexities of entrepreneurship. There is need for robust entrepreneurship to build a prosperous future. The prosperous future is only possible, if government chooses pro-market, pro-business policies.

In eThekweni, the Durban Chamber of commerce and industry could be of assistance to the South African Government since it provides the following services:

4.113.26 The Durban chamber of Commerce and Industry and its support to SMEs in the city.

The chamber assists small businesses in many ways including training in preparing Business Plans, advice on tax registration and financial management. Effective guidance to small business by setting up, legal matters, tax registration and financial management support. A

number of workshops are run for small businesses creating networking opportunities. Large organizations are invited to make presentations at these workshops thereby facilitating sharing of information. Advice is also provided on how to access finance and procurement procedures.

In South Africa, government recognizes the importance of the SME segment of business activity, so much so that a new Ministry of Small Business Development was established in early 2014. The focus area for SME business development in South Africa according to SEDA (2016) is three pronged as indicated below:

An assessment of policies and instruments put in place by the South African government in order to support the small business segment.

An examination of the role and impact of private and public sector institutions on small business growth and development.

A consideration of the state of South Africa's 'culture of entrepreneurship, which is common in many other middle-income developing countries and has been a key drive to job creation.

Most respondents felt that the South African Government should aid Banks to put up sufficient measures in place to promote SME growth and development. The government along with eThekweni Municipality needs to revamp policing in order to reduce the high crime rate. In line with the Integrated Strategy, the government should expedite the funding of SMEs by enabling the department of Trade and Industry and SEDA to perform their functions more effectively. It must be noted that the South African Government as the main driver of economic growth in the country, should be in the forefront of curbing corruption, enhancing security for SMEs and removing red tape so that SMEs can operate in conducive environments.

The role of government in growing small and medium enterprises in South Africa cannot be over-emphasized. Unemployment in South Africa is very high at around 26 percent. Only small businesses have the capacity to absorb even the unskilled people. Accordingly, government must continue to create an enabling environment for small businesses to operate safely and productively. The strategy as discussed above seeks to enable government to create conducive environment for SMEs to raise finance. The South African Government needs to reduce red tape so that small businesses can speedily register. The government is a

critical component of the building blocks for a growth taxonomy for SMEs in the eThekweni Municipality Area.

4.113.27 The Role of eThekweni Municipality in promoting SME development in the eThekweni Municipality Area.

“The 19th century was a century of empires,

The 20th century was a century of states,

The 21st century will be the century of cities” (VanderRveen, 2014)

The Municipality of eThekweni has a number of challenges in an effort to develop and grow SMEs.

4.113.28 Challenges faced by eThekweni Municipality

- The Municipality faces an important balancing act in trying to maintain fiscal buoyancy on the one hand and creating a cost effective business proposition which will ensure its long-term economic well being.
- A factor that contributes to the cost of doing business is government bureaucracy. The Municipality bureaucracy is perceived by local investors as business unfriendly and adds significant time and cost to development.
- There are several challenges in the Municipality handling of investment applications as well as onerous approval requirements particularly related to infrastructure and environmental approvals. Mr. Rob Davies called on local authorities to expedite the process of small business registration on data bases and procurement. Despite the above challenges, the Municipality managed to set up a Business Support Tourism and Markets Unit to focus on developing small businesses, with the following purpose and mission:

Purpose: The eThekweni Municipality aspires to create income generating activities for small business with a view to encourage economic growth. They further seek to integrate business support services to existing and potential small businesses.

Mission: To market Durban as a “must visit” destination to the Domestic and International tourism markets, and in so doing achieve Economic Development and facilitate job creation for the benefit of All the people of the Metropolitan region.

The Business Support Unit is set as follows:

Unit Structure

SME Development

Informal Economy and Real Markets

Markets

Durban Tourism

Strategic Objectives

The eThekweni Municipality aims to create a secure, safe and health environment for business.

Improve the competitiveness of SMMEs through the business development and support programmes.

Facilitate the provision and maintenance of infrastructure.

Promote equitable access and participation in the market.

Ensure the implementation of Broad Based Economic Empowerment (BBBEE).

Marketing and Promoting Durban as a world class tourism destination.

4.113.29 Crime Prevention

The eThekweni Municipality has made significant efforts to prevent crime in order to promote SME business growth. Crime prevention is stopping crime before it happens rather than reacting afterwards. This is a paradigm shift from the view of crime prevention as a police activity which focuses on the perpetrator.

The National Crime Prevention center's Manual for community based crime prevention entitled "Making South Africa Safe" emphasizes that reducing crime and building safe communities is a priority for every citizen. Local government is best suited for this so the eThekweni Municipality has embarked on developing crime prevention strategy, which addresses these components.

Effective policing and crime prevention.

Targeted social crime prevention.

Better design and management of public spaces (Environmental Design)

Research and crime analysis.

Community involvement in safety

In the city of Durban, there is an effort to put innovation in the forefront with a view to grow the eThekweni Municipality.

According to Economic Development Growth in eThekweni (EDGE-2013:46), there are several challenges in Durban which need to be resolve for SMEs to grow and perform. Most businesses in Durban are Indian owned and the government needs to promote the Blackman and encourage that type of business.

4.113.30 (a)Fixed Location as a building block to a growth taxonomy

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Fixed	321	99.4	99.4	99.4
	Mobile	2	.6	.6	100.0
	Total	323	100.0	100.0	

Most SME respondents (99.4%) have fixed location known by all stakeholders, namely, employees, suppliers, the South African Revenue Authority, customers and all connections had to link up at the fixed address. The fixed locations are in line with the requirements of the South African Companies Act No 71 of 2008 as amended. The said Act requires a company to have a registered office for which the company is established. This however, contradicts the figure below which shows that 40.9% of respondents were companies. The logical deduction is that even Sole Proprietorship and Partnerships also complied with the requirements of the quoted Companies Act and indicated their Fixed locations.

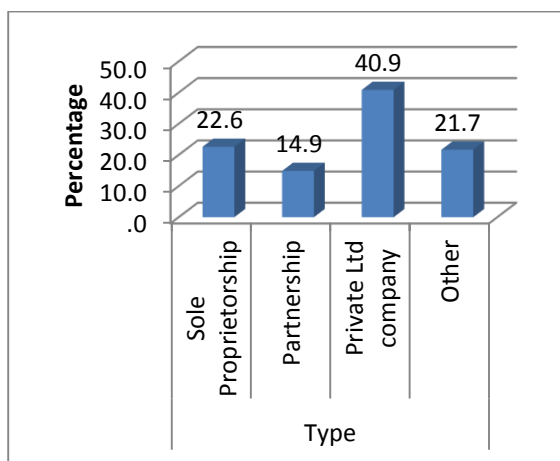


Figure 4.38

Fixed location is accordingly a critical building block for a growth taxonomy for SMEs in eThekweni Municipality Area.

(c) **4.113.31 Growth-Orientation as a building block to a growth taxonomy**

		Q2.6 Average monthly turnover in my business	Q2.8 How many people do you employ?
Spearman's rho	Q2.6 Average monthly turnover in my business	1.000	.113*
	Correlation Coefficient	.	.043
	Sig. (2-tailed)		
	N	323	323
	Q2.8 How many people do you employ?	.113*	1.000
	Correlation Coefficient	.043	.
	Sig. (2-tailed)		
	N	323	323

*. Correlation is significant at the 0.05 level (2-tailed).

A significant positive correlation exists between turnover and the number of employees (rho=, 113,p=,043). Firms with more employees have a higher turnover.

The study shows a significant positive correlation between turnover and number of employees. In other words, the more sales a SME makes, the more people it employees. According to Sarmiento, Figueira, Theodorakopoulos & Nunes(2011), growth- oriented businesses, sometimes called “gazelles” “impact entrepreneurs” or the “missing middle,” are distinguished by the ability to grow economies faster and further than micro-enterprises. Business growth can be achieved either by boosting the top line or revenue to the business with greater product sales or service income, or by increasing the bottom line or profitability of the operation by minimizing costs. There are usually three acceptable measures of a growth-oriented enterprise (SME), namely, Sales growth, Profit growth and/Job creation.

While there is no universal formula for determining optimal growth, Ruth King, a financial consultant in Atlanta, A (Plotnick, 2016:1) recommends calculating working capital turnover ratio by dividing annualized sales by working capital. If the result equals 10, it is a good indication that the business is growing at an ideal rate. Instead of just focusing on sales, profit and job creation, growth oriented SMEs in eThekwini in particular and South Africa in general need to consider the following further critical aspects in order to enhance their growth prospects:

Signs of business growth

(1) Cash flow guides decisions

Experts agree that growth should be guided by a business’s ability to generate and manage cash, not simply by making profit.

(2) A road map

.A strategic business plan and budget are essential tools for charting business growth. A lot of small business owners are hesitant to put together a road map because they are concerned that if they do not meet it, it means they are a failure (Scott Coup,2016:1)

(3) Efficiency is the focus

Growing a business is not necessarily about growing top-line revenue. It may be about looking for opportunities to improve efficiencies and processes to increase net profit margin. Just growing the top line revenue number is difficult unless the business offers something truly unique in the market place. Otherwise, one is just stealing customers from somebody else, which is much harder to do than it is to improve efficiency. It is better to look for new ways to create value for existing and new customers as a means of growing customer loyalty and the bottom line.

(4) Adapt to new business opportunities

Often, the excitement of landing a significant new client can overshadow the importance of considering the financial impact of needing to purchase more inventories, hire more people or manage less than ideal payment terms.

(5) Seek wise counsel

Business owners benefit from the advice of accountants, bankers, attorneys and other specialists who provide expertise to support smart growth. Investing in good advice on the front end will end up being more cost effective than not spending the money and trying to fix a problem that arises from a blind spot that could have been avoided.

Growth for SMEs through increase sales, profit and job creation should be a primary objective for SMEs the world over and in eThekwini in particular. This is a fundamental element of the building blocks to a growth taxonomy for SMEs in eThekwini Municipality Area.

4.113.32 How does attitude to innovation and networking comprise the building blocks to the growth taxonomy for SMEs in eThekwini Municipal Area?

Innovation was ranked number 1 by respondents. The Yale Information Technology Services state that innovation is the process of implementing new ideas to create value for an organization.

Several emerging economies, particularly China, have become significant actors in the global innovation system. There is evidence that R&D played a key role in the takeoff of Asian economies such as China, India and Korea (Ang & Madsen, 2011).

While SMEs in eThekweni appear keen on innovation, some funding banks do not finance SMEs in the manufacturing and, transport sector including those engaged in innovative production. However, innovation remains key for SME growth and development. Michael Tunney (2014) of Donegal, County Council in Ireland identified a number of barriers to innovation and suggested how to resolve them. These can be helpful for SMEs in eThekweni.

4.113.33 Barriers to innovation- an Irish perspective (Tunney 2014:1)

- A general lack of suitably qualified technical specialists within small firms. Thus small firms are generally unable to support a formal R & D effort on an appreciable scale.
- Small businesses often lack the time and resources to identify and use external sources of information, technical and scientific expertise. Thus small firms in general are unable to access formal R & D Programmes and generally engage in product and process improvement rather than radical new technological developments.
- Small businesses often experience a great difficulty in attracting capital, especially risk capital. Innovation, especially new product development, will generally represent a disproportionately large financial risk for the small firm and therefore more often than not becomes impossible for small firms to fund. Added to this is the inability of the small firms to spread the risk over a portfolio of prospect due to their limited resources.
- In some areas/sectors the scale of economics forms a substantial entry barrier to small firms as small firms experience an inability to offer integrated product lines or services.
- Small firms experience difficulty in acquiring external capital necessary for rapid growth and entrepreneurial managers are often unable to cope with the increasing complex organizational and decision making processes necessary to manage such growth.

4.113.34 Fostering and implementation of innovation within the small business sectors by the public and private sectors-some lessons from Ireland(Tunney 2014:1)

A demystification of innovation, the innovation process and the management of innovation within and to small businesses.

- (i) The provision of a seamless support structure from the public sector agencies to support innovation in the small firms sector. This support must not be based on only measurable research and development expenditure and outputs but rather on quantifiable outputs such as improved management development capability, improved access to

information, improved decision making processes improve knowledge generation and procedures and increased empowerment within the firms.

(ii) The provision of a dedicated resource at local county level, actively promoted to small firms, providing access to current market information backed by supported-access to experienced sector specific professionals. The objective of this action would be to make available current market information to small businesses and to enable them to use this information to generate new knowledge.

(iii) The implementation of an innovation graduate placement programme which would enable small local firms to hire technical graduates thus helping them overcome one of the key barriers in the innovation process.

Although some funding banking institutions are not keen to finance innovation by SMEs in eThekweni, innovation remains a critical aspect of business growth for SME development. Respondent SMEs ranking innovation as number one among eight considerable variable indicating its importance as a building block to the growth taxonomy for SMEs in the eThekweni Municipality Area.

4.113.35 The Business Plan as a building block to a growth taxonomy

The Business Plan was ranked number two by respondents. Banks require a Business Plan from SMEs when an application for funding is made. Standard Bank has a Business Plan online which SMEs can download and use when applying for funding.

A strong business plan is a foundation of any small business, whether you are a start-up or looking to grow (Mackintosh, 2016:1). While putting together facts and figures is not the most thrilling use of your time, especially in those exciting start-up days, it is essential if you are going to give the business the best chance of survival-and the best chance of growth.

Success comes to those who plan for it. A study by Barclays Bank has revealed that more than 20 percent of SMEs have no Business Plan (Barclays Bank, 2014). According to Benjamin Franklin, “By failing to prepare, you are preparing to fail.”(Brainy Quote)

The British Assessment Bureau, as cited above, has identified the following important reasons for SMEs to prepare a Business Plan.

4.113.36 The need for a Business Plan for SMEs

To gain focus

A well thought out, thorough business plan is a valuable tool in helping SMEs reach long-term business goals by giving direction and defining objectives. A business plan helps to

assess whether strategies are working and to make the most of new opportunities as they arise. Prioritizing and managing resources contributes to the success of one's business.

To gain control

Taking time to write a business plan gives a chance to learn more about the industry and competitors. SMEs that had a business plan in place in 2013 were consistently more profitable in 2014 than those who did not; while 70% of companies with business plans making a healthy profit due to their organization planning and preparation.

To gain efficiency

A business plan should not just be a document written once and filed away; it must be an ever-changing, live document that mirrors a growing and changing business. It is advisable to set reminders or schedule internal meetings to review the SME's business plan regularly, so that the SME can accommodate changing circumstances in the plan.

To gain finance

A well researched business plan shows how serious the SME is about the business will demonstrate to lenders, why they should invest. Lenders will only be willing to invest if they are confident that the SME's business will be successful and they will get a profitable return. The business plan outlines predicted profits and income streams. A marketing plan is an additional method of attracting funds alongside the SME's business plan, yet 86 percent of businesses do not have one in place.

The British Assessment Bureau came up with a checklist for a business plan and 6 ways in which SMEs could fail should they operate without a business plan.

4.113.37 Business Plan Checklist Exactly how and why the SMEs will run their businesses, and whether it is feasible.

- (a) Map the future of the business
- (b) Include financial forecasts and breakdowns
- (c) Demonstrate detailed market research
- (d) How many employees the SME will need to succeed
- (e) Update the plan regularly, factoring in changing conditions
- (f) Prove to investors that the business is a reliable investment opportunity
- (g) List specific goals and objectives along with realistic time-scale

4.113.38 Six Ways SMEs could fail if they operate without business plans

Lacking value and uniqueness

Not being in touch with customers needs

Unprofitable business model
Poor financial management
Rapid growth and over-expansion
Leadership failure

A business plan, apart from being a requirement for funding application by SMEs is a critical document that charts a course of action- a direction where the concerned SME wants to go. It is a critical building block for a growth oriented SME in the eThekweni Municipality Area.

4.113.39 Training as a building block to a growth taxonomy

Training was ranked number three by respondents behind Innovation and the Business Plan. However, according to Edoho (2015:10), in developing countries, the primary barrier to economic growth is often not so much with a scarcity of capital, labour or land, but it is the scarcity of the dynamic entrepreneurs that can bring the markets and mechanisms that can facilitate the economic growth. A successful entrepreneur should be creative, innovative and have good communication and negotiation skills and that these skills can be acquired through training (Naiman, 2015:8).

The Asian Productivity Organisation (APO) (2007:175) in its report on Entrepreneurship development for competitive small and medium enterprises pointed out that entrepreneurship skills development positively correlates with the growth of SMEs. Entrepreneurship Training is believed to have a positive impact on return on investment, profit and turnover. Despite these benefits, there are barriers to training more especially for SMEs.

4.113.40 Barriers to training for SMEs

Hogarth, Bosworth, Gambin & Wilson (2009:139) noted that there are a number of different barriers to optimal investment in skills and training for SMEs. For example, they cite issues of lack of ambition, including:

Management skills-it is highly skilled managers who are more likely to develop higher value-added product/service strategies which in turn have implications for skills and training.

Management capacity- there is a lack of management time to devote to strategic issues, and a related issue of lack of skilled and trained manpower.

Short-termism-a focus on immediate requirements and or only on that training that is immediately available;

Influence of staff on training- claims that staff may be unwilling to undertake training and

Imperfect information- on the nature and quality of training available and the value of that training to employer. This point along with the others discussed above necessitate a great consideration of investment into training as discussed below:

4.113.41 Investment in training, issues for SMEs

According to Edwards (2010), small firms do not train either because of ignorance or some kind of market failure and that this state of affairs needs to be tackled through exhorting and incentivizing firms to undertake training. Further, small firms develop skills in informal ways that are not fully recognized (Johnson and Devin, 2008) and that in practice, there are equivalent to formal training undertaken by large firms and so there is no market failure. SMEs in South Africa should utilize the Skills Development Levy to promote and training in their organizations.

Training is clearly a fundamental requirement for SMEs in South Africa in general and in eThekweni and a component of the building blocks to a growth taxonomy.

4.113.42 Culture and employees as a building block to a growth taxonomy

Few owners and senior managers of small and medium sized enterprises (SMEs) will deny the importance of good, trusting relationships with customers, employees, suppliers and the community (CIMA:5). The success of their company depends on it.

Having a shared sense of culture among employees is important for businesses especially for fledging businesses for which it is crucial. SMES need all the help they can get to hold their own against large players and because creating a company culture among a smaller number of employees is easier, it is something to take advantage of from day one. A number of important factors for maintaining a shared culture are discussed below (CIMA: 5):

4.113.43 Focused goals and objectives for small businesses.

The success of small businesses can be ensured if they maintain focused goals and objectives (Talent and Culture). The goals must clearly establish the responsibilities of employees and should encourage productivity and initiative. Workers need to know their expected roles and the end goal. Where the direction is well laid, employees will not need daily instructions. Communication and collaboration between and among all in the organisation is a prerequisite for goal attainment. Workers should be encouraged to make

suggestions freely in order to promote growth in the organizations. They should be aware of whom to report to and bring up the intended suggestions.

4.113.44 It makes it all more efficient to recruit people with requisite skills and experience

The recruitment system should enable existing employees within the organisation to be considered for promotion if they meet the qualification requirements. It is important that the recruitment process falls within the company's culture. A clear understanding of a company's culture enhances employee commitment, dedication and energy to perform towards the attainment of company objectives. When employees buy into the company's culture, they are likely to make fewer mistakes in their performance. They feel secure and see the organisation as their own so they would do everything to protect it by every means available to them.

4.113.45 Networking as a building block to a growth taxonomy

Successful firms seem to seek a sole or a few strategic suppliers and focus on making these relationships work to their own advantage (Beekman and Robinson, 2004). Further, it is important to note that growth-oriented companies must seek partners that are also capable and wishing to grow with them.

In a study of SMEs in the Australian manufacturing industry, Terziouk (2003) found that networking practices do have a significantly positive effect on business excellence. He further noted that networking allowed the small firm to achieve business excellence by searching and incorporating diverse points of view, challenging the status quo, learning from failures, communicating with people outside the company, including experts, and allocation of resources to support communication linkages.

Donckels and Lambrecht (1995) concluded that if entrepreneurs want to get into the growth league, they must invest in network formation and relationships. Premaratne (2001) argues that networks help to bring firms more resources that in turn help to achieve higher performance. Humphrey and Schmitz (1996) also argue that small business can achieve the complementary skills and resources that are essential for competitiveness and survival in the market through entrepreneurial networks.

Networking was ranked number five by respondents. However; Networking still remains a very important aspect of SME growth and development. Few SMEs can grow without networking with other SMEs or large corporate. It is therefore, an element of SME growth and more especially critical to a building block for a growth taxonomy for SMEs in the eThekweni Municipality Area.

4.113.46 Religious beliefs as a building block to a growth taxonomy

Respondents ranked Religious beliefs as number six among eight variables. Weber's (1930) seminal work on the Protestant Ethic and the Spirit of Capitalism laid the foundation to understand the mechanisms of how religion, an arguably personal attribute, can become prevalent in society and affect societal members. Ryman and Turner (2007) more recent scholarship shows that the question of how religion broadly impacts the creation of new businesses remains topical (Audretsch et al. 2013, Choi 2010, Dana 2009, Neubert and Beard 2013). These studies can be viewed as part of a recent 'theological turn' in the wider fields of management and organizational studies, basically suggestions that religion 'supports' business (Dyck, in press).

Religion and religious activities can influence society in two ways (Ter Haar and Ellis, 2006:356). Religion activities and thus comparable to meetings of football clubs, tennis clubs, political parties. These meetings can be instruments for establishing networks that could be of use for economic activities in the region and could also be helpful for establishing trading relations with partners from other countries who belong to the same religious group. Such networks can stimulate economic growth. Religion influences society by the values that are held by the adherents or most importantly leaders of the religion concerned. It is assumed that these values will influence actual behaviour and thus the functioning of society, for example, running a software company in South East Asia comes with its own challenges, especially when it comes to religion whether it's prayer breaks for Muslim employers, custom holiday requests, blessing of office locations by locations by local monks or re-using holiday decorations for a total of three years every year. This researcher noted a number of prayer- breaks in Over port area in Durban with most shops (owned by Moslems) being closed for times ranging between one to two hours daily.

Religious beliefs impact on organizational culture and therefore employee behaviour in small and medium enterprises. Certain religious groups such as Moslems go as far as closing their businesses daily for an hour or two in order to go to their mosque to pray and this may impact on business revenues or business growth. Religious beliefs are therefore, an important component of a growth taxonomy for SMEs in eThekweni Municipality Area.

4.113.47 Relationships with Banks as a building block to a growth taxonomy

Relationships with Banks are very important in order for SMEs to obtain funding from funding institutions. Despite this, respondents ranked it number seven just above corruption. Bennett, Richardson & Nyauncho (2015:1) identified four aspects of developing a relationship management approach for SME customers in the Financial Sector Deepening (FSD) in Kenya.

4.113.48 Four aspects to developing a relationship management approach for SME customers:

(1) The key benefits of effective relationship banking

Banks that take time to develop a robust relationship management approach with their SME customers will accrue benefits to the bank the SME customers and through the development of these businesses to the wider economy as a whole, Effective SME relationship management banking can bring benefits for all of those involved.

Benefits to the bank include:

- (a) Enhanced profile and standing in the SME market i.e. gain a reputation as the bank that understands SMEs.
- (b) Increased SME market share-more customers of the type that you want.
- (d) Increased SME customer retention rate.
- (e) Reduced marketing costs i.e. more unsolicited, high quality SME customer referrals.
- (e) Increased share of SME wallet.
- (f) Capture lifetime value of SME customer, rather, than the value of an individual transaction.
- (g) Reduction in turnaround time leading to sustainable competitive advantage in the SME market.
- (h) Reduction in portfolio at risk and delinquent accounts through relationships based on respect.

- (i) Better information, no surprises.
- (j) Higher margins, as customer satisfaction lowers resistance to price.
- (k) Potentially, lowering of transaction costs overtime.
- (l) Job satisfaction leading to the retention of good SME bankers.
- (m) Increased profitability and a stronger balance sheet.

(2) Segmenting the SME customer portfolio for effective management.

SMEs are not a homogenous group and treating them as such will only lead to frustrated bankers and business owner managers. Banks need to embrace the different groups within their SME clients and then manage these businesses in different ways accordingly.

(3) The core component's of SME relationship banking

(a) Insight into the culture of the smaller firm

The majority of bank staff are technically competent and may have good customer care skills (Bennett, Richardson & Nyauncho, 2015). However, many lack an in depth understanding of what it means to start and grow a business, to appreciate the entrepreneurial personality and the life world of the owner-manager, in order to develop empathy. Those interfacing and or dealing with the SME owner must develop such empathy.

(b) The ability to identify a growth business

If banks are going to serve the mutual benefit of the businesses and the bank itself, their staff needs to understand the process of business development and the key factors which influence change within the independent owner-managed firm. Bankers need to understand how firms grow and the problems/needs that are faced; together with the ways in which SMEs organize themselves and their business systems.

(c) The ability to profile and examine the growth potential of a business.

Being able to profile the performance of an SME in a holistic fashion and develop a clear understanding of the criteria that are associated with a 'healthy' business with potential for further growth is key to helping decide how such a business should be relationship managed.

(d) Understanding the financial dynamics of SME growth.

A majority of small businesses, including those that are growing do not have robust data available on their business performance. Good relationship bank managers would need the information in order to relationship manage SMEs. In that vein, the following information is necessary:

- Understand the practical nuts and bolts of financial management and control from an SME perspective.

- Talk confidently about gross margins, margin improvement and break-even and do so in terms that the small business owner can understand.
- Identify trends and patterns of financial behaviour in a business; and what this says about how the business has performed and been managed.
- Compute the realistic borrowing needs of a business.
- Calculate the realistic funding needs of a business and assess legitimate borrowing needs, and
- Spot early warning signals that an SME customer is beginning to struggle.

(e) Communicating and building trust

For many SMEs, the banker is more important than the bank and yet having a relationship manager does not guarantee there being an effective working relationship between the bank and the SME customer.

According to Bennett et al (2015) work with SME owner managers shows that these business owners, worldwide, want the similar things from their bank and bank manager. These include the following:

Interface with appropriate staff ('a manager')

Negotiation with the decision maker not a third party

Continuity of relationship. Quick decisions.

Reasons provided for negative responses.

Clear statement of terms/no ambiguity.

Consistency with regard to 'goal posts' and performance indicators.

No (financial) jargon.

Regular and easy to understand statements with no mistakes.

Confidentiality

Understanding of business pressures (not necessarily the technical aspects) and

Provision of objective financial advice, rather than overt selling.

(f) Managing internal relationships.

SMEs approach banks when they need help and they require quick decisions as to whether the bank can or cannot help them.

(g) Developing social capital through effective networking

One of the ironies of small business ownership is that while most individuals are driven to set up their own firms by a strong desire for independence, entrepreneurs quickly discover that

to survive and prosper they must learn to manage a complex network of external relationships and interdependencies (Bennett, Richardson & Nyauncho, 2015)

(h) Competence to represent the bank and explain its needs.

The relationship manager should have a good understanding of the entire bank’s services and products ‘facilities’ relevant to the SME customer and be able to explain these to the client in a clear and transparent manner. Furthermore, whenever possible, a good relationship manager should be looking ahead and introducing resources in advance of need, as a means to facilitate growth and mitigate crisis management for their small business customers.

(4) Making Relationship Management Work

The banking sector already has well developed competency frameworks and guidelines for its staff in many aspects of banking. However, competency frameworks specifically addressing working effectively with SME clients are less developed.

4.113.49 Banker’s behaviours, skills and attributes for good SME relationship management.

Table 4.43

Behaviours	Skills	Attributes
Opportunity seeking	Problem-solving	Self confidence
Taking initiative	Persuasiveness	Empathy with client
(Occasionally calculated risks)	Negotiating	Ability to behave autonomously
Making things happen	Decision-making under time pressures	Versatility and flexibility
Responding to challenge	Articulation(of banks requirement)	Dynamism and urgency
Managing relationships	Sense-making	Resourcefulness
Rapid use of judgment	Socializing	Action orientation
Net working	Financial management Understanding the nuances Of running a small business	Commitment to bank and to SME owner Patience

Source: Atterton,I-Growth Cap FSDK July 2015:9

These competences can be adapted for staff working at different levels with varying degrees of responsibility within the SME team. As well as providing training, banks need to continuously support and reward their staff for effectively implementing positive SME centric measures. The bank needs to put in place a career path that recognizes SME banking as a valued and rated career goal in the bank and reflects bankers of increasing seniority working with SME customers.

Relationships with banks are very important as they go to the root of networking and determine the possibilities of obtaining funding for SMEs from banks. Accordingly,

relationships with banks are an important component of building blocks to a growth taxonomy for SMEs in eThekweni Municipality Area.

4.113.50 Corruption as a building block to a growth taxonomy

Corruption was ranked number last i.e. eight on the list. This is despite the fact that funding banks indicated that SMEs are manipulated by government officials to pay at least 10 percent of the amount tendered in order to win the said tender. There is need for SMEs to guard against the form of corruption alluded to since many SMEs are involved in tendering for government and local authorities jobs. To that extent, corruption constitutes an important aspect of building blocks to a growth taxonomy for SMEs in eThekweni Municipality Area.

4.113.51 Prevention of high crime rate as a building block to a growth taxonomy

The immediate need to curb high crime rate in the country is clearly apparent. This is supported by statistical reports dating as far back as 2008 in the country. Business premises burglary rose by 8 percent while commercial crime increased by 6 percentage points in 2008 with shoplifting going up by 2 percent (Mc Donald & Rankin,2008:13). A more worrying factor is that robberies in residential premises went up by 14 percent during the same period. Burglary and robbery are particular concerns, but the business owners also worry about other kinds of crime ranking from petty theft and shoplifting to hijacking.

The costs of crime as seen by the World Bank

In 2006 the total yearly cost of crime and violence stood at R31 billion for the whole economy. According to Clarke, Habyarimana, Ingram, Kaplan and Ramachandran (2007:104) losses arising from crime and cost of security amounted to 1.1 percent of sales- similar to Peru, Russia, Brazil and the Philippines although this was higher than Morocco, Turkey, Poland, Ukraine and China.

4.113.52 Taking precaution to curb crime

The question arises as to whether small businesses incur precautionary costs to reduce crime. There is indeed a cost to be borne such as installing electric fencing, hiring security guards, providing secure parking and installing systems to prevent fraud and theft. Where actual theft or fraud does not occur, the mentioned costs become an unproductive investment. Small business, unfortunately, have to be borne even by struggling small businesses. Some large firms could possibly afford such security costs but even then, the costs are generally a necessary burden.

On the international scene, in Jamaica, the security costs were reported to negatively impact on business (World Bank 2003). In that country, the small business spent on average 7

percent of their revenue on security costs compared with 0,7 percent spent by large firms for similar precautions (World Bank, Jamaica 2003).

4.113.53 The effect of crime on small business development

According to Cichello, Almeleh, Ncube & Oosthuizen,(2006) many people in Khayelitsha fear to start-up their own businesses because of the perceived crime in the area. This is of course compounded by other business risks such as potential failure, poor access to finance, transport costs and many other things including jealousy from people in the community. It is clear that the cost of preventing crime is very high in South Africa. There is need for the South African Government and eThekweni Municipality to revamp policing in order to reduce the crime rate. Prevention of crime rate remains an important element of building blocks to a growth taxonomy for growth SMEs in eThekweni Municipality Area.

4.113.54 Education as a building block to a growth taxonomy

It is clear from Figure 5.34.25 that 96.9 percent of respondents had matriculation qualification and above. Only 3.1 percent of respondents have qualifications less than matriculation.

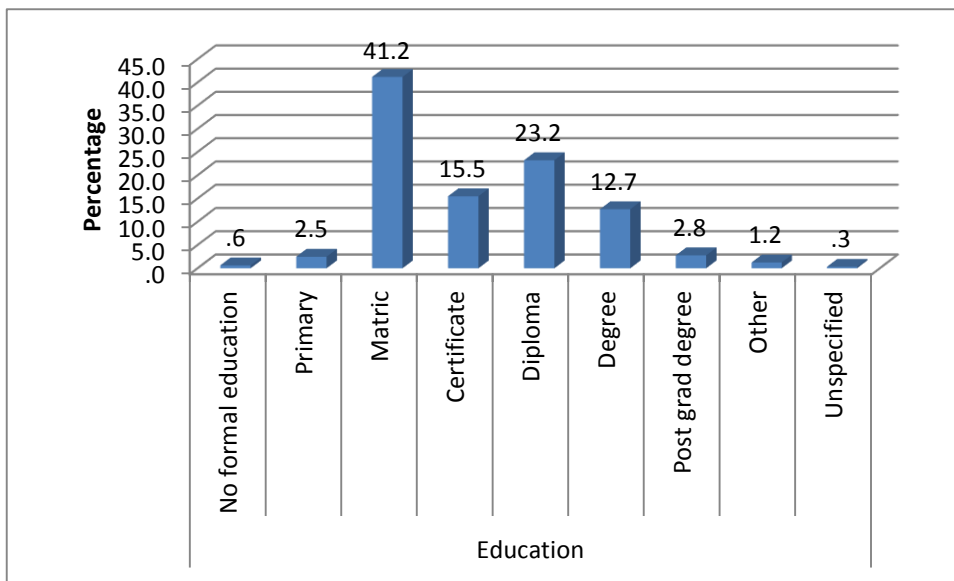


Figure 4.39

As already discussed Educational level of the business owner plays a significant role in SME growth and development. However, Training providers expressed the view that SMEs and their employees need skills training over and above the basic matriculation qualification.

Education, therefore, is a building block to a growth taxonomy for SMEs in eThekweni Municipality Area.

4.113.55 The South African Government as a building block to a growth taxonomy

A detailed discussion of the South African Government in growing and developing SMEs has already been done above. Suffice to mention that in Africa, some governments have moved to protect local SMEs.

The South African Government has a role to create a conducive environment for SME growth by reducing red tape in new business registration and increase policing in a bid to reduce crime. Given the SME developing strategy of 1995 as already discussed in 5.34.12, the government has worked tirelessly in promoting SME growth and development. To that extent, the South African Government remains a critical building block to a growth taxonomy nationally and in eThekweni Municipality Area.

4.113.56 eThekweni Municipality as a building block to a growth taxonomy.

Crime rate is very high and costly to many SMEs and most respondents have suggested that the eThekweni Municipality should play a more significant role in reducing crime. Durban enjoys visits by many tourists and many small business around the sea require support to reduce crime.

In area like Pinetown and New Germany, crime is reported to be very high affecting both residential property owners and businesses. Theft and break-ins are a common feature. All these untoward activities need to be guarded against in order to promote growth and development of small businesses.

Further, respondents feel that the Municipality needs to reduce licensing fees and rates and rents for operating premises within the Municipal area and also improve policing in order to revamp security for the SMEs. Other areas of concern include improvement of roads and increased funding for the Municipality Business unit which promotes SME growth and development. The Municipality is an important component of building blocks to a growth taxonomy for SMEs in eThekweni Municipality Area.

CONCLUSION

This Chapter has provided a detailed quantitative and qualitative analysis of data using respondents' answers to the questionnaire (Appendix A) and the semi-structured questionnaires also shown in the appendix. The analysis' thrust is to provide information to answer the Research Questions and Objectives of the study. An explanation of the Mixed Methods Data Analysis has been made emphasizing its complementary nature to the quantitative analysis. The Chapter further identified various building blocks to a growth taxonomy for SMEs in eThekweni Municipality Area in answer to the Research Questions. The next Chapter discusses Research findings as per this Chapter.

CHAPTER FIVE DISCUSSION OF RESEARCH FINDINGS

5.0 INTRODUCTION

This Chapter seeks to link the Research Questions as stated in Chapter One with the Literature Review in Chapter Two and the Research Findings in Chapter Four. Accordingly, the Research Questions are restated here and reference to the typologies in Chapter Two is made before a summary discussion of the findings is presented. The aim is to be able to link this Chapter's discussion to the development of a growth taxonomy in Chapter Six and the Recommendations and Conclusions in Chapter Seven.

5.1 The Research Questions-restated and link to findings

Research Questions

- (1) What are the building blocks to a growth taxonomy which are exhibited by growth oriented SMEs in eThekweni Municipal Area?
- (2) Do culture and religious beliefs constitute building blocks to the growth taxonomy for SMEs in eThekweni Municipal Area?
- (3) How does attitude to innovation and networking comprise the building blocks to the growth taxonomy for SMEs in eThekweni Municipal Area?
- (4) What are the other factors deduced from research findings contribute to building blocks of the growth taxonomy for SMEs in eThekweni Municipality?

From the respondents' answers to the questionnaires, the semi-structured interviews conducted with the five major banks in South Africa and selected trainers and the literature review as already discussed, the following emerged in answer to the above four research questions.

5.1.1 Building Blocks to a growth taxonomy

Table 5.1 Major and other Building Blocks

Major Building Blocks+	Other Building Blocks++
1. Innovation	Market exposure
2. The Business Plan	Sharing information
3. Training	Negotiation skills
4. Culture and employees	eThekwini Municipality
5. Networking	South African Government
6. Religious Beliefs	Diaspora Entrepreneurship*
7. Relationships with Banks	Competitive Intelligence**
8. Corruption	Competitive SMEs-a typology***

+As per respondents' rankings

++ Deduced from respondents' responses

*From Literature Review in Chapter Two-a Push Factor represented by the Chinese Businesses

** From Literature Review in Chapter Two- The SMEs in Turkey-akin to networking.

*** Government to identify competitive SMEs and help them to grow.

In answer to the Research Questions, two sets of Building Blocks emerged as indicated in Table 5.1 above. Literature Review revealed the Diaspora Entrepreneurship and Competitive Intelligence typologies which fitted well within the Building Blocks. It is pertinent to note that the findings in USA regard technology as being synonymous to innovation. Further, the typology of European countries based on innovation efficiency and technology gaps as detailed in Table 2.18.4 also brings out the importance of innovation in the development and growth of SMEs. The respondent SMEs appear, therefore, to have correctly ranked innovation as number one among the major building blocks.

5.2 Other Findings:

5.2.1 More males than Females in Business in eThekwini

From the respondents, it appears that there are more males in business than females in eThekwini at 61.9% to 38.1% respectively. There is however, a 40% female headed household in the area with a sex ratio of 100 females to 95.6% males. It means that there is low participation in value-adding business opportunities. Women are not taken seriously by the business environment and by business finance institutions, perhaps owing to cultural beliefs. Only 6.2% of South African adult women are involved in entrepreneurship, down from 9% in 2014. As a result, women tend to be more in the informal business sector.

5.2.2 Marital Status and Business in eThekwini

It would appear that fewer people are getting married in eThekwini and that there is an increase in divorces. Men who initiate divorce were largely managers and administrators (14.5%) while women were mainly in professional, semi-professional and technical

occupations (14,3%). The divorce trend appears to be on the increase world-wide with more cases in the USA.

5.2.3 Age in Business in eThekwini

About 50.1% SME owners in eThekwini are young people up to 40 years old. Businesses managed by young people tend to experience general management problems such as lack of people management and accounting skills. Experience is usually the best teacher. It might also indicate the prevalence of push factors as a reason for starting businesses because of lack of employment opportunities in eThekwini given the high unemployment rate in the area as discussed in Chapter One.

5.2.4 Race and Business in eThekwini

Indians top the business ownership for the SMEs studied at 44.5%. This might be attributed to the family culture for which the Indian family business set up is known to be very strong. However, there is a transitioning of the Indian Family Business, allowing external management to come in (as discussed in Chapter Two under typologies), although at a very slow pace. It is interesting to note, though, that many Indians in eThekwini are pulled into business and have not worked in any other business except the family business. Some of them though, boast of having an MSc-Master of Shop Counting, gained within the business over years without going to a particular University for the degree. This is in contrast to most people in eThekwini where 96.9% of respondents have matriculation and higher educational qualifications and apparently pushed into business because of lack of employment opportunities.

5.2.5 Most prevalent Business Sector(s) in eThekwini

Most SME businesses appear to be in the Retail Sector (25.4%) followed by Manufacturing (17. %), Automotive Industry (15.5%) and ICT and Electronics (6.2%). It would seem that it is ease to start business in the Retail sector. The unfortunate thing though, is that while a number of SMEs are keen to start businesses in Manufacturing and the Transport sector, Banks are not keen to fund such type of businesses which they consider innovative and risky-unless the funding is guaranteed by government.

5.2.6 Positive Correlations

The study found that there is a positive correlation between the number of employees and monthly turnover. The higher the turnover the SME makes the more people it employs. However, 67.8% or 219 SMEs employed less than 10 people despite making more than 1million rands per month. It therefore appears that the motive of many SMEs is not to create

employment but for personal wealth purposes. The study also found there is a positive correlation between monthly turnover in respondents' businesses and average years in business. In other words, the more the number of years an entrepreneur has spent in business, the more sales he/she generates in subsequent years. This is basically a result of the learning curve effect-that experience is the best teacher.

5.2.7 Commercialization of innovation by South African Universities

There is limited commercialization of innovation from South African Universities despite patenting many innovations in multiple fields. It is encouraged that the South African government and eThekweni Municipality should find ways to entice Universities to commercialize their patents and go further to train SMEs in running businesses in the identified areas of innovative projects.

5.2.8 Research and Development (R&D)

As discussed under Literature Review, none of the countries in the SADC region expends at least 1% of its GDP on R&D. Without research, innovation is kept at a minimum or nothing at all and without innovation, SME growth suffers and it becomes difficult to solve the unemployment problem.

5.2.9 Utilization of the Skills Development Levy by SMEs

Most SMEs in South Africa do not utilize the benefits of the 1% Skills Development Levy to train and develop their employees. Instead, they regard it as one of those levies. There is need to create awareness at a policy level. This is particularly so, since most respondents suggested need for more exposure in the market. In addition, most SMEs expressed interest in paying for Business Development Services to approved trainers. Institutions like SEDA should be used to disseminate such information and both the government and the municipality should encourage and promote information awareness for SMEs in order to enhance growth of SMEs.

5.2.10 Foreign Direct Investment (FDI)

From Literature Review, it is clear that South Africa makes more Foreign Direct Investment in China than what China does in South Africa. This situation is worsened by the fact that South Africa exports unprocessed raw materials to China there by disadvantaging local small businesses to engage in activities that involve beneficiation. To that extent, growth of small business in the country in general and eThekweni in particular is negatively affected.

5.2.11 Impact of High Crime Rates on SME growth

High crime rates impact negatively and are a deterrent to growth and development of small businesses in the country and eThekweni in particular. There is need to revamp both the South Africa Police Services (SAPS) and private security in order to reduce the crime rates. South Africa has one of the highest crime rates incidences in the world and there is need to regulate the availability of guns if murder and theft are to be reduced.

5.2.12 The effect of Diaspora Entrepreneurship on local SME growth

Push factors in other countries like China have seen massive inflow of foreigners coming into South Africa to start small businesses. Private and state owned businesses from China in South Africa currently stand at 90% and 10% as already discussed under Table 2.4. Some measures of control are necessary in order to allow development and growth of local SMEs.

5.2.13 Corruption in the Tender process in eThekweni

One of the five major Banks in eThekweni revealed that SMEs are reaped off in the Municipality and Government Tendering process. They are invariably required to pay 10% of the amount tendered as a bribe to be awarded the tender. Such levels of corruption discourage those honest SMEs who do not believe in unethical business practices. There is need to neap such corruption in the bud.

5.2.14 SMEs in eThekweni prepared to pay for Business Development Services (BDS)

While respondent SMEs in eThekweni are prepared to pay for most available Business Development Services, they are keenly interested in the following:

Legal support advisory in legal services process	78.6%
Computer hardware and software services Including maintenance & website design	78%
Accounting services	76.5%
Quality training & advisory services	76.2%
Management & business skills training	74.9%
Financial planning/Business Plans	72.4%
Identifying new markets	70.8%

This information is beneficial for consultants/trainers offering the above mentioned services. They can easily market their services in eThekweni with a high degree of success and assured of payment for the services offered.

5.2.15 A high % of SMEs in eThekweni (90.70%) with high sales turnover employ less than 10 people each.

Of the 90.70% respondent SMEs in eThekweni with monthly turnover of more than R12000, 67.80% or 219 employ less than 10 people each. This is despite the fact that some of these SMEs make monthly turnover of more than 1million rands. Only 19(5.90%) of the SMEs employ between 51-200 people. Clearly, the objective of most SMEs is not employment creation but perhaps self enrichment. The South African government and eThekweni Municipality have to find ways to incentivize and encourage the SMEs to employ more people in order to solve the bedeviling unemployment problem.

CONCLUSION

This Chapter discussed the research findings and particularly brought out the building blocks to a growth taxonomy. Women participation in business is very low in South Africa and eThekweni in particular and yet female headed household are in the increase. Clearly, many women are involved in the informal business sector and very few in value-adding business activities. The unemployment problem in eThekweni appears to be exacerbated by the fact that most SMEs employ less than 10 people even if they make huge monthly sales, sometimes, more than 1million rands. At a policy level, the South African government and eThekweni Municipality need to find ways to entice the right people to become entrepreneurs. There is need to increase R&D, loans and innovation growth and remove bottlenecks to growth of SMEs in eThekweni.

The next Chapter develops and presents a growth taxonomy based on the findings discussed in this chapter with some reference to typologies as indicated in Chapter Two.

CHAPTER SIX

DEVELOPMENT AND PRESENTATION OF A GROWTH TAXONOMY

6.0 INTRODUCTION

This Chapter presents a visual/diagrammatic growth taxonomy as envisaged in the Research Questions. The taxonomy is derived from the respondents' ranking of the building blocks as indicated in Chapters Four and Five. Information gleaned from the typologies discussed in Chapter two, namely, the Diaspora Entrepreneurship and Competitive Intelligence typologies was incorporated in the taxonomy framework. In addition, the Chapter further explores the impact of Chinese businesses on the growth of SMEs in Africa in general and South Africa in particular in their role as Diaspora Entrepreneurs. A link is made to the growth taxonomy showing how International businesses affect SME sales growth, net profit growth and employment creation.

6.1 Gender

Table 6.1 % of Women participating in Entrepreneurship for selected countries.

Country	% of Women Entrepreneurs
Nigeria	40.7
Ecuador	32.8
Ghana	27,9
Malawi	27.3
Uganda/Indonesia	25.1
Angola	20,4
Botswana	19.9
Peru	19,6
Chile	19.0
Philippines	18.0

Source: World Economic Forum 2016/4

Table 6.1 above shows that Nigeria, Ecuador, Ghana and Malawi are respectively having high percentages of women participating in Entrepreneurship. After more than twenty years of democracy, South Africa is still grappling with issues of gender inequality. While many strides have been carried out, the gap between male and female entrepreneurs continues to widen. Tsele, (2015:1) noted that statistics show that only 6.2 percent of South African adult women are involved in entrepreneurship down from nine percent in 2014.

Although respondents in this study indicated 61.9% and 38.1% Male and Female entrepreneurs respectively, it is clear that South Africa in general is performing way below the countries indicated in Table 6.2 above. In eThekweni, female headed households are 40% of total households. The 38.1% female entrepreneurs as indicated in Figure 4.1 is very close to the female headed households and in this regard, eThekweni could be doing well.

An important strategy to promote women's economic empowerment is education, training and skills development. Education improves market participation and is therefore central to the achievement of gender equality. It might help the South African Government to consider affirmative action in order to promote women entrepreneurship in the country.

6.2 Innovation

Innovation is widely recognized as a key factor in competitiveness of nations and firms. Small firms that do not embrace innovation within their core business strategy run the risk of becoming uncompetitive because of obsolete products and processes. Innovative firms are a prerequisite for a dynamic and competitive economy (Van Auken, Guijarro & Lema 2009:36). Introducing new products and services are at the nucleus of economic growth and development. Small and medium-sized (SMEs) furnish a strong increase to employment and economic growth specifically due to their innovative activities which becomes a main force of explaining competitive advantage and firm performance (Ussahawanitchakit and Phapruke, 2012)

As already discussed in Chapter Four above, innovation includes not only invention but also activities such as design, manufacturing, marketing, distribution and product support (Smith, 2006:6). It is important that inventions should be commercialized.

South African Universities (**see Chapter Four above**) hold on to a number of patents without commercializing them. It is important that these be commercialized to facilitate manufacturing and therefore generate employment in the South African economy.

Innovation was ranked number one by respondents to this study. However, most funding banking institutions are reluctant to provide loans to SMEs involved in manufacturing and innovative ventures because these are considered to be risky. According to Palo (2013:16), encouraging entrepreneurship among the Estonian population remains very important-“we need much more innovative and successful companies who can employ at least ten or more people and export their products and services.”

Innovation involves creativity and risk-taking and it is important that funding be made available to encourage innovative SMEs like the Estonia situation which has been quoted above. Some banking institutions require guarantees to fund innovative projects in production and manufacturing.

It is necessary for the South African Government to provide the required guarantees and also promote research to ensure that viable invention of innovative products takes place and that commercialization of the same happens unimpeded.

In the United Kingdom (UK),(Freel & Robson,2004:5) observed that the Small Firms Merit for Research and Technology (SMART) was introduced by DTI in order to encourage competitive schemes which provide support for innovation by small firms. The rationale behind the scheme is that small firms face particular problems in raising finance for R &D associated with innovation. It aims to encourage the formation of science and technology firms and help them to grow to a point where they are likely to attract financial support. South Africa could explore the possibility of such a SMART scheme.

The objectives of the SMART scheme as specified by the DTI are:

- To bring forward highly innovative but commercially viable project, now dormant because existing sources of finance do not wish to support them.
- To encourage the formation of small firms which will develop and market new ideas in selected area of new technology?
- To help these small firms to mature sufficiently for private sources of funds to take a practical interest.

The SMART scheme is open to individuals and small firms with up to 50 employees and aims to develop innovative but marketable technology. The South African Government could consider a similar approach to avoid a situation described above where 67.8% of respondents in this study, each, employed not more than ten people.

A possible route to fund innovation for SMEs in eThekweni in particular and South Africa in general is through angel investment. Angel investing is on the rise in South Africa. Unlike

banks or other financial institutions, angel investors are willing to take a chance and invest smaller amounts of money in high-risk businesses, with hopes of gaining high returns within a set period of time (usually five to ten years). These wealthy individuals use their own funds to finance projects that they believe will be lucrative or where they can use their talent and skill to mentor new entrepreneurs (Angel Investment Network). Estimates (Bank of England 2001) suggest that there are approximately 18000 business angels in the UK, who among them invest five hundred million pound sterling annually in some three thousand and five hundred companies.

6.3 High Crime Rate

A study conducted by Cichello, Almeleh, Ncube & Oosthuizen (2006:12) brought out the fact that people considered crime to be prevalent in Khayelitsha. This deterred potential business people to pursue their intentions to embark on new ventures. There was an international panel of experts who reported to the government concerning creation of employment and growth of small businesses. They indicated the incidence of crime and its negative impact on new and existing businesses (SBP, 2008). While other hindrances to entrepreneurship activity, such as the risk of business failure, lack of access to start-up capital, transport costs, and jealousy within the community were shown to be important deterrents to self-employment crime was rated the only ‘critical’ hindrance according to the ranking of results. It is clear that the cost of preventing crime is very high in South Africa.

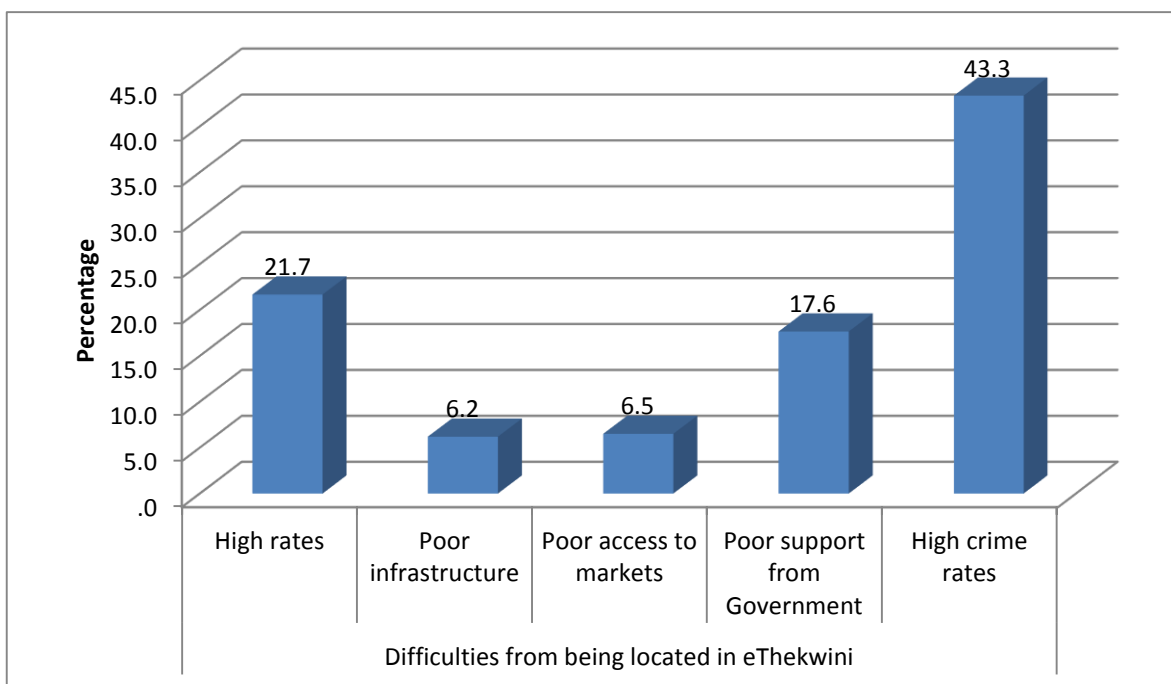


Figure 6.1

In eThekweni, 43.3% of respondents indicated that there are high crime rates. This has affected SME business performance and there is need for crime prevention. Crime prevention is about stopping crime before it happens rather than reacting afterwards. The National Crime Prevention Centre's Manual for community based prevention entitled "Making South Africa Safe" emphasizes that reducing crime and building safe communities is a priority for every citizen. Rates of violent crime in the country are well above those of many other countries. Most citizens feared violent crime(National Victims Survey,2003). According to Generation Next Survey (2007:1) fear of crime is deeply embedded in various communities in South Africa. Many young people preferred to relocate and seek employment in overseas countries once they completed their studies. More than 66 percent of those interviewed fell in the category of those who wanted to leave the country. This included more than 67 percent of Black urban respondents

Local government is best suited for this so the eThekweni Municipality has embarked on developing crime prevention strategy, which addresses effective policing and crime prevention, targets social crime prevention, better design and management of public spaces(Environmental Design),community involvement in safety and research and crime analysis.

6.4 The Business Plan

Ranked number two the Business Plan is an important document for any organization and for SMEs in particular. According to Struwig (2009:103), a business plan is a written document that spells out where the business is heading and explains in detail how it is going to reach that destination. The business plan helps the business to focus all its activities in an organized manner on reaching that destination or objective.

Banks in South Africa regard the SME sector as very risky and are reluctant to lend money to them. The business plan can assist SMEs in three possible ways, namely, to obtain funding, to serve an internal purpose and to be used as a tool for reducing the risk.

6.4.1 To obtain funding

SMEs invariably need working and capital finance. The business plan can be considered a vital sales tool for approaching and capturing financial sources, be they investors or lenders. Any investor or lender wants to know that the business it is lending money to, or is investing money in, has been carefully planned. SMEs in South Africa can go a step in persuading reluctant banks to fund them by preparing bankable business plans. Without a business plan, the entrepreneur could easily waste the resources without even realizing it before it is too late.

6.4.2 To serve an internal purpose

The business plan can help the concerned SME to focus on a coordinated effort towards a clearly defined objective so that everybody knows where they are heading or what they are working for. The plan is a tool for measuring performance against-to know whether performance is satisfactory, unsatisfactory or outstanding. It is a marketing tool for obtaining finance or selling the business so that outsiders can form a clear picture of what the business is doing or hoping to achieve. In addition, the business plan provides a road map to direct business and enables a systematic evaluation of the chances of success in the market. It is a method for determining the risks facing the business, product or an idea for the concerned SME.

A business plan is very important for SMEs in order to meet the requirements of financial institutions, to sell the business and to help position the business in the market. It is important for SMEs to obtain skilled consultants to assist in preparing the business plan in order to obtain funding as explained below:

6.4.3 Requirement of financial institutions

Banks and other funding institutions in South Africa expect a business plan that is submitted to obtain a loan to address the following questions (Struwig 2009:113). Standard Bank has an online business plan available for SME use.

(a) Does the proposed business venture have a good chance to develop into a successful business?

- (b) Will the product or service sell?
- (c) How committed are the targeted customers?
- (d) Was thorough market research conducted among a representative sample of the target market to determine whether there is a need for the product or service at a profitable price?
- (e) Does the business have a competent management team that works well together?
- (f) Will the business make a large enough profit to be able to meet interest and capital repayments on the proposed loan on time?
- (g) What security is available if things go wrong?
- (h) Has provision been made in the cash flow forecast for loan repayments?
- (i) What percentage of the start-up capital has the owner provided?
- (j) How realistic are the forecasts presented in the business plan?
- (k) Does the business plan address the perspective of creditors?

When applying for a loan from a financial institution, the application may be one among many others competing for relatively limited available funds. In order to improve one's chances of success, it only makes sense to differentiate the application from those of other businesses.

6.4.4 To sell the business

The business plan that is designed to sell a business should allay the fears of a prospective buyer, such as: What are the reasons for selling, what is the position of the business in relation to competitors, are there any laws or regulations in the pipeline that could change the future of the business? Where the property is rented, the plan helps to explain the position with regard to the continuation of the lease, can the business license be taken over or must a new one be obtained? Further questions to be answered include: how competent are the staff and should they be retained, what is the credit rating of the business, is the business profitable, what are the growth prospects of the business and what do present customers think about the prospects of the business? What are the reasons for asking the specific selling price and how can the price be justified?

6.4.5 To help position the business in the market

Positioning refers to the perception of the business in the mind of the customer. Specific emphasis in the business plan to help position the business in the market should be placed

on: Thorough and scientific market research to identify opportunities in the market with profit potential

- (1) Whether the business has the necessary resources available to position itself in the desired position in the market
- (2) An analysis of the profit and growth potential of different positioning options in the market
- (3) The reasons for selecting a specific positioning strategy
- (4) The potential impact of the selected positioning strategy on the operations, profit and long-term growth of the business.

When conceiving a business plan, the concerned SME has to be aware of possible problems in order to avoid them. A business plan is usually not a private document. In most instances it will be carefully scrutinized by other people, which will reveal any flaws in it. If such flaws are seen as the result of obvious problems, the image of the SME/entrepreneur will be severely tarnished. Would be creditors would then be most hesitant to finance the business and potential partners and investors would almost definitely reconsider their options.

6.5 Training

Training was ranked number three by respondents and it stands out as a systematic activity which seeks to impart knowledge and give instructions in order to improve performance of those trained. The Business Directory asserts that training helps the trained person to attain a high level of skills and knowledge.

In addition to developing an individual, training also helps to upgrade skills for teams and the effectiveness of organizations. Training helps people to change their attitudes, knowledge, skills and facilitates behavioural changes in the process enhances effective and efficient performance (Aguins, 2009:452). Training is a planned effort by an organization to enable employees to acquire certain job-related competencies such as knowledge, skills or behaviours that are essential for positive job performance. Training should provide up to date training programmes that focus on needs of entrepreneurs rather than out dated programmes that cater predominantly for general managers. In South Africa, there is need to enhance Apprenticeship Training where possible to enable young people to start their own businesses as journeymen.

Entrepreneurial training and consultants must themselves be well trained and/or experienced in the specific area of expertise that they offer for example, accounting, HR or logistics. It is important to include technology in the training curricula as well as adult education programmes to ensure that the wider population becomes more familiar with technology. Removal of red-tape in procedures of registering small businesses should be expedited with a view to improve the environmental regulatory process. Small and medium sized enterprises face particular problems due to their small size and limited resources.. Starting up a new business and getting the required capital is a challenge, as is finding the right kind of finance to expand an established business. Due to their limited resources, they suffer more from red tape and administrative burdens than larger enterprises. They often struggle to keep on new developments in information and communication technologies, and encounter difficulties finding qualified staff as well as providing them with adequate training and education. Moreover, finding successors for retiring business owners can also be problematic. Accordingly, Banks need to be encouraged to fund small businesses and not merely regard them as risk ventures. In addition, Banks should participate more in training SMEs on how to start and manage their businesses.

Against the background of intensified competition from foreign countries in the context of EU enlargement and globalization, SME actors throughout Europe today regard the need to improve their innovation capacity and the upgrading of qualifications and skills as a crucial challenge. When it comes to training and skills development, SMEs face a number of very practical and organizational problems: How to identify a training programme suited to the economy's specific needs? How to find financing for training courses? How to organize training, for example, further training for workers in micro companies where each worker is needed every day and how to attract more qualified people.

There is need to develop cooperation between Universities and SMEs concerning training and development. Entrepreneurship training is an initiative already mentioned and developed for SMEs by a Belgian Training Institute (Corporate Training) with a full provision for customized training manuals for trainers. The initiative aims at solving recruitment difficulties in sectors like construction, automotive, personal care and catering.

6.6 Culture and employees

Ranked number four by respondents in this study, culture consists of patterns, explicit and implicit, of and for behaviour acquired and transmitted by symbols, constituting the distinctive achievements of human groups, including the embodiment in artifacts; the essential core of culture consists of traditional (i.e. historically derived and selected) ideas and especially their attached values; culture systems may, on the one hand, be considered as product of action and on the other, as conditioning elements of further action (Kroeber and Kluckhohn, 2011).

SMEs are characterized by informal understandings and shared expectations among the workforce regarding how business is done. Any values and ethical principles will often be implicit rather than formally expressed through ethics, policies, codes and programmes that are familiar in large companies. The culture and working practices of a small organization are typically influenced by the owner, manager or managing director. Through their very visible presence, their personal attitudes and behaviours will set the tone of the business and have the potential to signal to employees how seriously ethical behaviour is to be taken in the organization. SME owners and managers can often encounter ethical challenges, Examples include:

- (a) Do I meet a deadline with my customer and ship out products even though I know there is a possibility they might be faulty, or do I openly discuss my difficulties with the customer?
- (b) How do I ensure that my employees do their work properly and do the right thing?
- (c) How do I deal with my employees' desire to balance their work obligations with their personal ones?
- (d) How do I respond when securing an important contract seems to require the payment of a kickback?
- (e) Do I delay payment to suppliers and the South African Revenue Services (SARS) when my cash flow is currently limited?

The desire to build trusting internal and external relationships, as well as growing pressures from wider society, should lead SME owners and managers to consider the extent to which

ethical values and principles guide their business decisions. What does ‘doing the right thing’ mean for the organization?.

6.6.1 Business Culture

Conducting business in Africa requires the social cultural awareness and effective cross-cultural communication skills. What might be acceptable in SE Asia, for example, may be unacceptable in Africa. Do not expect French or Portuguese speaking business people to speak to you in English even if they understand it. Business objectives may be the same, but ways of implementation and communication differ greatly. Business culture creates intellectual potential of regions building human capital, In general, culture comprises an important factor of social development with the following underpinnings:

- (i) Through popularization of cultural diversity, creates an aware society, guided by ethical norms, open, resistant to xenophobia,
- (ii) Prevents social pathologies,
- (iii) Is a link of social integration,
- (iv) Is part of national identity,
- (v) Preserves local bonds,
- (vi) Comprises a basis of initiating cooperation and human communication,
- (vii) Realizes the policy premises of gender equality, racial equality and social solidarity,
- (viii) Helps restore the mentally and physically and handicapped to social and professional life(for example therapy through culture, but especially a change in mentality and overcoming prejudices),
- (ix) Reduces disproportions of personal development of citizens,
- (x) Comprises a form and dimension of social advancement.

6.6.2 The influence of National Culture on SME Management Practices

The process of managing a small firm differs from that of managing a large one. One of the reasons is that small firms face distinct forms of risk and often organize their human resources informally (Storey et al 2010).

Another unique aspect of SMEs is that the management is personified by the owner and his/her attitude to business influences all aspects of the business. As the owner will probably be involved in all aspects of managing a business, there can sometimes be a problem when decision-making needs to be delegated (Levy 2005). On the other hand, because the

managers of small firms have such a large direct influence on employees, there is a higher likelihood that it can inspire entrepreneurial dynamism among employees (Cakar and Erturk 2010)

A good organizational culture can positively impact organizational functions; however, a poor one can have the opposite effect and greatly reduce the effectiveness of the organization. Therefore, especially as a company grows, management must have a strategy of how to implement changes or manage in general. Understanding the expectations and values of the workforce is one way to be more efficient in managing and understanding the culture of the workers can therefore help make decisions.

It can be stated that organizational culture holds the organization together and drives members of the organization to commit to it and produce good results. The culture of an organization is a combination of management's expectations, preferences and values about how the organization should behave. It has an influence on how the organization is designed and how it functions (La Forge, Ingram, & Cravens 2009:1).

6.7 Networking

An organizational network is a voluntary arrangement between two or more firms that involves durable exchange, and sharing or co-development of new products and technologies. The success of a company depends on its collaboration with other organizations that influence the creation and delivery of its products or services (Valkokari and Helanders, 2007). Today's market conditions are forcing companies to adapt to changes in order to survive, grow and be competitive. Such changes include inter-company cooperation and networks, which allow for competition and innovation in a dynamic environment (Sirec and Bradac 2009:64). The more networking activities an entrepreneur engages in the larger his personal network and the more central his position in it should be.

For SMEs, networking is a valuable way to expand their knowledge, learn from the success of others, attain new clients and tell others about their businesses. Accordingly, business networking is recommended as a way to gain new clients and to build a sustainable business.

6.7.1 Benefits for business owners from networking

(a) Referrals and improved exposure

An outstanding positive effect of referrals is the improvement of buyers for the concerned organisation. Referrals that one gets through networking are normally high quality and most of the times are even pre-qualified. One can follow up on these referrals/leads and turn them

into clients. In other words, one gets higher quality leads from networking than from other forms of marketing.

(b) Opportunity

There are always lots of opportunities that come from networking. These include possibilities of partnerships, joint ventures, invitations to speak on topical issues, client leads and the possibility to write for columns in the press or various news papers. The opportunities that one gets involved in should align with his/her business vision/goals, otherwise one might find himself/herself spinning wheels chasing after opportunity after opportunity and getting nowhere.

(c) Reliable contacts

“It is not WHAT you know, but WHO you know.” In business, it is advantageous to know people, customers and suppliers than to rely on personal skills or knowledge. A pool of these supporting friends can be created through networking. One needs to have sales skills and the ability to interact is much more than the ability to crunch numbers.

Networking provides a great source of connections and really opens the door to talk to highly influential people that one would not otherwise be able to easily talk to or find. It is not just about whom one is networking with directly. The person you network with will already have a network one can tap into as well. There is need to ask the right questions in order to find out if the person he/she is networking with knows who he/she wants to know.

(d) Mentorship and advice

To grow a business, one requires role models who are prepared to mentor and advise the incumbent owner/manager. It takes time to build the advisors. Patience and perseverance are important qualities in business. One needs to create contacts with like-minded business owners to talk. This gives one an opportunity to get advice from them on all sorts of things related to business or even personal life and obtain that important work-life balance. Networking is a great way to tap into advice and expertise that one would not otherwise be able to hold off.

(e) Profile building in business

Credibility and respect in business are the basic foundation of good will. They are built over time. One needs to participate in social events and gatherings where referrals and support can be obtained. It is necessary to be visible and getting noticed is a big benefit of networking. One should ensure that he or she attends business and social events that will

help to get one known. Such contacts can help one to build one's reputation as a knowledgeable, reliable and supportive person by offering useful information or tips to people who need it. It helps so that one is more likely to get more leads and referrals as he or she will be the one that pops into their head when they need what to offer.

(f) **Creating influence in business**

To remain in business, one needs to associate with reputable other business people who are influential in the market. It is necessary to hang out with positive people who uplift the business owner to develop and grow the business.

(g) **Enhancing business confidence**

The more one interacts through networking, the more one increases his or her confidence in business. This is important as a business owner, because business growth is dependent on talking to people and making connections. Networking is great for people who are not confident as it really pushes them to grow and learn how to make conversations and lasting connections with people they do not know.

(h) **Satisfaction from helping others**

Networking full of business owners that have problems or issues within their business that need solving, and there is great satisfaction from helping someone to solve a problem they have and get a fantastic result.

(i) **Friendship**

The adage, 'birds of the same feather flock together' is pertinent in the formulation of friendships in business. People who are of the same mind and entrepreneurs who seek to grow their businesses tend to associate with those of similar intentions.

Today, almost all industries are affected by evolution of networking relationships within and between firms; however, previous studies have revealed that companies differ in their competitive strategies, strategic and technological orientation, and methods of networking (Sirec and Bradac 2009).

6.8 Religious beliefs

Dodd and Seaman (2010) argued that religion and enterprise have a complex and interdependent relationship in which religion affects a believer's entrepreneurial activities, influence the believer's decision to become an entrepreneur, enterprise management and the entrepreneur's contact network.

6.8.1 President Jacob Zuma's criticism of Christianity

President Jacob Zuma has been cited as saying: "Christianity introduced by European missionaries mainly in the nineteenth century-had destroyed the safety net for orphans, elderly people and the poor (Smith 2011).He has also been cited, speaking at the launch of a road safety and crime awareness campaign in the KwaZulu-Natal province, as saying: "As Africans long before the arrival of religion and [the] gospel, we had our own ways of doing things. Those were times that the religious people refer to as dark days but we know that during those times, there were no orphan [age]s or old age homes. Christianity has brought along these things (Smith 2011).

What is so wrong with the orphanages and old-age homes that Christianity has brought to the region? Today, most people work in full time employment, and therefore have practically no time to take care of the elderly and orphans, as they did in the past. Are these amenities (orphanages and old-age homes) not something to be thankful for? The South African Council of Churches and opposition political parties castigated the President for his statements, statements which displayed gross disregard for the role of Christian Churches in the liberation of South Africa. South Africa is however a democratic country in which freedom of speech is guaranteed. Christianity has indeed made a mark which keeps people talking.

From President Zuma's critical utterances and defense offered in favour of Christianity, it is clear that the influence of Christianity on Africans' lives is extremely significant. This influence is undoubtedly the result of the phenomenal growth of Christianity experienced in sub-Saharan Africa. In a number of countries, business and religion are interrelated both in terms of holidays as well as the legal and commercial contracts. Religion also implies that the manner in which business is carried out differs, as well as the products that can be sold. The above aspects of culture as advanced by the Dubai Export Development Corporation are pertinent for South African SMEs, especially those that seek to enter the export market.

6.9 Relationships with Banks.

One of the research findings is that relationships between banks and small businesses in the country are poor. Banks regard small businesses as high risk and that they need to produce relevant collateral security in order to obtain finance. On the other hand, small businesses believe that banks are generally not interested in funding or assisting them. Further, there is the view that banks are out to exploit and make huge profits.

Of the five large banks which were interviewed for this study, one of them clearly does not entertain applications for funding from small businesses. The bank prefers to fund in the personal name of the business owner who should open an insured bank account for funding up to R250000, The other two banks do not fund innovation projects in manufacturing, engineering and transport unless they are guaranteed.

There is certainly a need to improve the relationships between banks and small business. It is notable though that some of the banks undertake training for small businesses and provide online Business Plans.

However, regarding equity financing, most banks provide this product effectively although many emerging small entrepreneurs find it difficult to separate their personal finances from and as a result, the issue of appropriate non-bank financial support remains critical.

6.9.1 What is the experience of commercial banks in funding small businesses?

Commercial Banks are traditionally very secretive on their lending, activities. This is more especially when they lend to the risky small business sector. Accordingly there is paucity of information regarding commercial bank lending in South Africa. Only estimates like the ones in Table 6.3 below are available.

Table 6.2 **Estimates of the main Bank's SME book**

	Standard Bank	Nedbank	Absa	FNB	Total
SME clients	360000	N/a	17000	N/a	
Non-borrowers	226800	N/a	N/a	N/a	370000
Borrowers	133200	N/a	N/a	N/a	
Total book***	R5bn	R5-8bn	R3-7bn	R2-4bn	R20bn
Average Loan size	R39038	N/a	R47058	N/a	R54000
Market share	Share%	33%	20%	13%	100%

Source: Presentation to the Parliament Portfolio Committee-2000

Note:

- Exposure approximates to 5 percent of total bank exposure excluding mortgages and credit cards (South African Banking Council) is R20 billion.
- Approximately 68 million (Khula Annual Report) exposure to commercial banks is guaranteed by Khula.
- Between 16 percent and 40 percent of the estimated number(370000) of SMEs in the country borrowed.
- Statistics show an average loan size of R54000, it is believed that, of the 370000 borrowers, only 18 percent (i.e. some 66000) borrow above R50000

6.9.2 Do commercial banks have the capacity for debt financing?

Provision of debt finance is not the prerogative of commercial banks alone in the country. There are other non-banking intermediaries who offer competition to banks regarding debt finance. However, a relationship between banks and small lenders appears to have been forged. An arrangement whereby commercial banks are prepared to refinance small registered lenders seems to be underway with a view to reducing the traditional fragmentation between banks and non bank lenders. There is a need though, to instituted changes in the regulatory environment to allow such integration and improve relationships. Banks are ostensibly increasing their lending activities to SMEs although they still remain secretive about the said activities. The emphasis on collateral security as a lending requirement tends to affect relationships between banks and SMEs as already discussed above.

Gradually, most banks are getting engaged in training SMEs on how to run their businesses efficiently. This is an attempt to reduce the cost of lending which may improve the poor relationships in the future. There is need for continued research on how to manage the cost of lending and reduce small business risk of borrowing.

6.9.3 The burden of Bank charges for SMEs

Table 6.3 Bank charges for small businesses

	Bank charges to Turnover (%)	Bank charges to Gross margin (%)	Bank charges to 'freemargin' after payment of rent and employees)
Lowest	0,2%	0,6%	1.1%
Highest	1.4%	4.4%	8.6%
Average	0,8%	1.9%	3.3%

Source: Berry et al 2002:75

Small businesses privately complain about the high bank charges. Where they do not directly approach banks to voice their complaints, they avoid borrowing and this ultimately affects development and growth of small businesses. This situation is aggravated by the fact that small businesses in the country are less innovative (Berry, von Blottnitz, Cassim & Kesper, 2002:75) than most other countries. The lack of innovation affects exports since most local SMEs concentrate in wholesale and retail businesses.

High bank fees represent a significant strain on small business growth efforts. Small businesses battle under low sales turnover and reduced margins in order to compete with large companies. Small businesses need to be efficient and keep administrative costs low if they are to maintain sufficient profitability.

6.10 Corruption

Corruption distorts markets and increases costs for companies and ultimately for consumers. This crime remains a significant problem for tens of thousands of businesses globally, particularly small firms which often have little choice, but to use corrupt practices for market survival. However, the private sector can play a powerful role by rejecting corruption and embracing fair and transparent practices that create a level-playing field for everyone (Univenna, 2013).

Wraag et al (2009:5), define corruption as ‘the abuse of entrusted power for private gain,’ ‘an inducement to show favour,’ ‘the perversion of destruction of integrity in the discharge of public duties by bribery of favour’ and ‘the use or existence of corrupt practices especially in a state or public corporation. These authors further defined bribery as ‘the payment in money or in kind that is given or taken in a corrupt relationship’ (Wraag, 2009:5). However, World bank (2000) defines corruption as the abuse of public office for private gain.

Corruption is an enemy, that attacks all countries and its harmful impact is clearly evident. It affects markets and competition, causes mistrust amongst the citizenry of a country, erodes the rule of law, destroys government legality and compromise the integrity of SMEs (Burger and Holland, 2006). Corruption is a disease similar to cancer which impedes cultural, economic and political development of any country and destroys the functioning of several organs of the governments (Mohammed, 2013; Odi, 2014). Conventionally, corruption is understood and referred to as the private wealth-seeking behaviour of someone who represents the state and the public authority or as the misuse of public officials for private benefits. Corruption is principally a governance issue, perceived as a failure of institutions and a lack of capacity to manage society by means of a framework of social, judicial, political and economic checks and balances. It is an evil, certainly universal, but more wide spread in developing countries because conditions favour it. The urge for gain is extremely strong and exacerbated by poverty.

Corruption among SMEs has received heighten attention in the recent past. This is because a number of limited studies have been focused on determining, if corruption negatively or positively affects SMEs by either throwing sand or greasing the wheels of commerce

(Mendoza, et al 2013). One of the most destructive practices of corruption aimed at SMEs is governmental corruption which exclusively concerns the public sector. Subsequently, the impact of corruption on SMEs regardless of the sector they belong rest on the degree on which the government involves in the individual sector (UNIDO and UNODC, 2007).

Corruption affects us all. It threatens sustainable economic development, ethical values and justice: it destabilizes society and endangers the rule of law. It undermines the institutions and values of our democracy. But, because public policies and public resources are largely beneficial to poor people, it is they who suffer the harmful effects of corruption most grievously.

Many acts of corruption deprive citizens of their constitutional and their human rights. To be dependent on the government for housing, healthcare, education, security and welfare, makes the poor most vulnerable to corruption since it stalls service delivery. Delays in infrastructure development, poor building quality and layers of additional costs are all consequences of corruption. SMEs face difficulties in the form of requests for unofficial payments from natural monopolies or ‘network industries.’ These bodies are usually public services responsible for the supply of utilities. SMEs make additional payments to get things done much more frequently than large companies. They pay a much higher percentage of their annual revenues in bribes to public officials than large companies.

A number of Banks/Funding Institutions have complained of rampant corruption by civil servants who demand a percentage from tendering SMEs so that they can win the concerned tender (s). There is need to discourage such activities and stop corruption at all costs by both the South African government and eThekweni Municipality. Civil servants engaged in such corruption should be arrested and dismissed from employment when discovered conducting corrupt activities.

6.11 Education

It is an age old question: Does your level of education determine the success of your business?

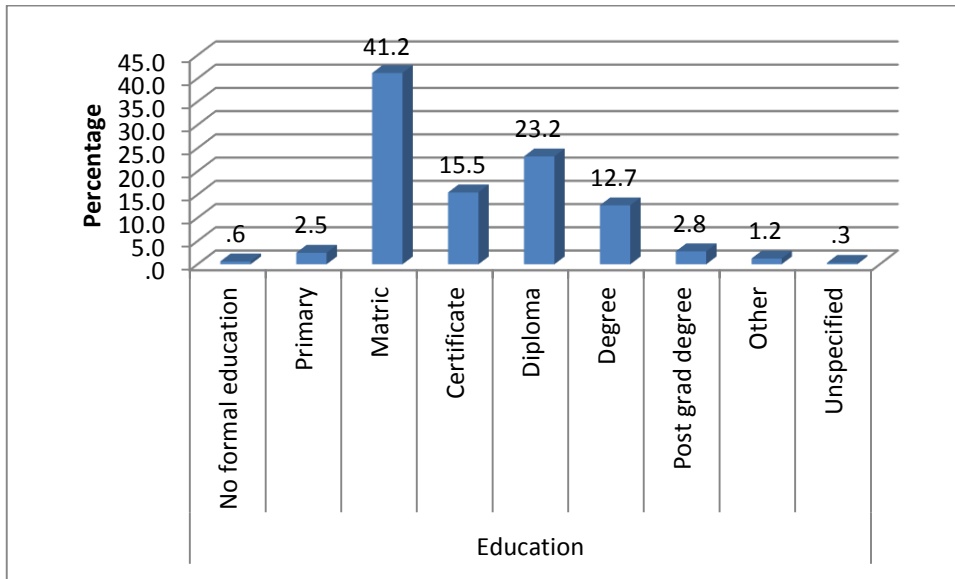


Figure 6.2 Does Education determine business success?

Figure 6.2 shows that 96.90% of respondents have Matriculation and above educational qualifications. There is an indication of a positive link between flourishing SMEs in South Africa and education and training.

There is little doubt that education contributes towards your social capital, opening up a world of career opportunities and networking contacts.

According to Brijlal et al (2003), there is a positive relationship between the level of education of business owners and their respective business abilities to increase business growth. There were no significant differences between men and women in relation to business growth.

According to the recent SIMODISA report on the top 25 constraints to entrepreneurship, there is still ‘inadequate formal entrepreneurship exposure and education.’ Internationally, formal education systems play a pertinent role in furthering the culture of entrepreneurship and positioning this as a viable career path. South Africa needs to do more to include entrepreneurship in the school curriculum starting at a young age. Its current absence is stifling the foundational growth of entrepreneurial culture.

Education has always been a top development priority for both the government and the private sector with education spending in South Africa reaching 5 to 6 percent of the GDP (OECD, 2008)

6.11.1 Education the backbone of developing countries

Education is the backbone of developing countries. Developing countries like South Africa should understand the importance of education and develop a sound educational system, Sustainable development of the economy and society is closely related to education. The most important resource of a nation is its human-capital. The challenge for South Africa is clear. But so is the solution: evidence shows-consistently, and over time- that countries and continents that invest heavily in education and skills benefit economically and socially from that choice (Pouris & Inglesi-Lotz 2014). For every rand invested in attaining high-skilled qualifications, taxpayers get even more money back through economic growth. Moreover, this investment provides tangible benefits to all of society-and not just to the individuals who benefit from the greater educational opportunities. The Department of Higher Education and Training is in the process of adjusting the funding formula for universities. It may be a unique opportunity for the country to recognize the benefits that higher education institutions offer to the country and make appropriate decisions (Pouris & Inglesi-Lotz, 2014)

Educated people have more understanding of themselves and of the others. They have the ability to become entrepreneurs, scientists and agriculturists. The world of today is driven by information. Technology and education in this field may become a deciding factor for the future economic development of developing countries.

Educated people promote equality of opportunity. Any privilege, when based on merit alone, is bound to be more moral because it has to justify no unmerited privilege, advocate no ethical system which promotes class-feeling on social snobbery and defend nothing, which is unjust or ethically wrong. The aims of education, whatever the social system, must be not only disseminate knowledge, but also stimulate the questioning spirit.

According to Vallabh & Mhlanga (2015:1), the highest percentages of early-stage entrepreneurs in South Africa have at least some secondary education or a secondary degree. An educate work force is vital to organizations' competitiveness, productivity and growth. A good quality education system has a positive influence on an individual's self-efficacy and self-confidence, thereby increasing the chances of such individuals starting a business and making it successful. Even small changes in education and training can have big positive impact and significantly improve the entrepreneurial climate. Over and above the educational requirements for entrepreneurship, it is necessary for this researcher to advance the following recommendations:

- South Africa must establish a nationwide network of walk-in centers to support entrepreneurs, especially informal and small businesses.
- There needs to be a greater focus on entrepreneurship and entrepreneurial qualities in all phases of the educational and training system.
- There needs to be increased investment in entrepreneurship training, programmes and replication of successful privately sponsored models.

Educational institutions cannot produce saints. But they can certainly inculcate among students respect for spiritual and ethical values and make them understand that the promotion of human welfare, not self-aggrandizement, is the end of life. No man, however brilliant, however gifted, can be considered truly cultured unless he identifies himself with the well being of others, unless he has the passion to make the Kingdom of God prevail on earth.

It is therefore, important for South Africa to review and revamp its educational system, both primary and tertiary. The 'Fees Must Fall' to be handled carefully and provision for opportunities for young South Africans to embark on innovative entrepreneurship projects should be encouraged. Universities should expedite commercialization of patents into marketable entrepreneurial projects with a bid to promote entrepreneurship in the country. Internationalization of SMEs by training them on how to market their products in foreign countries will enhance foreign exchange earnings and hedge on the fluctuating rand. Banks must be encouraged to fund innovative projects for the many SMEs who are keen to innovate. Government should consider providing guarantees for the innovations as required by some banks in order to reduce the lending risk

6.12 Motivating Factors to go into business

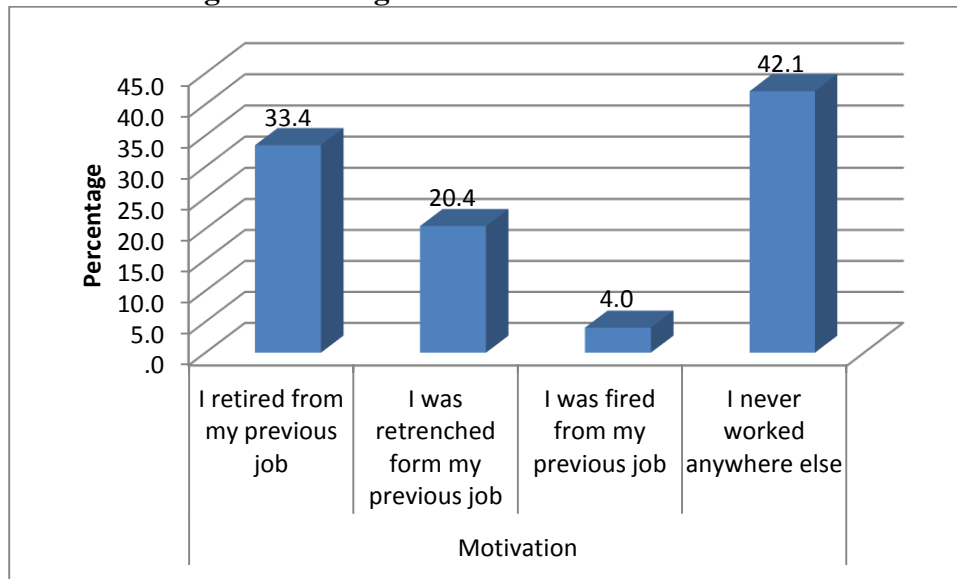


Figure 6.3

It is noted that most respondents (42.1%) never worked anywhere. They embarked on entrepreneurship without prior experience. Another big percentage (33.4%) of respondents, had retired from their previous employment.

Self-employment is a form of labour market status which may encompass a wide range of different activity (Dawson et al, 2009). Self-employment may comprise a far less desirable start chosen reluctantly by individuals unable to find appropriate paid employment under current labour market condition. This may be the exact situation in South Africa, where unemployment is more than 27 percent. Many people may be pushed into entrepreneurship by Pull Factors as discussed in Chapter Two. For some, self-employment may be chosen as the only available alternative to unemployment. Indeed in many developing economies, self-employment may be viewed as a form of informal sector employment activity.

To gain an understanding of the 'positive' reasons why individuals might choose to become self-employed in order to venture to a new business, a range of underlying motivations might be considered. These might include, for example, the need for self-expression, for independence, for status, or for pecuniary advantage.

Entrepreneurship is a tough game, and is certainly not meant for those who cannot withstand difficult times. There is more to entrepreneurship and is not just about making money. Of course, one is not saying that one will not make money, but, before money one should have the ability to see difficulties coming one's way. Only those with the ability to anticipate the future are normally able to sail through these difficult times. It is necessary for SMEs to be

passionate about pursuing their vision for their products or services and this will change the way people think and live. All entrepreneurs have their own respective journeys to start their companies. There is no 'one size fits all' theory or strategy that works for everyone who wishes to be an entrepreneur.

However, there are certain peculiar factors that do play a pivotal role in motivating and inspiring people to own a startup.

(a) Passion

One cannot be a lifeless soul, does not believe in anything and neither wishes to believe. An entrepreneur needs to know how to take calculative risks that sometimes, involve a lot of things at stake. The courage of taking risks usually comes from having faith in something and faith usually arises when one has a passion towards something. Success of a company is directly proportional to hard work and perseverance of the owner is, however, passion of the owner that pushes them to work hard. So definitely, passion is a key motivating factor that drives people toward entrepreneurship.

(b) Self-Reliance

One of the biggest problems with working for someone else is that one is almost never given the freedom to solve a problem on his own. It is always about getting permission from higher authorities along with finishing mysterious paper work for the same. Entrepreneurs are very creative people, and they do not want to slow down their creativity for any reasons. It is the sense of freedom, independence, self-reliance that motivates them to entrepreneurship.

(c) Feeling of accomplishment

It is the pride and sense of accomplishment that one feels in offering services to the community that makes one attracted to entrepreneurship. It is about doing the best that you can for your customers striving hard for excellence in all the endeavours that drives them to start a company.

(d) Personal Growth

In real sense, when one runs his own business, one really comes to know what one is made of. The kind of adversities that one faces on a daily basis helps one to become more aware of one as a person and also helps one to grow phenomenally. When one starts working for himself, he may have nobody to fall back on. One has no option but to work on his weaknesses in order to make his business grow.

(e) Sense of Control

A sense of control over things comes across as the most profound reason for being an entrepreneur. Most of the entrepreneurs get fascinated by the sense of immense security that comes in being his own boss. Being an entrepreneur is a great feeling in the world. It, however, lasts only if there is enough passion and determination to succeed. It is not advisable to start a company if one is only passionate about making money.

While passion seems to be the main driver for people venturing into entrepreneurship in developed countries, in developing countries like South Africa, pull factors appear to be the driving force. Governments in developing countries battle to encourage young people to start their own businesses. Most of the respondents in this study indicated that they never worked anywhere and apparently appear to be Indians who join their parents' businesses. In this case, education is not very relevant as indeed was the fact with one Indian respondent who indicated that he/she had an MSC (Master of Shop Counting) and not much of formal education. There is need to expedite and revamp the introduction of Entrepreneurship education in primary and secondary schools and also enhance it in Universities in order to encourage graduate to start their own businesses if unemployment in South Africa is to be reduced.

6.13 Respondents' views on eThekweni as a place to conduct business

Table 6.4

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	An excellent place to conduct business in	156	48.3	48.3	48.3
	A good place to conduct business in	92	28.5	28.5	76.8
	An average place to conduct business in	64	19.8	19.8	96.6
	An unpleasant place to conduct business in	7	2.2	2.2	98.8



Figure 6.4

Respondents regarded eThekweni as an excellent place to conduct business with 48.3 percent of them holding this view and 28.5 percent considering it as a good place to do business. It (eThekweni) is a category A municipality found in the South African province of KwaZulu-Natal. The area is topographically hilly with many gorges and ravines, and almost no true coastal plain. It is the largest city in KwaZulu-Natal and the third largest city in the country. EThekweni is a sophisticated cosmopolitan city of over 3442398 people. The city is known as the home of Africa's best managed busiest port and is also a major centre of tourism because of the city's warm sub-tropical climate and extensive beaches. The hospitality industry consists of many fine hotels, nightclubs, ports, shopping malls, ethnic attractions, traditional villages, craft markets, sparkling dams and big game parks, such as, Mitchell Park where 100 year old Admiral Tortoise is kept. The city also boasts of an International Conference Centre and has recently successfully hosted the World Economic Conference with all the benefits of tourist attraction in the country and increased sales for small business in eThekweni.

This view is, however, only marred by the high crime rate Respondents further believe that eThekweni has a good infrastructure coupled with a good proximity to markets. It is indeed a pleasurable thing to operate business in eThekweni despite the high crime rate already alluded to above. The Municipality should however, consider looking into the high rates pointed out by 21.7 percent of the respondents as per Figure 6.14.2 below. Government should also provide support in the form of increased policing as expressed by 17.6 percent of the respondents as per Figure 6.14.2 below.

Many SMEs suffer a lot of losses through theft, break in and carjacking which becomes rampant at times. The Municipality needs to enhance policing and seek national government assistance to in order to increase security for the business sector and the consuming public.

The city boasts of a clear vision and core values as described below:

Vision: By 2030 eThekweni Municipality will enjoy the reputation of being Africa's most caring and livable city, where all citizens live in harmony.

Core values

Sustainability

Economically successful city

Caring city

Smart city

Poverty reduction and Democratic and Equity city

To facilitate business registration, there is a licensing department within the Municipality.

Business Licensing

The department ensures that all businesses comply with legislation by issuing business licenses in the eThekweni Municipality area. They also conduct inspections and raids. Business owners that do not follow legislation can be prosecuted. The department can also revoke licenses. The licensing department can also call for a tribunal where the complainant will be present and will be given an opportunity to respond. The members will then take a decision.

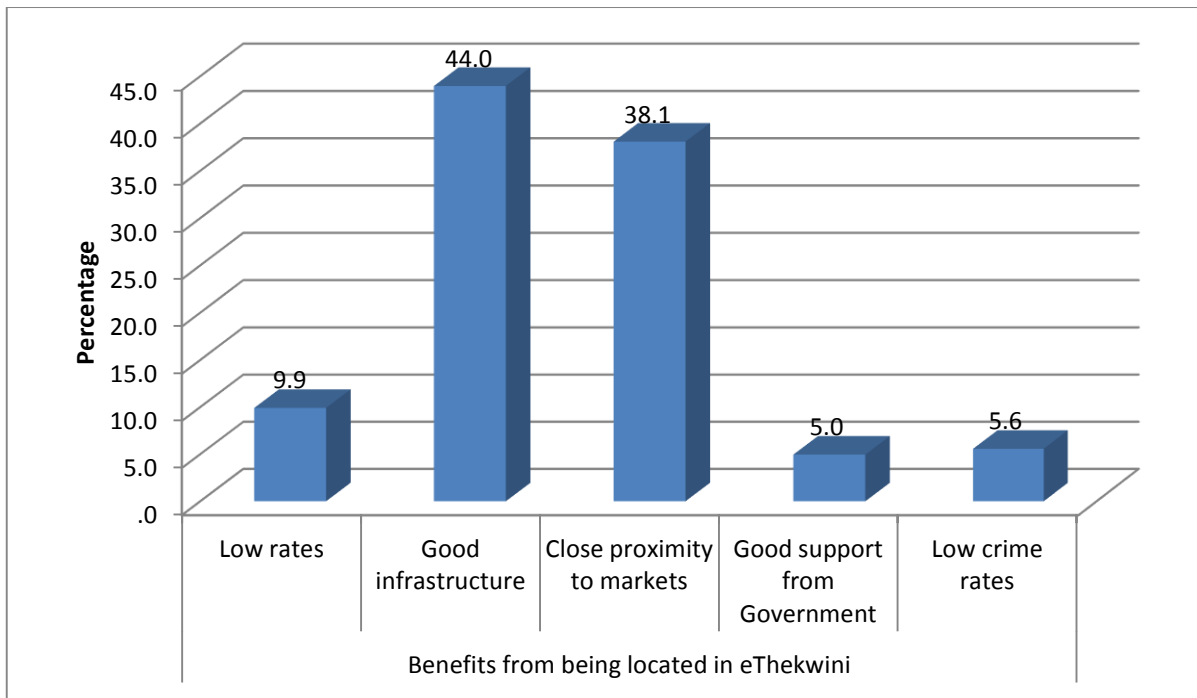


Figure 6.5

A significant number of the sample ranked Infrastructure and proximity to markets as the number 1 benefit ($\chi^2(4) = 226.357, p < .005$); while the high crime rate was ranked the number 1 difficulty by a significant number of the sample ($\chi^2(4) = 156.123, p < .0005$).

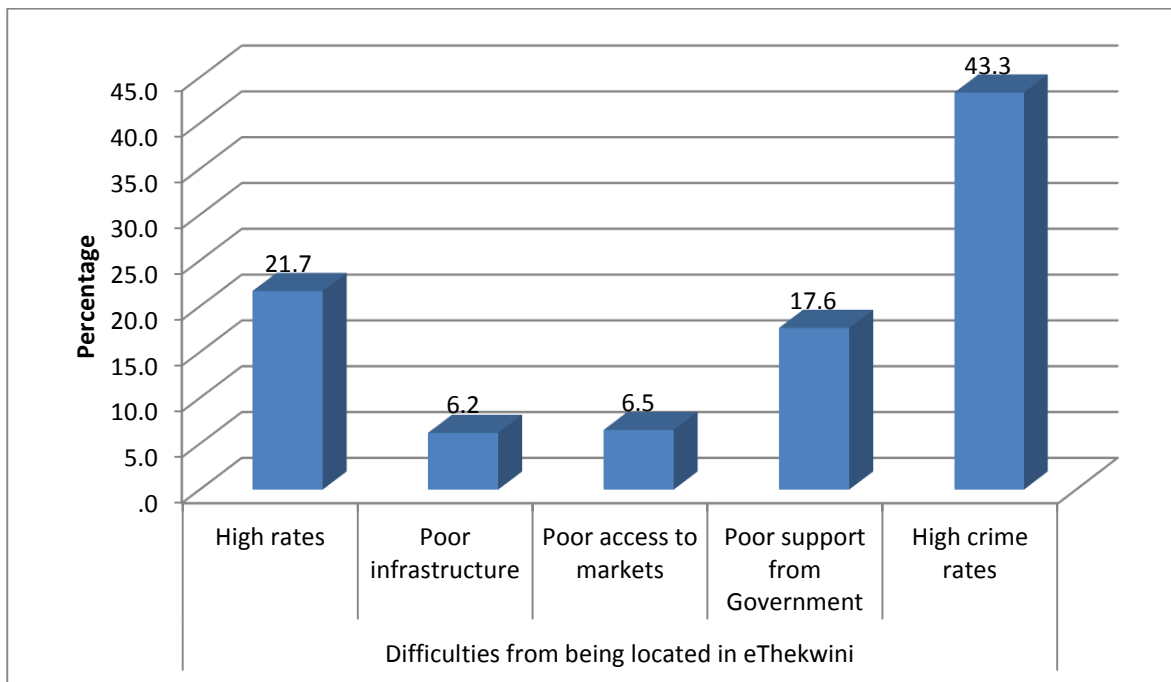


Figure 6.6

6.14 Respondents' description of their respective businesses

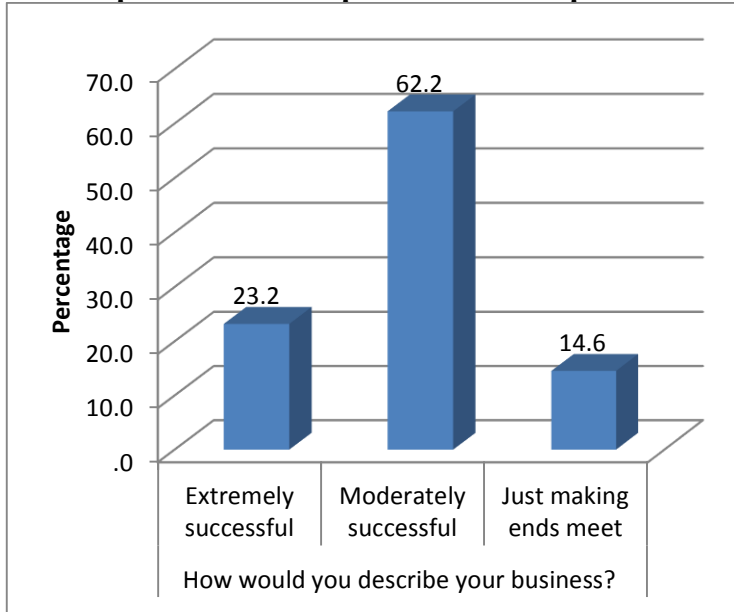


Figure 6.7

Majority of respondents (62.2 percent) or 201 out of 323 regard their businesses as being moderately successful. This situation, is despite the fact that eThekweni is considered to be an excellent place to conduct business with close proximity to markets as discussed in section 6.14 above. It has to be born in mind that the majority of respondents (67.8 percent) employ less than 10 people. A major finding showed a positive correlation between the number of employees and turnover as already discussed above. It is clear therefore, that most SMEs may not be keen to employ more people or are in business to provide employment for the owner/managers and a few who they can employ. This certainly goes against growth and employment creation sought by the South African government.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	0-10	219	67.8	67.8	67.8
	11-50	85	26.3	26.3	94.1
	51-200	19	5.9	5.9	100.0
	Total	323	100.0	100.0	

There is need to find ways to encourage SMEs to employ more people, perhaps by offering incentives for sales and employment growth. Otherwise, majority of SMEs can just be established for serving the individual needs of owners/managers. The envisaged Growth Taxonomy shown below shows the importance of various variables as ranked by respondents. There is need to watch

the impact of competition from Chinese companies. The South African Government and eThekweni Municipality have to restrain entrance of Chinese companies that come in to thwart local SME growth and development.

6.15 Growth Taxonomy for SMEs in eThekweni Municipality Area.

The Growth Taxonomy indicated in Figure 6.16 below, has been designed to incorporate the basic building blocks for a growth taxonomy for SMEs in eThekweni Municipality. As discussed in Chapter One, the building blocks are to answer the Research Questions:

- (1) What are the building blocks to a growth taxonomy which are exhibited by growth oriented SMEs in eThekweni Municipal Area?
- (2) Do culture and religious beliefs constitute building blocks to the growth taxonomy for SMEs in eThekweni Municipal Area?
- (3) How does attitude to innovation and networking comprise the building blocks to the growth taxonomy for SMEs in eThekweni Municipal Area?
- (4) What are the other factors deduced from research findings contribute to building blocks of the growth taxonomy for SMEs in eThekweni Municipality?

Respondents clearly brought out eight building blocks, namely, Innovation, the Business Plan, Training, Culture and Employees, Networking, Religious Beliefs, Relationships with Banks and Corruption. It is necessary to briefly explain the building blocks as already detailed in Chapter Five. A visual/diagrammatic representation of the growth taxonomy has been depicted below.

Major and other Building Blocks (As discussed in Chapter Five)

Major Building Blocks+	Other Building Blocks++
3. Innovation	Market exposure
4. The Business Plan	Sharing information
3. Training	Negotiation skills
4 Culture and employees	eThekweni Municipality
5. Networking	South African Government
6. Religious Beliefs	Diaspora Entrepreneurship*
7. Relationships with Banks	Competitive Intelligence**
8. Corruption	Competitive SMEs-a typology***

+As per respondents' rankings

++ Deduced from respondents' responses

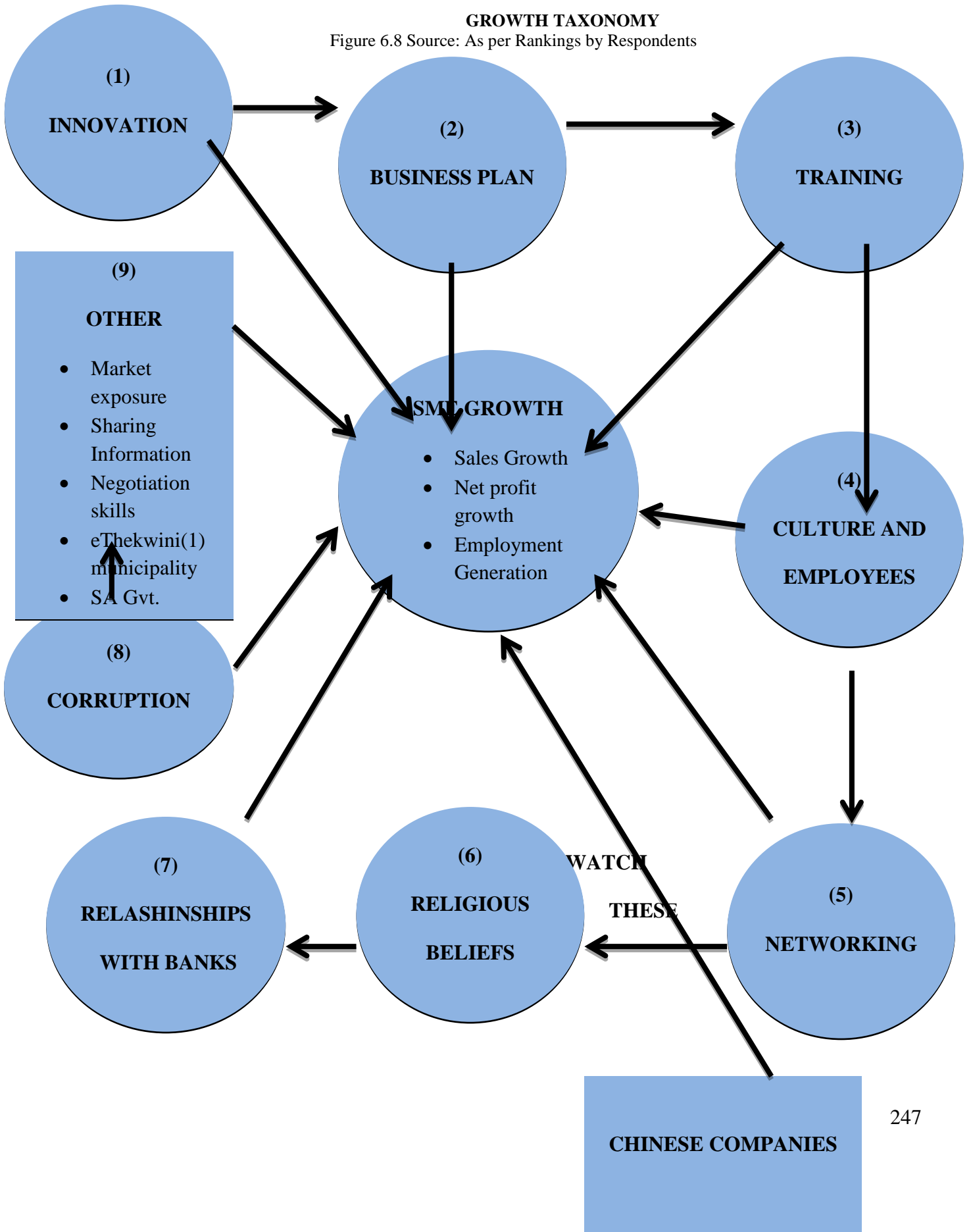
*From Literature Review in Chapter Two-a Push Factor represented by the Chinese Businesses

** From Literature Review in Chapter Two- The SMEs in Turkey-akin to networking.

*** Government to identify competitive SMEs and help them to grow.

GROWTH TAXONOMY

Figure 6.8 Source: As per Rankings by Respondents



Each element of the Growth Taxonomy is briefly explained below:

6.15.1 Innovation

Innovation needs to have novelty associated with it, creating something new but also thereby generating value in the process. Innovation=Creativity + Risk-Taking. Most banks in South Africa are hesitant to fund innovative projects in the manufacturing and transport sector. SME respondents in this study, however, ranked innovation as number one and are keen to embark on innovative projects. Banks, however, insist on guarantors if they are to fund such projects.

6.15.2 The Business Plan

Planning is a key to any business throughout its existence. Every successful business regularly reviews its business plan to ensure it continues to meet its needs. According to Standard Bank, most potential investors want to see a business plan before they consider funding options for a business. A good Business Plan should set the course of a business over its lifespan in addition to enabling the business to source funding from a bank or any potential lender.

6.15.3 Training

This has been discussed extensively in Chapter Five. It is briefly explained here to show its inclusion in the growth taxonomy below. A significant component of the building blocks for small businesses in eThekweni, training is a planned effort by an organisation to enable employees to acquire certain job related competencies such as knowledge, skills or behaviours that are essential for positive job performance.

6.15.4 Culture and Employees

Businesses will do well to remember that consumers in different locations and cultures are influenced by their economies, values, attitudes and preferences. This influences what customers buy, why they buy, how they buy, when they buy, how they buy, when they buy and where they buy? Organisational culture helps to keep employees motivated and loyal to the management of the organisation.

6.15.5 Networking

Business networking is leveraging one's business and personal connections to bring a regular supply of new business. Networking involves relationship building and depends on the concept that business runs on networks of people-talking to each other, learning from each other and doing business together.

6.15.6 Religious beliefs

Religion and culture play a significant role in the lives of many individuals. As discussed under section 5.20.1 in Chapter Five above, religion and religious beliefs help reduce crime rate and that this augurs well for a country like South Africa where crime rate is very high.

6.15.7 Relationships with Banks

In most countries, the commercial banking sector is still the main source of external finance for SMEs. It is important, therefore, for the commercial banking sector to develop viable and sustainable means of extending credit to the SME sector. In South Africa, SMEs from rural areas have a very poor understanding of services commercial banks offer and understanding of bank loan procedures. Commercial Banks need to satisfy themselves of the SMEs ability and capability to repay the loan sought. SMEs are considered high risk and due to insufficient assets, low capitalization, lack of collateral and vulnerability to conditions. There were only 55 (17%) of the respondent SMEs accessed services from banks because of poor relationships.

6.15.8 Corruption

The last variable in the growth taxonomy, corruption impairs growth of small businesses when they are asked to pay for bribery in order to win tenders. Amounts to be paid are sometimes as high as 10 percent of the cost of the tendered service. In the country has become a cancer which has affected economic growth and is rife at the top echelons of government and State Owned Enterprises.

6.15.9 Diaspora Entrepreneurship- the case for Chinese Companies

Push factors resulting from difficult conditions in China such as high cost of living and smoke emission have forced Chinese to relocate and reside in foreign countries mostly to Africa as Diaspora entrepreneurs. In South Africa, for example, private Chinese SME participation accounts for 90% coupled with a 10% State ownership of business. The result is to make operating conditions for local SMEs very tough and in many cases, they are pushed out of business. In developing the growth taxonomy for SMEs in eThekweni, China was seen as an important player impacting on growth of local small businesses-hence their inclusion as a factor in the framework.

Private Chinese Firms in 8 African countries as already discussed in Table 2.4 are as shown below:

	Nigeria	Tanzania	Cote d'Ivoire	Ethiopia	South Africa	Zambia	Kenya	Angola
Private	95	92	90	90	90	90	80	75
State owned	5	8	10	10	10	10	20	25

While South Africa is together with China in BRICS (Brazil, Russia, India, China and South Africa) there is need to guard wholesale influx of Chinese companies in the country and eThekweni in particular so that the other building blocks of the taxonomy can operate effectively to promote growth and development of SMEs in eThekweni. A survey conducted by McKinsey and Company (June 2017) noted the following about the impact of Chinese Companies in Africa:

- Chinese construction contractors command around 50 percent of Africa’s international engineering, procurement and construction (EPC) market.
- By value, only 47 of the Chinese firms’ sourcing were from local African firms, representing a lost opportunity for local firms to benefit from Chinese investment.
- Only 44 percent of local managers at the Chinese-owned companies surveyed were African, though some Chinese firms have driven their local managerial employment above 80 percent. Other firms could follow suit.
- Africa-China trade increased from \$13 billion in 2001 to \$188 billion in 2015-an average annual growth rate of 21 percent.
- FDI (Foreign Direct Investment) has grown even faster, from \$1 billion in 2004 to \$35 billion in 2015, representing a breakneck average annual growth rate of 40 percent.
- There have been instances of labour and environmental violations by Chinese-owned businesses. These range from inhumane working conditions to illegal extraction of natural resources including timber and fish. It is notable that when Julius Nyerere asked the Chinese Government to help Tanzania to build a railway, Mao told Nyerere that, “To help you build the railway, we are willing to forsake building railways for ourselves.” (McKinsey & Company, 2017:18). According to the survey by McKinsey and Company, there now 10000 Chinese firms in Africa with 90 percent of them being private owned 74 percent of them being very optimistic about future conditions in Africa. In other words, they have made long-term capital investment and intend to expand into five more sectors, namely, Agriculture, Banking and Insurance, Housing, ICT and telecommunications and Transport and logistics. The impact on the growth of SMEs in Africa in general and South Africa in particular is severe and there is need for the government to institute protective measu

6.15.10 Others

The Government of South Africa and eThekweni Municipality have a key role in promoting the centre SME GROWTH. The national government has a role to ‘watch’ and protect local growth factors, namely, Sales Growth, Net Profit Growth and Employment Generation from external competition that can impede growth. The main competitors and challenges to SME growth in eThekweni in particular and South Africa in general are the Chinese Companies. These Companies represent the Diaspora Entrepreneurship as discussed under the Typology of Diaspora Entrepreneurship in Chapter Two.

At a Policy level, both The South African Government and eThekweni Municipality need to abide by the three aspects as indicated in Table 1.3.3, namely, (a) **Policy goals** whereby they should try to entice the right people to become entrepreneurs and increase the growth of entrepreneur firms, (b) **Resource Provision** by enabling R&D, loans and innovation growth business angel finance, venture finance and IPOs and (c) **Regulatory Emphasis** through removing bottlenecks to entrepreneurial firm growth and smooth compliance requirements for growing firms.

CONCLUSION

This Chapter explored the impact of Chinese companies on the growth of African businesses in general and South African SMEs in particular. A visual/diagrammatic taxonomy was presented showing the impact of various building blocks on the growth of SMEs in eThekweni Municipality. The building blocks resulted from respondents’ ranking of questions and variables put to them in a questionnaire. Innovation topped the list and happens to be synonymous with rankings in countries like USA and Turkey through the Competitive Intelligence Typology discussed in Chapter Two. The next Chapter summarises research findings and then makes recommendations, points out limitations of this study and proceeds to make conclusions on the entire study.

CHAPTER SEVEN

RECOMMENDATIONS, LIMITATIONS AND CONCLUSION

7.0 INTRODUCTION

This Chapter summarises and explains the findings of this study and makes recommendations based on the findings linking back to the Research Questions. The Chapter further brings out the contribution of the study, points out the limitations, makes suggestions for possible further research and presents conclusions on the entire research project.

7.1 Summary of Research Findings

This section discusses briefly each of the research findings as already explained in Chapter Five. The intention is to enable recommendations to be drawn and made from such a summary and discussion.

7.1.1 Finding 1 –The Building Blocks to a Growth Taxonomy.

While there could be many building blocks to a growth taxonomy for this study, a limit was made to responses by respondents. In addition, reference was made to some typologies in Chapter Two after which, a few of those typologies were found to be relevant to this study. In answer to the Research Questions, two sets of Building Blocks emerged as indicated in Table 5.1 above and are presented below: Literature Review revealed the Diaspora Entrepreneurship and Competitive SMEs typology as shown in summary.

A Summary of Building Blocks to a growth taxonomy

Major and other Building Blocks

Major Building Blocks+	Other Building Blocks++
1. Innovation	Market exposure
2. The Business Plan	Sharing information
3. Training	Negotiation skills
4. Culture and employees	eThekwini Municipality
5. Networking	South African Government
6. Religious Beliefs	Diaspora Entrepreneurship*
7. Relationships with Banks	Competitive Intelligence**
8. Corruption	Competitive SMEs-a typology***

+As per respondents' rankings

++ Deduced from respondents' responses

*From Literature Review in Chapter Two-a Push Factor represented by the Chinese Businesses

** From Literature Review in Chapter Two- The SMEs in Turkey-akin to networking.

*** Government to identify competitive SMEs and help them to grow.

While the major building blocks have been discussed extensively in Chapters Two and Four, it is pertinent to revisit Innovation, Religious Beliefs and Relationships with banks. Innovation is

regarded as being synonymous with technology in USA and that no development can ensue without innovation. Innovation entails risk-taking. Innovation=Creativity + Risk-Taking. Surprisingly, however, in eThekweni, most of the major Five Banks with whom semi-structured interviews were held, indicated unwillingness to fund innovative projects in the manufacturing and transport sectors unless these were guaranteed by government.

Concerning Religious beliefs, Durban has a high number of Moslems owned businesses particularly in the Over port and Springfield areas. Most retail shops close an hour earlier than lunch time on Wednesday to enable owners to go to mosques for prayers. In some places, this practice has become a daily occurrence and the owners do not seem concerned about loss of revenue during this time.

Most Banks in eThekweni and South Africa in general, regard SMEs as high risk businesses. They require collateral security to enable them to lend to SMEs. In fact one of the major banks goes as far as demanding that the SME business owner who may require a loan, opens an account in his/her own personal name and cede a life assurance policy as security for the borrowed money. The bank only affords loans to a maximum of R250000 (two hundred and fifty thousand rands) which unfortunately, does not buy much for the SME owner's business.

7.1.2 Finding 2-More Males than Females in Business in eThekweni

Despite the fact that 40% of households are headed by women in eThekweni as per the Municipality's statistics discussed in Chapter One and that there are 100 females to 95.6% males in the area, there are more males in business than females. In fact, most banks hold women with a high degree of disdain when it comes to conducting personal businesses. Many women end up in the informal sector- selling small items for survival. A woman apparently has to put more effort to convince the banker to land her money-more particularly a black woman, as women are still perceptually regarded as minors, to an extent, by banks.

7.1.3 Finding 3- Marital Status and Business in eThekweni

The divorce rate is going up the world over as already discussed in Chapter Two and eThekweni is no exception. Professional women are quick to file for divorce the same as men in high management positions. It is normal to find many SME businesses in eThekweni run by divorced owners employing not more than ten people. The impact on the family and culture tends to be high and hence some people tend to argue that money is not everything. One needs to go home and relax with family. It is argued that most of the divorcees spend a lot of their time drinking beer-not that beer is bad, but some health experts may argue that too much of it may have an effect on one's health.

7.1.4 Finding 4 -Age in Business in eThekwini

As discussed in Chapter Five, up to 50% of SME owners could be considered to be young people. This is because of the unemployment situation in the country. Most people are pushed into entrepreneurship for survival purposes. The result is that once in business, they do not focus on growth and employment but on personal survival. Because of this, majority of young people and school-leavers remain unemployed if they fail to be absorbed in the Public sector. Perhaps the Competitive SMEs typology discussed in Chapter Two, where government should identify successful entrepreneurs and help them to grow might be an option. It might not be a good thing to expect everyone to be an entrepreneur.

7.1.5 Finding 5-Race and Business in eThekwini

In eThekwini, most businesses are owned by Indians. This is confirmed by the this study where 44.5% of the respondent SMEs are Indians (almost half), despite the fact that Indians only constitute 16.7% of the total eThekwini population (see eThekwini population statistics in Chapter One). In Chapter Two, the Family Business typology shows that the Indian family business is transitioning and allowing external leadership to take over, though at a very slow pace. One possible explanation for the high Indian ownership of business in eThekwini could be the fact that they are attracted into business by pull factors. They grow into their family businesses sometimes without necessarily acquiring high degree, but with a wealth of experience.

7.1.6 Finding 6- Most prevalent Business Sector(s) in eThekwini

The most prevalent business sector according to respondents in this study is the Retail sector at 25.4% followed by Manufacturing (17%), Automotive (15.5%) and ICT and Electronics (6.2%). However, the top five upcoming business sectors in eThekwini (see section 4.84.1) are respectively; Education, Manufacturing, Tourism, Mining and Infrastructure at large. It is clear that Retail is not one of the upcoming/profitable business sectors and yet majority of SMEs in eThekwini prefer it. The reason could be that it may be ease to start and run a retail shop and perhaps also ease to exit the sector. Another reason could be the Banks' funding attitude towards funding innovative projects in manufacturing, mining and tourism as discussed in Chapter Four. As a result, most SMEs in eThekwini seem to be confined to the Retail sector where they may not make high returns but survive all the same and not employ many people in the process.

7.1.7 Finding 7- Positive Correlations.

This study found that there is a positive correlation between the number of employees and monthly turnover. In other words, the more people a business employs the more sales it makes. This finding was confirmed by SAICA in their 2016 annual study as discussed in Chapter Four above.

The study further found out that there is also a positive correlation between monthly turnover and average year spent by an entrepreneur in business. This is perhaps a result of the learning curve effect. As the business owner gains experience overtime in business, more sales are generated.

7.1.8 Finding 8- Commercialization of innovative patents by South African Universities

Universities in eThekweni and South Africa in general carry out research and register a number of patents which in many cases remain in the drawer and not commercialized. In the main, this does not promote business growth. Universities should be encouraged to commercialize their patents and help train industry and commerce to run business in the areas where they have registered the patents. Otherwise, Universities should allow their prominent employees/researchers to undertake consultancy assignments and help promote or commercialize the projects for the benefit of community.

7.1.9 Finding 9- Research and Development (R&D)

The study found that in Africa, South Africa is one of the countries that spend small amounts of their GDP on R&D. Without or little research, it is difficult to be innovative and as already discussed, there is minimal creativity. Growth in business requires elements of risk-taking and creativity. Universities should be assigned prominent roles in this area and government help in implementation of viable research output. In addition, more funds need to be allocated for more Research and Development in the country.

7.1.10 Finding 10- Utilization of the Skills Development Levy by SMEs

The South African Government through the South African Revenue Authority, charges SMEs a 1% Skills Development Levy. SMEs can apply to use this fund to train their employs as a way of skills development in areas beneficial to their respective organizations. Unfortunately, SMEs currently regard this levy as one of those taxes and rarely use it for the purpose for which it is

meant, because they are not well informed. There is need to educate the SMEs through institutions like SEDA or the Universities could also play a significant role in this line.

7.1.11 Finding 11- Foreign Direct Investment (FDI)

South Africa invests huge amounts into China as already discussed in Chapter Two while China reciprocates by investing less in South Africa. This, coupled by the Diaspora Entrepreneurship discussed in finding 13 below further strains small businesses growth in the country and needs a re-look at a policy level.

7.1.12 Finding 12- Impact of High Crime Rates on SME growth in eThekweni.

South Africa has one of the highest crime rates in the world with Johannesburg and Cape Town being some of the notorious crime zones. Durban (in eThekweni) is no exception to crime, and this acts as a deterrent to SME growth and development. Both the South African government and eThekweni Municipality need to find ways to revamp security to enable smooth operations of businesses without being subjected to theft and killings of the highest proportions.

7.1.13 Finding 13- The effect of Diaspora Entrepreneurship on local SMEs growth

The typology of Diaspora Entrepreneurship discussed in Chapter Two is revealing. Push factors in some countries like China where life is extremely costly, forces Chinese to leave the country. They find ways to start small businesses in Africa. In the process, the impact in SMEs in the countries of residence is negative as already discussed in great detail above. Some policy measures need to be put in place to control or limit the rampant inflow of foreigners at the detriment of local growth of small businesses.

7.1.14 Finding 14- Corruption in the Tender process in eThekweni

One of the five major Banks in eThekweni pointed out that there is rampant corruption in the Tender process for SMEs in eThekweni Municipality and the South African Government. SMEs are required by civil servants and Municipal employees to pay up to 10% of the amount tendered as a bribe in order to be awarded the Tender. This amounts to a huge cost for the concerned SME in addition to being unethical business practice.

7.1.15 Finding 15-SMEs in eThekweni prepared to pay for Business Development Services (BDS)

Respondent SMEs in eThekweni are prepared to pay for most Business Development Services offered by established Training providers. The SMEs are keenly interested in paying for: Legal support services, Computer hardware and software services, Accounting services, Quality training and advisory services, Management and business skills training, Financial planning/Business Plans and training in Identification of new markets. These services are handy,

particularly given the fact that Banks require Business Plans and in the taxonomy, they are ranking number two. Training in computer technology is also very necessary given the development in technology and its relationship with innovation as already discussed in Chapter Two.

7.1.16 Finding 16- A high % of SMEs in eThekweni (90.70%) with high sales turnover employ less than 10 people each.

The main problem in this study is unemployment. In eThekweni, 67.80% of respondents or 219 employ less than 10 people each. This is despite that some of the SMEs make more than 1million monthly sales but still employ up to 10 people. It is clear that the main objective of most SMEs is not employment creation but self enrichment. The Competitive SME typology discussed in Chapter Two where Policy Makers need to identify those SMEs with the potential to succeed and employ more people may be necessary to implement in eThekweni and South Africa as a whole in order to solve the unemployment problem.

7.2 Recommendations

The focus of this study was growth. Growth for SMEs helps to solve unemployment challenges in South Africa. The critical elements of growth are both at the Policy and the SME levels. The South African Government needs to focus on Policy goals, Resource provision and Regulatory emphasis. The Competitive typology discussed in Chapter Two may appear hasty for a moment in a country where unemployment is rampant. However, the unemployment problem in South Africa cannot be solved overnight. It requires strategic measures and planning. To identify Competitive SMEs that will survive the vicissitudes of time may be one way to have sustainable growth SMEs that can create more jobs. The survival syndrome as already explained where most of the respondents employ not more than 10 people despite making sales of up to a million rands a month need to be changed. It might be a result of push factors in starting businesses. Of course, it takes time to identify and nurture passionate SMEs who can grow their business and employ more people.

In eThekweni, there is need to reduce bureaucracy in SME business registration by expediting licensing procedures and show friendly attitudes to those who intend to go into business. Ways must be found to encourage Banks to change their attitude to financing SMEs-not seeing them as risky ventures and regard women as prospective successful partners in business.

Universities in eThekweni should play a more active role in promoting SMEs through training. The SMEs are prepared to pay for business development services as explained already in the study. Commercialization of patents should be expedited. In addition, Universities should assist

in designing Entrepreneurship courses both at tertiary and secondary school levels with the assistance of eThekweni Municipality and the South African government.

At a Policy level, there is need to put some controls on Diaspora Entrepreneurship, allowing local SMEs to participate without too much external competition. Foreign Direct Investment into China needs to be reviewed. It is beneficial to assist local SMEs instead and help them to market their manufactured products abroad. Increasingly, both eThekweni Municipality and the South African government need to encourage beneficiation of local products and refrain from exporting unprocessed raw materials which come back later in the country as finished products at the detriment of local small businesses.

Research and Development is a key measure to continued small business growth and development. Both eThekweni Municipality the government should increase the budget for R & D with no hesitation. Encouragement for SMEs to utilize the Skills Development Levy should be made by tasking SEDA and such other institutions to publicize the same.

Corruption in the tender process as discussed above need to be stopped and ways to promote ethical business practice found. In addition, there is need to deploy more Municipal Police and members of the South African Police Services in order to reduce the high crime rate in the country.

It is necessary for Government to find ways to incentivize SMEs so that they can employ more people given the positive correlation as discussed above and the money making motive just identified. Incentives could be in the form of reduction in tax or other export promotion incentives for the concerned SME where possible to emulate the Estonian example discussed in Chapter Six.

7.3 Contribution of the study

This study managed to establish building blocks for SME growth in eThekweni in particular and South Africa in general and designed a Growth Taxonomy in Chapter Six. Most important among the building blocks is innovation. Innovation is regarded as synonymous with technology in developed countries like USA, Turkey and the entire European countries. Without Innovation, there can be no creativity in business and small businesses in eThekweni need to be creative if more jobs are to be created.

The role of a Business Plan cannot be over emphasized. Without a plan, one plans to fail and it is on the basis of a well crafted business plan that Banks lend money. Banks can determine the potential success for SMEs from a properly designed Business Plans. The study identified that

there are very poor relationships between most Banks in South Africa and SMEs. However, it is clear that Banks are prepared to lend to SMEs for innovative projects provided that these are guaranteed by government. In order to create more employment in the country, it is necessary for both eThekweni Municipality and the government to seriously consider guarantying successful SMEs so that they can get business finance from Banks. The study further identified that Universities in eThekweni and South Africa register a number of patents without commercializing the same. Commercialization of patents needs to be expedited and Universities need to play a more positive role in training, research and development with a view to encourage more growth of SMEs in eThekweni and the country at large.

Another significant contribution of this study is the identification of idle funds by way of the Skills Development Levy. Each SME is charged a 1 % levy which sits at SARS because SMEs are not aware of how to use the funds and yet they can access these funds to train their employees. Instead, SMEs regard this levy as one of those taxes and yet this is a valuable funding source for developing employees for SMEs.

The Diaspora Entrepreneurship, while a significant diplomatic initiative and relationship enabler between China and South Africa, this should not come at the disadvantage of growth of local SMEs. The study clearly indicated the disadvantage brought to South Africa by both Chinese private and public businesses as they affect growth of local small businesses.

7.4 Limitations

Some areas could not be accessed in the process of data collection owing to the ' Fees must fall strikes'. The researcher escaped unharmed where other cars were burnt. In addition, the cost of travelling was prohibitive and the researcher ended up using public transport and had to walk at times. All the same, eventually, this researcher is pleased to have finally completed the research successfully.

7.5 Suggested Areas for further research

It is suggested that further research be carried out in the following areas to enhance SME and entrepreneurship development in South Africa in general and eThekweni in particular:

- Ways to enhance women participation in entrepreneurship and SME development
- How to curb rampant corruption in SMEs particularly from /by civil servants.

- How to improve relationships between Banks and SMEs regarding funding issues to SMEs.
- Ways to encourage large companies to support SME development in the country.
- Ways to encourage Tertiary Institutions (Universities) to commercialise patents in order to promote SME development and growth.
- Measures to restrain or stop in total the inflow of Chinese companies into South Africa so that local SMEs can be enabled to develop and grow.
- How to encourage SMEs to utilize the SDL (Skills Development Levy) money to train and develop their respective employees.

CONCLUSION

This study sought to develop building blocks to a growth taxonomy for SMEs in eThekweni Municipality Area. The study succeeded in drawing a number of building blocks from respondents and also in making several findings as discussed in Chapters Five. The most outstanding finding which was corroborated by SAICA (the South African Institute of Chartered Accountants) is that there is a positive correlation between the number of people employed by SMEs and turnover. It means that the more the number of people an organisation employs the higher the turnover it makes. This finding falls into pattern with the initial definition of growth- **see Chapter One-** for this study where Sales, ROI and Employment generation were cited as the tripod Anker to SME growth and development in South Africa. An outstanding building block to a growth taxonomy is innovation which was ranked number one by respondents.

The need for increased participation for women in entrepreneurship in South Africa became apparent as is in Africa in general. There is therefore, a necessity to find ways to encourage more women to start and run their own businesses given the number of women who head families as discussed in Chapter One. In addition, there is need for training women in entrepreneurship and introduce entrepreneurship training in primary and secondary schools. Tertiary institutions and Universities in particular need to revamp entrepreneurship training in the country.

Other findings include the need of the South African Government to institute controls on foreign SMEs like the Chinese small businesses which come in the country and drive local SMEs out of business. In addition, the South African Government in general and eThekweni in particular need to expedite the ease with which people can start/register business. It was noted that most African countries spend minimal amounts on Research and Development on SME growth

and development and the study encourages the government to increase the percentage of Gross Domestic Product for R&D spend on developing and growing small businesses.

In view of the volatility of the South African Rand, it is beneficial for local SMEs to export their products., Accordingly, eThekweni Municipality needs to promote growth of export oriented SMEs. There is need to introduce preventive measures on the high crime rate in the country and in eThekweni in particular. Increased municipal policing by deploying more members of the force and their effective and efficient training would help to enhance their performance. This study succeeded in answering the Research Questions and developed building blocks to a growth taxonomy for SMEs in eThekweni Municipality Area by drawing relevant information from responses made by the sampled SMEs. A diagrammatic taxonomy was suggested in Chapter Six and pertinent recommendations and areas for further research were advanced in this last Chapter of the study.

References

- Abor, J. & Quartey, P.** 2010. Issues in SME Development in Ghana and South Africa. International Research Journal of Finance and Economics. Issue 39 pp 218-228
- Abor, J. & Quartey, P.** 2010. Issues in SME Development in Ghana and South Africa. http://www.eurojournals.com/irjfe_39_15pdfhttp:
- Adamczyk,A.& Palmer, I.** 2008. When Does Christian Religion matter for Entrepreneurial activity? The contingent effect of a country's investments to knowledge. <http://eprints.lancs.ac.uk/69493/4>. [Accessed 28/5/2016]
- Adams, M.**2009.Networkin and support. In G.Nieman and C.Niewuwenhuizen (eds). Entrepreneurship. A South African Perspective: Van Schaik Publishers
- Adeuja,Y.O.**2015. A comparative approach to the impact of IFRS (International Financial Reporting Standard) on the performance of Banks in Nigeria. Unpublished dissertation for MSc in Banking and Finance. <Http://hdl:handle.net/11129/1760>
- Al-Alak,B.** 2010. Marketing and social responsibility: Entrepreneurship perspective. Amman/Jordan.Al-Yazoori Publishing House
- Allan Gray Orbis's Foundation.** 2017. www.allangrayorbis.org/south-africa-ranked-one-Africa's-top-entrepreneurial-nations/
- Alden,C.& Davies,M.** 2010 A profile of the operations of Chinese multinationals in Africa:South African Journal of International Affairs <https://doi.org/10.1080/10220460609556787>
- Alden,C &Wu,S.Y.** a 2014. South Africa and China: The making of a Partnership: South African Institute of International Affairs-African perspectives. Global insights.
- Alden,C &Wu,S.Y.** b 2014. South Africa and China: The making of a Partnership: South African Institute of International Affairs-African perspectives. Global insights.
- Aguinis, H., Kraiger, K.** 2009. Benefits of training and development for individuals and teams, organizations, and society. Annual Review Psychol.60:451-74
- Ang, J. & Madsen.** 2011. Can second generation endogenous growth models explain the productivity trends and knowledge production in the Asian Miracle Economies? The Review of Economics and Statics, Vol.93(4) pp 1360-1373.
- Angel Investment Network** www.investmentnetwork.co.za/angel-investing
- Asian Productivity Organisation(APO):** 2007. Entrepreneurship Development for Competitive Small and Medium Enterprises-Asian Productivity Organisation Tokyo. www.apo-tokyo.org

<http://www.microfinancegateway.org/gm/document>

Atinay, L. & Wang, C.L. 2011. The influence of entrepreneurs' socio-cultural characteristics on the entrepreneurial orientation of small firms. *Journal of small Business and Enterprise Development*, Vol. 18(4), pp673-694

Atterton, I.2015. Small Business Relationship Management Competencies. Growth Cap FSDK July 2015-Building SME –focused capacity.

Audretsch,D.B., Bonte,W., & Tamvada,J.P. 2013. Religion, social class, and entrepreneurial choice. *Journal of Business Venturing*. 28(6) 774-789

Babson College,Goldman Sachs:10000 small businesses. 2016. The State of Small Business in America

Babu, A., and Kumari, M.2013.**Organizational** climate as a predictor of teacher effectiveness. *European Academic Research*, Vol.1 (5) pp 553-568

Babu, A., and Kumari, M.2013.**Organizational** climate as a predictor of teacher effectiveness. *European Academic Research*, Vol.1 (5) pp 553-568

Bajaj,J. & Kale,R.S. 2017. A Timeline Typology for Indian Family Firms to transition to external leadership-www.spencerstuart.com/researchandinsight

BASA-Banking Association of South Africa 2014.SME Financial Literacy in South Africa. www.banking.org.za/what-we-do/sme

Barclays Bank 2014. UK SMEs don't use a Business Plan. www.talkbusiness.com

Baruch,Y. and Holtom,B.C.(2008) 'Survey response rate levels and trends in organizational research', *Human Relations*, Vol.61,pp1139-6

BBenkel, H. & Garova, J.S.2007. An attempt at sperm-mediated gene-mediated gene-transfer in mice and chicken can. *Journal of animal science*

Bennett,D., Richardson, P. and Nyauncho, E.2015.SME Relationship Banking Approaches. Growth Cap.fsdkenya.org/up-content

Bennet,D., Richardson, P. and Nyauncho,E. 2015. SME Relationship Banking Approaches.Fsdkenya.org/wp-content/uploads/2016/03/16-03-15-GC-Tech-Note-SME-Relationship-Management-Approaches-Final-pdf

Bhorat, H. & Tarp, F.E. 2016. Africa lions: growth traps and opportunities for six leading African Economies. Brookings Institution Press.

BIS-Department for Business Innovation & Skills, Scottish Enterprises, Invest Northern Ireland & Welsh Government: a 2012. Business Growth Ambitions Amongst SMEs-Final Report

BIS-Department for Business Innovation & Skills, Scottish Enterprises, Invest Northern Ireland & Welsh Government: b 2012. Business Growth Ambitions Amongst SMEs-Final Report

Bort,J. 2015. Yes, that's Bill Gates and Larry Ellison hanging out together. Business Insider. www.business-insider.com

Bouazza,A.B. 2015. Small and Medium Enterprises as an effective sector for economic development and employment creation in Algeria. International Journal of Economics, Commerce and Management. United Kingdom. Vol.111, Issues 2 Feb.2015

Botes,C. 2015.Entrepreneurs that made news in 2015: A look at enterprises that had a bumper year including the creative counsel. www.smesouthafrica.co.za/998907-2015

Brainy Quote: By failing to prepare, you are preparing to fail- Benjamin Franklin. <https://www.brainyquote.com>

Branson,R.2014. Why entrepreneurs struggle with formal education. <https://www.virgin.com/entrepreneur/Richard-branson>

Briggs, D.L. 2014. Diagnosing Teachers understandings of rational numbers: building a multidimensional test within the diagnostic classification framework. Vol.33pp1-49

Brijlal,P., Naicker,V. & Peters,R. 2013. Education and SMME Business Growth: A gender perspective from South Africa. International Business and Economics Research Journal. Vol 12(8) pp 855-866

BER-Bureau of Economic Research 2016. The small medium and micro enterprise sector of South Africa

BES-Business Environment Specialists 2012. SMEs and Employment in South Africa

Botha, M. 2009 The entrepreneur 29-49. In G.Nieman and C.Nieuwenhuizen (eds). Entrepreneurship. A South African Perspective: Van Schaik Publishers

Business Alert-SBP-Alert: Developing a new path for SMEs in South Africa, Reassessing for growth-Business environment specialists (SBB). www.sbp.org.za/uploads.

Business Alert-SBP-Alert: Developing a new path for SMEs in South Africa, Reassessing for growth-Business environment specialists (SBB). www.sbp.org.za/uploads

BusinessDictionary. Definition of a questionnaire.

www.businessdictionary.com/definitions/questionnaire.html

- Business Directory (n.d)** Training. [Http://businessdictionary.com/definition/training.html](http://businessdictionary.com/definition/training.html)
[Accessed: 2017/04/23]
- Cadbury,A,(Sir).** 2015. All the benefits of standard digital, plus. Financial Times.
[Https://www.ft.com/content/2/996.24a](https://www.ft.com/content/2/996.24a)
- Cadbury,A.(Sir).**2015. Corporate citizenship and sustainable businesses. World Bank Group(US) <https://www.ifc.org/wcm/connect/a265ef8048a>
- Cakar,N.D. & Erturk,A.** 2010. Comparing innovation capability of small and medium sized enterprises: Examining the effects of organizational culture and empowerment. Journal of Small Business Management. Vol.48(3) pp 325-359
- Cant,M.C. & Wiid, J.A.** Establishing the challenges affecting South African SMEs. International Business and Economics Research Journal- June 2013 Vol. 12(6)
- Cant,M.C. & Wiid, J.A.** Establishing the challenges affecting South African SMEs. International Business and Economics Research Journal- June 2013 Vol. 12(6)
- Casson,M, & Giusta,M.D.** 2007. Entrepreneurship and social capital analyzing the impact of social networks on entrepreneurial activity from a rational action perspective. International Small Business Journal. Vol. 25(3) pp 220-244
- CEMI** 2014. Centre for Entrepreneurial Management and Innovation: The importance of Financial Management to SMEs .www.cemi.com.au/node/530
- Center for Chinese Studies-Stellenbosch University** 2016. Chinese Presence in Real Estate in South Africa and Mauritius
- Chazireni,B.** 2017. An investigation into corporate social responsibility on sustainable growth of Wholesale and Retail SMEs: A case study of eThekweni Municipality region. Unpublished PhD thesis. Durban University of Technology.
- Chetty, A.**2009. A critical analysis of current approaches to SMME development and support within the eThekweni Municipality Area. Unpublished PhD thesis-University of KwaZulu-Natal
- Chetty, A.**2012.Supporting and Developing SMMEs –a public or private affair. {Online} Available <http://ddp.org.za/programme-events/local-government-conference/2012>
[Accessed March28 2016]
- Chetty,A.** 2009. A critical analysis of current approaches to SMME development and support within the eThekweni Municipality Area. Unpublished PhD thesis-University of KwaZulu-Natal

- Chirwa, E.** 2008. Effects of gender on the performance of micro and small enterprises in Malawi. *Development Southern Africa*. Vol 25(3) 347-362
- Choi, H.** 2010. Religious institutions and ethnic entrepreneurship: The Korean ethnic church as a small business incubator. *Economic Development Quarterly*, 24(4), 372-383
- Chua, A. & Rubinfeld, J.** 2016. Confessions of a Tiger Couple-The New York Times.
- Churchill, N.C. & Lewis, V.L.** 2007. The Five Stages of Small Business Growth. {Online} Available <https://hbr.org/1983/05/the-five-stages-of-sma> [Accessed March 29 2016]
- Christensen, C.M., Hall, T., Dillon, K., and Duncan, D.S.** 2016. Competing Against Luck- The story of Innovation and Customer Choice
- Clarke, R.G., Habyarimana, J., Ingram, M., Kaplan, D. & Ramachandran, V.** 2007. An assessment of the Investment climate in South Africa. The World Bank-Washington DC. Documents.worldbank.org
- Commission of the European Communities**-Green Paper- Entrepreneurship in Europe (presented by the Commission) ec.europa.eu/invest_in_research/pdf/download_en/entrepreneurship_europe.pdf
- Companies Act No 71 of 2006 as amended**
- Cooper, D.R. & Schindler, P.S.** 2008. *Business Research Methods*. International ed. McGraw-Hill
- Cooper, D.R. & Schindler, P.S.** 2008. *Business Research Methods*. International ed. McGraw-Hill
- Cooper, D, R & Schindler, P.S.** 2008. *Business Research Methods*. International ed. McGraw-Hill
- Cooper, D, R & Schindler, P.S.** 2008. *Business Research Methods*. International ed. McGraw-Hill
- Corruption Perception Index (CPI)**, 2015. Not one single country, anywhere in the world, is corruption-free. www.transparency.org/get-involved
- Corporate Training Materials.com** Fully customizable course Kits for Trainers. <https://Corporatetrainingmaterials.com>
- Craig, J.** 2013. 'Man of Steel' filled with Jesus, Christianity references. www.foxnews.com
- Dalberg Global Development Advisors.** 2012. Ideas for improving investments in global development a Dalberg compendium.
- Danshaw Consulting:** Everything you need to know about skills development and training in South Africa. <https://www.danshaw.co.za/skills-development-training-sa/>

- Dana, L.P.** 2009. Religion as an explanatory variable for entrepreneurship. *The International Journal of Entrepreneurship and Innovation*. Vol. 10(2) pp 87-99
- Davidsson, P. Achtenhagen, L. & Naldi, L.** 2010. *Small firm growth*. Now Publishers
- Dawson, C., Henley, A. & Latrelle, P.** 2009. Why do individuals choose self-employment? Discussions paper No 3974. The Institute of the study of labour (IZA) in Bonn- Germany.
- de la Torre, A. Peria, M.S.M., Schmukler, S.** 2010. Bank involvement with SMEs: Beyond relationship lending. *Journal of Banking Finance* 2010; pp2280-2293
- Denzin, N.K. and Lincoln, Y.S. (2011)** 'Introduction: The discipline and practice of qualitative research', in N.K. Denzin and Y.S. Lincoln(eds) *The Sage Handbook of Qualitative Research*(4th edn). London: Sage, pp 1-19
- Dludla, S.** 2014. Does your level of education determine entrepreneurial success? *SME South Africa*. www.smesouthafrica.co.za
- Dyck, B.** in press. God on management: Religion, the theological turn, and organizational and management theory and practice. *Review in Sociology of Organizations*.
- EDGE-2013.** Economic development and growth in eThekweni- Issue 6 2013. Focus on SMEs in eThekweni
- Edinburgh Group.** 2012. Growing the global economy through SMEs. www.edinburghgroup.org/media/2776/edinburgh_group_research
- Edoho, F.M.** 2015. Entrepreneurship and Economic Change in a Developing Region: Opportunities and Challenges in Africa. *Review of Contemporary Business Research*. Vol.4(2)pp 1-13
- Edwards, P.** 2010. *Sills and Small Firm: A Report and Policy Briefing*. UK Commission for Employment and Skills, Wath-upon-Deane and London
- Egelsner, S & Rena, R.** 2013 An evaluation of the effectiveness of training on entrepreneurship development in Windhoek {Online} Available essa 2013-2773 pdf-Adobe Reader.
- Elkjae, B. & Simpson, B.** 2011. Pragmatism: A lived and living philosophy. What can it offer to contemporary organization theory? In H.Tsaikas and R.Chia (eds). *Philosophy and Organization Theory*. Bradford: Emerald Publishing, pp 55-84
- Elo, M.** 2016. *Typology of diaspora entrepreneurship: Case studies in Uzbekistan*: Turku School of Economics, University of Turku, Finland

- EM/IDP** eThekweni Municipality Integrated Development Plan {Online} Available: http://www.durban.gov.za/City_Government/City_Vision/IDP/Documents/2014_15%20Plain%20ng.pdf [Accessed April 3 2016]
- Engel.** 2007. Mixing methods: reliability and validity across quantitative and qualitative measures of relationship quality. See England and Edin 2007, pp 255-76
- England. & Edin,K.** in Small,M.L. How to conduct a Mixed Methods Study: Recent Trends in a Rapidly Growing Literature, Annual Reviews, Department of Sociology, University of Chicago, Chicago, Illinois 60637.
- Entrepreneur:** 2014. What percentage of businesses fails? https://www.successhalbor.com/percentage_businesses_fail09092015
- Essers,C., & Benschop,Y.** 2009. Muslim business women doing boundary work: The negotiation of Islam, gender and ethnicity within entrepreneurial contexts. *Human Relations*, Vol. 62(3) pp 403-423
- Ethiopia:** World Economic Forum. 2011. The African Competitiveness Report. www.weforum/docs.WEF_GCR_Africa_Report_2011.pdf
- European Statistical Data Support.**2008 {Online} Available
[Hhttp://www.statistik.ch/internet/justoz.inneres/statistic/en/dienstungen/ebds.ntm/](http://www.statistik.ch/internet/justoz.inneres/statistic/en/dienstungen/ebds.ntm/)
[Accessed March24 2016]
- Eurostat.**2015.StatisticsonSmallandMediumSizedEnterprises.e.c.europa.eu/eurostat/statistics_explained/indexph
- Fairlie, R.W. and Robb, A.M.** 2008. Race and entrepreneurial success; Black-, Asian-, and White owned businesses in the United States. Massachusetts Institute of Technology
- Farid, M.** 2007. The relevance of transition to free market, attitude towards money, locus of control, and attitude towards risk to entrepreneurs: a cross-cultural empirical comparison, *International Journal of Entrepreneurship*. Vol.11 p75
- Fariza, H.** 2012. Challenges for the Internationalization of SMEs and the Role of Government: The Case of Malaysia. *Journal of International Business and Economy* 2012. Vol.13 (1) pp 97-122
- Farouk,A. & Saleh, M.**2011. An Explanatory Framework for Growth of Small and Medium Enterprises- A system dynamics approach. {Online} Available
- Fernandez-Mateo I.** 2009. Gender disadvantage in contract employment. *Am. J.Social* 114(4):871-923
- Fink,A.** 2013. How to conduct surveys 5th edition. Thousand Oaks, CA: Sage

FinScopeSouthAfrica.2010{Online} Available http://www.btrust.za/downloads/0_nsbs_finscope_small_business_surveys_final_report_2011 [Accessed March 29 2016]2009.
www.systemdynamics.org/conferences/2011/proceed/papers/P1050.pdf [Accessed April 2 2016]

FinScopeSouthAfrica

2010{Online} Available http://www.btrust.za/downloads/0_nsbs_finscope_small_business_surveys_final_report_2011 [Accessed March 29 2016]2009.
www.systemdynamics.org/conferences/2011/proceed/papers/P1050.pdf [Accessed April 2

Forbes. 2017. The key to changing organizational culture. Kotter International.
www.forbes.com

Francis. & Hezel, S.J, 2009. The role of culture in Economic Development. Micronesian Counselor, June, 2009.

Galbraith, C.G. & Galbraith, D.M. 2007. An empirical role on entrepreneurial activity, intrinsic religiosity and economic growth. Journal of Enterprising communities. Vol.1 (2) pp 188-201.

Garba, A.S., Mansor, S.A., & Djafar, P. 2013. An Exploratory study on the constraints for Entrepreneurial Activity: A case of Micro and Small Enterprises in Kano, Nigeria. Journal of Applied Management and Entrepreneurship. Vol.18 (4) p 79

Generation Next 2007. How young people view their lives, futures and politics. www.people-press.org/2007/01/09

GEM-GlobalEntrepreneurshipMonitor: a South Africa Report 2016/2017:35 Job growth expectations for early-stage Entrepreneurs in South Africa.2005-2016

GEM b South Africa Report 2016/2017:21 Societal entrepreneurship attitudes in South Africa, 2003-2016

GEM c 2016/17:17 Average expert ratings for government policies for entrepreneurship in South Africa,2016 (weighted average)

GEM d 2016/17:24 Prevalence rates (%) of entrepreneurial activity among adult population, in South Africa,2009-2016

Generation Next Survey Results, published in the Sunday Times, 27 May, 2007.

Gergievski,M.J., Ascolon,M.E.E., & Stephan.U.2011. Small business owners success criteria, a values approach to personal differences. Journal of Small Business Management 49:pp 207-232

- Goodman, M.** 2016. 7 Tips for a thriving, sustainable family business that lasts. Entrepreneur: Family Business. <https://www.entrepreneur.com/article/270801>
- Gotsis, G. & Kortezi, Z.** 2009. The Impact of Greek Orthodox on Entrepreneurship. Journal of Enterprising communities. People and Places in the Global Economy. Vol.3 (2):pp 152-175
- Govori, A.** Factors affecting the growth and development of SMEs experiences from Kosove. Mediterranean Journal of social science vol 4 no.9 October 2013:701-708
- Graham, J.** 2014. <https://www.researchgate.net>
- Greif, A** 2007. Reputation and coalitions in medieval trade: evidence on Maghribi Traders. Journal of Economics History. Dec. 1989 issue pp857-882
- Goldin, N., Hobson, M., Glick, P., Lundberg, M., & Puerto, S.** 2015. Toward Solutions for Youth Employment: A Baseline for 2015. Solutions for Youth Employment, Washington D.C. Washington D.C. S4YE
- GU, J.** 2009. China's Private Enterprises in Africa and Implication for African Development. European Journal of Development Research, Special Issue on China, India and Africa, 21(4); pp1-35
- GU, J.** 2009. China's Private Enterprises in Africa and Implication for African Development. European Journal of Development Research, Special Issue on China, India and Africa, 21(4); pp1-35
- Guide for Training in SMEs.** 2009 <http://ec.europa.eu/progress>
- Hallward, D.M.** 2013. Enterprising Women-Expanding Economic Opportunities in Africa. The World Bank 2013.
- Hancock, C & Kowalczyk, P.** 2015:1. Mahatma Gandhi's descendants thrive in South Africa. <https://edition.cnn.com>
- Hannon, K.** 2012. Male Entrepreneurs can learn a lot from Women. America's Entrepreneurs' Special Report.
- Hayes, S.** 2014. South Africa's ticking time bomb. www.usnews.com
- Herrington, M., Kew, J. & Kew, P.** 2009. Tracking Entrepreneurship in South Africa: a GEM perspective: Cape Town: GEM
- Higginbotham.** 2012. Women in business Q&A. www.huffingtonpost.co.uk/laura
- Hill, S.** 2011. Economic Powerhouse Germany. I Global
- Hisrich, R.D. Peters, M.P. & Shepherd, D.A.** 2008. Entrepreneurship. International ed. McGraw-Hill, Education.

- Hogarth, T., Bosworth, D.L., Gambin, L., Wilson, R.A. & Stanfield, C.** 2009. Review of Employer Collective Measures: Empirical Review, Evidence Report 7, UK Commission for Employment and skills, Wath-upon Dearne and London.
- Hult, G.T., Hurley, R.F., Knight, G, A.** 2010. Innovativeness: Its antecedents and impact on business performance. *Journal of marketing management*.Elsevier. Vol.23 (5) pp 429-438
- Ibaora. & Hunter, M.L.** 2007. How Leaders create and use networks. *Harvard Business Review*, January 2007 Issue
- IDC.** 2014. Industrial Development Corporation: Small business, huge potential for South Africa.
- IFC-2014.** International Finance Corporation.IFC Financing to Micro, Small and Medium Enterprises Globally. <https://smefinanceforum.org>
- IFC,** 2011. Farmer and SME training: Sustainable business Advisory.
- ILO.** Calculations based on ILO Research Departments' Trends EconometricModels,November2015.Fromreporthttp://www.ilo.org/wcmsp5/groups/public/-dgreposts/-dcomm/pub/documents/publication/wcms_443480.pdf.
- Indem,G.S., Indem,S.P., & Opara,D.K.** 2007. Business without Corruption: An action guide. USAID.
- INENG** 2016. The Independent Entrepreneurship Group(Ineng). How Red Tape stifles Entrepreneurship in South Africa. indng.co.za
- Isa, A.A. and Mustapha, S.S.** Impact of Religion on Entrepreneurial intention of university students in Kano State, Nigeria. *International Conference on Empowering Islamic Civilization in the 21st Century- Proceedings of ICI 2015: 363-375*
- Jackson,T.** 2017. South African SMEs optimism on 2017 growth prospects. disrupt-africa.com/2017/sasmes-optimisic-on-2017-growth
- Johnson,R.B.,Onwuegbuzie,A.J.& Turner,L.A.** Toward a definition of Mixed Methods Research. *Journal of Mixed Methods Research* Vol1(2) pp 11-15
- Johnson, S., & Devin, D.** 2008. Training and Workforce Development in SMEs: Myth and Reality, SEDA Catalyst 7, Sector Skills Development Agency, Wath-upon-Dearne
- JPMorgan Chase Foundation:** The Small and Medium Enterprises (SME) Catalyst for Growth (C4G) Initiative in South Africa-Final Report {Online} Available.
www.jpmorgan.comdirectdoc/southafrica2014pdf. [Accessed March 28 2016]

- JPMorgan Chase Foundation:** The Small and Medium Enterprises (SME) Catalyst for Growth (C4G) Initiative in South Africa-Final Report {Online} Available. www.jpmorgan.com/directdoc/southafrica2014.pdf. [Accessed March 28 2016]
- Kadushin,C.,Hecht,S.,Sasson,T., Saxe,L.** 2008. Triangulation and mixed methods designs: practicing what we preach in the evaluation of an Israel experience program. *Field Methods* 20(1) pp 46-65
- Kambwale,J.N. Chisoro,C. & Karodia, A.M.** Investigation into the causes of Small and Medium enterprise failures in Windhoek, Namibia- *Arabian Journal of Business and management review(OMAN)* {Online} Available www.arabianjbm.com/pdfs/OM_____vol4/7 [Accessed March 24 2016]
- Kamyabi,Y. Devis,S.** 2012. The impact of advisory services on Iranian SME performance: An empirical investigation of the role of professional accountants. *South African Journal of Business Management*,43(2) pp 61-72
- Kamyabi,Y. Davis,S.** 2011. Use of professional accountants' advisory services and its impact on SME performance in an emerging economy: a resource-based view. *Journal of Management and sustainability*. Vol.13(1) pp 43-55
- Kaplan. 2016.**Skills Development in Tourism: South Africa's Tourism-led Development Strategy. *Geojournal*, Vol. 60(3) pp 217-227
- Kazimoto, P.** Assessment of challenges facing small and medium enterprises towards international marketing standards: a case study of Arusha Region Tanzania-*International Journal of Academic Research in Accounting, Finance and Management Sciences* vol.4,no2,April 2014,pp 303-311
- Kontolaimou,A.,Giotopoulos, I,& Tsakanikas,A.** 2016. A typology of European countries based on innovation efficiency and technology gaps: The role of early-stage entrepreneurship. *Economic Modelling*. Journal homepage: www.elsevier.com/locate/ecmod
- Kotey, B & Folker, C** 2007. Employee training in SMEs: effect if size and firm type-family and non-family. *Journal of Small Business Management* 45(2) 214-238
- Kraus,K.** 2009. Corruption is worse than prostitution.ea.proverbia.net
- Kriber,A.L. & Kluckhon,C.K.** 2011. *Culture: A critical review of concepts and definitions*. Cambridge: Peaboy Museum
- Krueger,N.F., Reilly,M.D., & Carud,A.L.** 2000. Competing models of entrepreneurial intentions. *Journal of Business Venturing*. Vol.15 pp 411-432

- LaForge,R.W.**, Ingram,T.N., & Cravens,D.W. 2008. Strategic alignment for sales organization transformation.www.smesouthafrica.co.za
- Lal, D.** 2011. Culture, Democracy and Development: The Impact of formal and informal institutions and development. International Monetary Fund Conference
- Lam,D.,&Leibbrandt,M.** 2013. Global Demographic Trends and their Implications for Employment. Paper prepared as background research for the Post-2015 UN MDG Development Agenda on Employment and Employment growth. New York: UN
- Landes,D.** 2009. The wealth and poverty of nations: Why some are so rich and some so poor.<https://www.amazon.com/wealth-poverty-nations-some-rich/dp/0393318885>
- Leedy, P.D & Ormrod, J.E.** 2010. Practical Research, Planning and design, 9th ed. Pearson Education International
- Maas, G.**2009. Entering the family business. In G.Nieman and C.Nieuwenhuizen (eds). Entrepreneurship. A South African Perspective: Van Schaik Publishers pp 217-231
- Machirori,T. & Fatoki,O.**The impact of firm and entrepreneurs' characteristics on networking by SMEs in South Africa. Journal of Economics (2013) vol.4(2):113-120
- Mackintosh,S.** 2016. Why a Business Plan is essential for Small Businesses. Hiscox PLC[GB] <https://www.hiscox.co.uk>
- Maharaj,A. & Mather, A.A.** Durban and its Port: An investigation into the relationship between the city and port of Durban. {Online} Available.www.alvp.org/SEFACIL-port-city-governance [Accessed April 3 2016]
- Makakane, M** 2014.Do SMMEs play a role in the South African economy? Marongwamakakane.co.za/smmesplay-role-south-African-economy
- Make it** 2016. Richard Branson and Mark Zucherberg agree on the key to starting a successful business. www.cnn.com/2016/12/15
- Makina, D., Fauta, A.B., Mutsonzwa, K., Khumalo, J., Maposa, O.**2015. Financial Access and SME size in South Africa- Research Paper prepared for Fin Mark Trust
- Malik, H.** 2011 Determinant of insurance companies' profitability: Analysis of insurance sector of Pakistan. Academic Research International, Vol.1 pp 315-321
- Marcus.G.** 2013 Effects of unemployment will be felt for decades www.news24.com/Archives/City Press/Effect of unemployment will be felt for decades- Marcus2015429

- Marcus, G.** 2013. Developing a new path for SMEs in South Africa; Reassessing for growth. www.sbp.org.za/uploads/media/SBP_Alert_Developing-a-new-path-for-SMEsin-SouthAfrica.pdf.
- Marks, J.** 2015. The state of entrepreneurship in South Africa. www.702.co.za/articles/4179/the-state-of-entrepreneurship-in-south-africa
- Mariotti, M, & Luiz, J.** Entrepreneurship in an emerging and culturally diverse economy: a South African survey of perceptions. *South African Journal of Economic and management Sciences* vol.14 no.1 Pretoria Jan.2011
- Martinez-Fernandez, C., Sharpe, S.** 2013. 'Formal training and skills development: The state of play, 'in OCED skills development and training in SMEs, OCED Publishing. <http://dx.org/10.1787/978926419425-5-en>
- Matlapeng, N.** 2016. Davies encourages growth in manufacturing sector. www.sabc.co.za
- Mashiloane, K.** 2016. Unemployment rate: South Africa a ticking time bomb. www.news24.com
- Mazanani, M. & Futoki, O.** 2012 Access to Finance in the SME Sector: A South African Perspective. *Asian Journal of Business Management* 4(1):58-67
- McDonald, K. & Rankin, N.** 2008. The Impact of crime on Small Businesses in South Africa- A study commissioned by the South African Presidency, SBP-USAID-South Africa.
- McKinsey & Company.** a 2017 Dance of the lions and dragons-How are Africa and China engaging, and how will the partnership evolve?-% by ownership of Chinese Firms operating in selected African countries. June 2017
- McKinsey & Company.** b 2017 Dance of the lions and dragons-How are Africa and China engaging, and how will the partnership evolve? China is Africa's biggest economic partner. June 2017
- Mbizi, R., Hove, L., Thondhlana, A., & Kakava, N.** 2013. Innovation in SMEs: A review of its role to organizational performance and SMEs operations sustainability. *Interdisciplinary Journal of Contemporary Research in Business* 4(11) pp 370-389
- Mehari, A., & Aemiro, T. (2013).** Firm specific factors that determine insurance companies' performance in Ethiopia. *European Scientific Journal*, Vol.9(10) pp 245-255
- Mendoza, R.M., Lim, R.A., & Lopex, A.B.** 2013. Grease or Sand in the Wheels of Commerce? Firm level Evidence on Corruption and SMEs. *Asian Institute of Management Business and Development Research*.

- Migiro, O.S. & Magangi, B.A.** Mixed Methods: A review of literature and the future of the new research paradigms. *African Journal of Business Management* Vol.5 (10), pp.3757-3764, 18 May, 2011
- Mische, A.** 2008. *Partisan Publics: Communication and contention across Youth Activist Network*. Princeton, N.J. Princeton Univ. Press
- Misner, I.** 2008. 'What's in it for me?' Networking. Ivanmisner.com/whats-in-it-for-me-networking/
- Mohammed,U.**2013. Corruption in Nigeria: A challenge to sustainable Development in the fourth republic. *European Scientific Journal*, 9(4), 118-137
- Moore, M.R.**2008. Gendered power relations among women: a study of household decision making in black, lesbian stepfamilies. *Am. Social Rev.* 73:335-56
- Mukheji,A.** 2011:1 Durban largest 'Indian' city outside India. [https:// timesofindia.indatimes.com](https://timesofindia.indatimes.com)
- Mungai, B.**2012 The relationship between business management training and small and medium sized enterprises' growth in Kenya. Unpublished Thesis submitted to the School of Business in fulfillment of the requirement of the Doctor of Philosophy in Entrepreneurship Development of Kenya University.
- NCR-NationalCreditRegulatorAnnualReport2011/2012**
<https://www.ncr%20Annual%Report%202011-12pdf>
- Musara,M.** 2011.The effectiveness of business development services providers(BDS)improving access to debt finance by Start-up SMEs in South Africa.<https://www.researchgate.net/publication/1215641781>
- Mutoko,W.R. & Kapunda,S.G** :2017. Factors influencing small,medium and micro-sized enterprises' borrowing from banks:The case of the Botswana manufacturing sector.*Acta Commercii-Independent Research Journal in the Management Sciences* 17(1),a426 p 1-9
- NDP-National Development Plan.**2014. Examining the challenges facing small businesses inSouthAfrica.www.sbp.org.za/uploads/media/SBP_Alert_Examining_the_challenges_facing_small_businesses_in_SA_01_pdf
- Nanyang Business School.** The Role of Culture in doing business in Africa,
[https://www.ntusbfcas.com/african_business_insights/content/the_role-of_culture_in_doing_busines_in_africa.](https://www.ntusbfcas.com/african_business_insights/content/the_role-of_culture_in_doing_busines_in_africa)

NCR-National Credit Regulator. Literature Review on Small and Medium Enterprises, access to credit and support in South Africa. Available [www.ncr.org.za/pdfs](http://www.ncr.org.za/pdfs/Final_Report_NCR_Dec%202011.pdf) Final Report_NCR_Dec%202011.pdf

NCR-National Credit Regulator. Literature Review on Small and Medium Enterprises, access to credit and support in South Africa. Available [www.ncr.org.za/pdfs](http://www.ncr.org.za/pdfs/Final_Report_NCR_Dec%202011.pdf) Final Report_NCR_Dec%202011.pdf

National Small Business Survey 2015 www.smesurvey.co.za

National Small Business Survey 2016 www.smesurvey.co.za

Newton,N. 2010. The use of semi-structured interviews in qualitative research: strengths and weaknesses. www.academia.edu/1561689

Ndesaulwa,A.P. 2016 The Impact of Innovation on Performance of small and medium enterprises(SMEs) in Tanzania: A Review of Empirical Evidence. Journal of Business and Management Science, 2016, vol.4no.1:1-6

Nieman, G 2009 Managing growth 275-307 In G.Nieman and C.Nieuwenhuizen (eds). Entrepreneurship. A South African Perspective: Van Schaik Publishers

Neubert, M. & Beard, A. 2013. Entrepreneurs feel closer to God than the rest of us do. Harvard Business Review, Vol.9(10) October 2013.pp 32-33.

Ngugi,J.K., Mcorege,M.D. and Muiru,J. 2013. The Influence of Innovativeness on the Growth of SMEs in Kenya. International Journal of Business and Social Research Vol.3 No.1, January 2013:25-31

Njoroge,C. & Gathunas,J.M. 2013 The effect of entrepreneurial education and training on development of small and medium size enterprises in Githunguri district-Kenya. International Journal of Education research Vol.No. 8 August 2013:1-22

Obstfeld, D.2005.Social Networks, the terrains inn gens orientation and involvement in innovation, Admin. size Q.50 (1): 100-30

Odi,N. 2014. Impact of corruption on Economic Growth in Nigeria. Mediterranean Journal of Social Sciences,

OECD. 2009. Organization for Economic Co-operation and Development SME and entrepreneurship, OECD, Paris

OECD 2009. Organization for Economic Co-operation and Development Promoting SMEs for Development

- OECD** 2009. Organization for Economic Co-operation and Development. Small and Medium sized Enterprises in Turkey, Issues and Policies, OECD Publications.
- OECD**, 2009. Organisation for Economic Cooperation and Development (OECD). Review of National Policies for Education in South Africa.
- Okpara,J.** 2011. Factors constraining the growth and survival of SMEs in Nigeria. Management Research Review, Vol. 34(2) pp 156-171
- Olughor,R.J.** 2015. Effect on the Performance of SMEs Organizations in Nigeria. Scientific and Academic Publishing.article.sapub.org/105927.j.mm.20150503.02.html
- Ongori, H.and NzonzoJ.C.** 2011. Training and Development Practices in an organization: An intervention to enhance organizational effectiveness. International Journal of Engineering and Management Services.
- Onwuegbuzie, A.J. & Combs, J.P.**2010. Emergent data analysis techniques in mixed methods research: a synthesis. In A.Tashakkori & C.Teddlie (eds). Hand book of mixed methods in social and behavioral research (2nd ed. Pp 307-430). Thousand Oaks, CA: Sage
- Parboteeah, K.P.,Paik,Y.and Cullen,J.B.** 2009. When does Christian Religion matter for entrepreneurial activity? The contingent effect of a country's investments to knowledge: Journal of Business Ethics (forthcoming).
- Pillay, C.**2014 SME South Africa www.SME South Africa.co.za/Business plan.
- Plotnick,M.** 2016.5 Signs your Business is growing well staples. <https://www.staples.com/sbd/cre>
- Palo, U.**2013 Estonian Entrepreneurship Growth Strategy 2014-2020_files
- Pouris,A. & Inglesi-Lotz,R.** 2014. The contribution of higher education institutions to the South African economy. South African Journal of Science. Vol. 110(3/4) pp 1-5.
- Radhakrishna,R.B.**2007. Tips for Development and Testing Questionnaires/Instruments. Journal of Extension Vol 16(1) www.joe.org
- Rajasekar,S., Philominathan,P, & Chinnathambi,V.** 2013. Research Methodology. <https://arxiv.org/pdf/physics/0601009.pdf>
- Ramakumba, J.**2014. Overcoming SMEs challenges through critical success factors: A case of SMEs in Western Cape Province, South Africa. Economic and Business Review Vol.16(1) pp 20-38
- Ramakumba, J.**2014. Overcoming SMEs challenges through critical success factors: A case of SMEs in Western Cape Province, South Africa. Economic and Business Review Vol.16(1) pp 20-38

- Randolph,R.V.,Li,Z. & Daspit,J.J.** Towards a Typology of Family Firm Corporate Entrepreneurship: Journal of Small Business Management 2017 55(4) pp.530-546
- Rich,E** 2012. Motivation factors that drive people towards entrepreneurship.
http://www.mybusinesscentral.co.au/business_grow_online.
- Prevention and Combating of Corruption Activities Act (No 12 of 2004)**
- Rogers, E.M.** 2008. Diffusion of Innovations. New York: The Free Press
- Rogerson, C. and Peberdy, S,** 2000. Transnationalism and non-South African entrepreneurs in South Africa's small, medium and micro-enterprises (SME) economy.
 Canadian Journal of African Studies 34(1) pp 20-40
- Rook,M.M.** 2012. Investigating the Krause innovation studios built pedagogy.
<https://www.hastac.org>
- Ryman,J.A. & Turner,C.** 2007.The modern Weberian thesis: A short review of literature.
 Journal of Enterprising communities Vol.1 (2) pp175-187
- Sabarwal, S. and Terrell, K.**2008. Does Gender Matter for a firm performance? Evidence from Eastern Europe and Central Asia. Discussion Paper No.3758
- SAICA-The South Africa Institute of Chartered Accountants-2015.** SME Insights Report-90 percent of New Jobs will be created by SMEs by 2030 National Development Plan Report.
- SAICA- The South Africa Institute of Chartered Accountants-2015.** SME Insights Report-90 percent of New Jobs will be created by SMEs by 2030 National Development Plan Report.
- Salman, A.K., & Yazdanfar, D.**2012. Profitability in Swedish SME firms. A quintile regression approach. International Business Research, Vol.5 (8) pp94-106
- Salunke,G.N.** 2014. Management development needs in Small and Medium Enterprises (SMEs) in India. Management Vol.4(4) 2014
- SARUA** 2008. Southern African Regional Universities Association, SARUA's aims is thus to strengthen the leadership and institutions of higher education in Southern African region.
www.sarua.org
- Sarmiento,E.,Figueira,C.,Theodorakopoulos,N. & Nunes,A.**2011. High growth and gazelle enterprises in Portugal:A firm demography and growth analysis. Institute f Politenicode Braganca[PT] <https://bibliotecadigita/iab.pt>
- Saunders, M., Lewis, P. &Thornhill, A.** 2016. Research Methods for Business students, 7th ed. Pearson Education.

- Saunders, M., Lewis, P & Thornhill, A.** 2016. Research Methods for Business students, 7th ed. Pearson Education.
- Saunders, M., Lewis, P & Thornhill, A.** 2016 Research Methods for Business students, 7th ed. Pearson Education.
- Saunders, M., Lewis, P & Thornhill, A.** 2016 Research Methods for Business students, 7th ed. Pearson Education.
- Saunders, M., Lewis, P & Thornhill, A.** 2016 Research Methods for Business students, 7th ed. Pearson Education.
- Sawyerr, O.O., Mc Gee, J.E., & Peterson, M.** 2013. Perceived Uncertainty and Firm Performance in SMEs. The Role of Personal Networks. International Small Business Journal, 21(9):269-289
- Scott, C.** 2016. 5 Signs your Business is growing well. staples. <https://www.staples.com/sbd/cre>.
- SEDA-2016.** The Small, Medium and Micro Enterprise sector of South Africa. Research Note 2016 No 1 (Bureau for Economic Research) www.seda.org.za/Publications
- SEDA-2016.** The Small, Medium and Micro Enterprise sector of South Africa. Research Note 2016 No 1 (Bureau for Economic Research) Commissioned by The Small Enterprise Development Agency January 2016 www.seda.org.za/Publications
- SEED** https://www.seed.uno/about/wprk/south_africa.html promoting entrepreneurship for sustainable development.
- Shapiro Negotiation Institute.** Negotiation training-close your deals faster with higher margins, build better relationships. www.shapironegotiations.com
- Sherman, A., Trisi, D. & Parrott, S.** 2013 Various supports for low income families reduce poverty and have long term positive effects on families and children. Center on Budget and Policy Priorities. www.chpp.org/research
- Singh, S. & Paliwal, M.** 2017. Unleashing The Growth Potential of Indian MSME Sector. Comparative Economic Research, Volume 20, Number 2, 2017.
- Sirec, K. & Bradac, B.** 2009. How does Networking Impact the SMEs Growth? Organizacija, Vol. 42 pp 59-66
- Sirec, K. & Bradac, B.** 2009. How does Networking Impact the SMEs Growth? Organizacija, Vol. 42 pp 59-66
- Slovim-Nevo V., Nevo, I.** 2009. Conflicting findings in mixed methods research: an illustration from Israeli study on immigration. J. Mixed Methods Res. 3 (2): 109-28
- Small Business Insight.** 2017. Global openness drives start-up cities says report. Emerging Markets Research. www.smallbusinessinsight.org
- Small Business Solutions.** Sole Proprietorship vs. Partnership vs. Limited Liability Company (LCC) vs. Corporations vs. S. Corporation. www.residuao-rewards.com/business-types.html

Small Business Solutions.Sole Proprietorship vs. Partnership vs. Limited Liability Company (LCC) vs. Corporations vs. S.Corporation. www.residuao-rewards.com/business-types.html

Small Business Solutions.Sole Proprietorship vs. Partnership vs. Limited Liability Company (LCC) vs. Corporations vs. S.Corporation. www.residuao-rewards.com/business-types.html

SME Chamber of Industry. Available www.smechamberofindustry/rolof_smesecor.aspx

SME Chamber of India 2012. Available www.smechamberofindustry/rolofsmesector.aspx

SME Portal 2008. Internationalisation Process of SMEs:Strategies and Methods. www.diva-portal.org/smash.get/diva.2:121500pdf

SME Growth Index 2015.SBP-Alert-SME Growth Index Headline Results.www.sbp.org.za

SME Toolkit. United Arab Emirates-Preparing to Export.uae.smetoolkit.org/uae/en/54835

Smith,D. 2011. Jacob Zuma blames Christianity for breakdown of South African traditionTheGuardian,Wednesday21December2011.Available:http://www.guardian.co.uk.world/2011/dec/2/Jacobzuma_blames_christianity.Accessed 2017/4/28

StandardBankSouthAfrica2017.BusinessPlanTemplate<https://bizconnect.standardbank.cm>

StandardBankSouthAfrica2017.BusinessPlanTemplate<https://bizconnect.standardbank.cm>

Stark, N. & Bainbridge, W.S.2010. The future of Religion: Secularization, Revival and Cult formation. University of California Press

Statistics South Africa. 2016. Unemployment rate: South Africa a ticking time bomb. www.news24.com

Statistics South Africa. 2016. Effects of gender on the performance of micro and small enterprises in Malawi. Development Southern Africa. special Report 2005,Vol.25(3) pp 347-362

Statistics South Africa. 2016. Effects of gender on the performance of micro and small enterprises in Malawi. Development Southern Africa. special Report 2005,Vol.25(3) pp 347-362

Statistics Government of Korea, 2016.Skills Training by Small and Medium-Sized Enterprises: Innovation cases and the consortium approach in the Republic of Korea. No. 579 July 2016. Asian Development Bank Institute, <https://www.adb.org/sites>

Storey, D.J 2007. Exploring the link, among small firms between management training and firm performance: comparisons between the UL and other OECD countries. The International Journal of Human Resources Management 15(112-130)

- Storey,D.J., Saridakis,G.,Sen-Gupta,S., Edwards,P.K., Blackburn,R.A.** 2010. Linking HR formality with employee job quality: The role of firm and workplace size. *Journal of Human Resources Management*. Vol.49 (2) pp 305-329
- Struiw, J. & Roberts,B.** 2009. Good times, bad times: Survey of economic perceptions and political attitudes. *HSRC Review*. Vol.7(2) pp18-19
- Struwig,M.** 2009. The Business Plan. In *Entrepreneurship-A South African Perspective(Second Edition)* G.Nieman & C. Nieuwenhuizen(eds), Van Schaik Publishers
- Sull, D. Homkes, R. & Sull, C.** 2015. Where Strategy Stumbles. *Harvard Business Review*. March 2015 pp 57-66
- Sullivan,J.D.,Wilson,D.& Nadgrodkiewicz.** 2015.The role of corporate governance in fighting corruption. <https://www.deloitte.com/content/dam/Deloitte/ru>
- Sunderland,J.** 2016. Effects of gender on the performance of micro and small enterprises in Malawi. *Development Southen Africa*. Vol.25(3) 347-362
- Taylor, V., Kimport, K., Van Dyke, N.Andersen, E.A.** 2009. Culture and mobilization: tactical repertoire same-sex weddings, and the impact on gay activism: *Am. Social Rev.* 74:865-90
- Tashakkori, A. & Teddlie, C.** (eds) 2010. *The Sage Handbook of Mixed Methods in Social and behavioural Research*.2nd ed. Thousand Oaks, CA: Sage.
- The South African Entrepreneurship Magazine.** 2015. Failure of business in South Africa is no joke.JTB Consulting.jtbconsulting.co.za/the-failure-rate-of-businesses-in-south-africa-is-no-joke/
- The World Bank IBRD-IDA** a 2017:viii South Africa Economic Update-Innovation for productivity and inclusiveness.-Public Disclosure Authorized.
- The World Bank** 2013. *Competitive Small and Medium Enterprises-A diagnostic to help design smart SME policy*: Public Disclosure Authorized.
- Thompson, J. & Martin, F.**2010. *Strategic Management, Awareness and Change*, 6th ed.South-Western Cengage Learning.
- Thorniley, T.** 2010. The real Chinese entrepreneurs make their presence felt in Africa. *Daily Maverick*, 11 August 2010. <http://daily.maverick.co.za>
- Thorniley, T.** 2010. The real Chinese entrepreneurs make their presence felt in Africa. *Daily Maverick*, 11 August 2010. <http://daily.maverick.co.za>

- Thorniley, T.** 2010. The real Chinese entrepreneurs make their presence felt in Africa. Daily Maverick, 11 August 2010. <http://daily.maverick.co.za>
- Tlhomola,S.J., Rankhumise,E.M. and Van Niekerk,B.J.** 2010. Perceptions of Small, Medium, Micro Enterprise Entrepreneurs regarding factors contributing to failure: A case of Tshwane Metropolitan Municipality. In: Proceedings of the African International Business and Management Conference (ALBUMA).
- Tsele,L.** 2015. Female entrepreneurship: Is South Africa winning the gender inequality struggle. A round table discussion on what's holding women back, and what's needed to create more success stories. SME South Africa. www.smesouthafrica.co.za
- Tunney,M.2014.InnovationinSmallBusiness**
[Hyyps://www.localenterprise.i.e./DublinCity/centre-Business-Issues-in-Sms;-Business](http://www.localenterprise.ie/DublinCity/centre-Business-Issues-in-Sms;-Business)
- Tunney,M.2014.InnovationinSmallBusiness**<https://www.localenterprise.i.e./DublinCity/centre-Business-Issues-in-Sms;-Business>
- Tylus,K.** Culture as a factor of social and economic development: The Polish experience.poieinekaiprattein.org/Europe/economy/culture_and_economy
- Umlazi-Local Economic Development Plan.** 2008. www.durban.gov.za/Documents/Invest-Durban/Economic%20Development/5.pdf
- UNESCO-United Nations Educational, Scientific and Cultural Organization.**2007. Facts and Figures: R&D expenditure. From UNESCO Science Report, Towards 2030.
- Unvienna,** 2013. www.unis.univieenna.org/unis/en.pressrels/2013/uniscp733.html
- UNIDO & UNODC.** 2007. Corruption prevention to foster small and medium sized enterprise development. Providing anti-corruption assistance to small businesses in the developing world, I. Vienna: United Nations Industrial Development Organisation.
- Ussahawanitchakit, Phapruke.** 2012. Administrative innovation, technical innovation, competitive advantage, competitive environment, and firm performance of electronics businesses in Thailand, International Academy of Business and Economic. Vol. 12(1).
- Vallabh,D, & Mhlanga,D** 2015. Influence of demographic factors on business performance in small to medium tourism enterprises (SMTES). <https://www.researchgate.net/publication/306212400>
- Valkokari, K. & Helander, N.** 2007. Knowledge Management in different types of strategic SME networks. Management Research News. Vol.30 (8) pp.597-608

- Van Auken, H., Guijarro, A.M., Lema, D.G.P.**2009. Innovation and performance in Spanish manufacturing SMEs. *International Journal of Entrepreneurship and Innovation management*. Vol. 8(1) p.36
- Van der Made,M.** SiMODiSA survey identifies key challenges to SME development in South Africa.ventureburn.com/2015/09
- Van der Rveen,C.** 2014. The unseen city: Future structure. www.goitech.com/fs/news/The-Unseen-city.hem/.
- Van Scheers, L.** 2010. The role of ethnicity and culture in developing entrepreneurs in South Africa. *Problems and Perspectives in Management*. Vol. 8, Issue 4 2010: 20-28.
- Van Scheers, L.** 2011. SMEs marketing skills challenges in South Africa. *African Journal of Business Management* Vol.5 (13) pp 5048-5056
- Vijayakumar,D,** 2011. An empirical study of firms' structure and profitability relationship: The case of Indian automobile firms. *International Journal of Research in Commerce and Management*. Vol.1 (2) pp 100-108
- Yale Information Technology Services.** What is Innovation? <https://its.yale.edu/about/innovation-its/what-innovation>
- Wallace, W. & O'Farrell P.** 2012. *Introduction to Business Research 1*, EBS/Heriot-Watt University.
- Weber, M.** 1930. *The protestant ethic and spirit of capitalism*. London: Routledge
- Weber, M.** 1930. *The protestant ethic and the spirit of capitalism*. London. Routledge
- White Paper: Notice 213 of 1995.** White Paper on National Strategy for the Development and promotion of small business in South Africa. Cape Town. 20 March 1995
- World Bank a** 2013:25 A frame for policy goals, resource provision and regulatory emphasis for competitive SMEs.
- World Bank b** 2013:28 Case Study: Competitive SME Policy themes and examples- Singapore
- World Bank c** 2013:28 Case Study: Competitive SME policy themes and examples –South Korea
- World Bank d** 2013:29 Case Study: Competitive policy themes and examples – Malaysia.

World Economic Forum,2016. Why Africa's future depends on its women entrepreneurs (Kigali). <https://www.weforum.org/agenda/2016/04/why-africas-future-depends-on-its-women-entrepreneurs>.

World Economic Forum,2016. Is South Africa bottom of class in maths and science? WEF ranking is meaningless. <https://africacheck.org/reports>

Wraag, A., Paynes, S. & Connor, R.2009 Lloyds Market Bulletin
[www.durban.gov.za/city-services/BSI MU/Pages/default.aspx](http://www.durban.gov.za/city-services/BSI%20MU/Pages/default.aspx)

Wraag, A., Paynes, S. & Connor, R.2009 Lloyds Market Bulletin
Bribery and Corruption <http://www.lloyd.com/./media/lloyds/reortspdf>

Wright,S.,Bisson,C. & Duffy,A.P. 2012.a Applying a behavioural and operational diagnostic typology of competitive intelligence practice: empirical evidence from the SME sector in Turkey. Journal of Strategic Marketing Vol.20.No.1 February 2012,19-33

Wright,S.,Bisson,C. & Duffy,A.P. 2012.b Applying a behavioural and operational diagnostic typology of competitive intelligence practice: empirical evidence from the SME sector in Turkey. Journal of Strategic Marketing Vol.20.No.1 February 2012,19-33

Yazdanfar, A. 2013. Profitability determinants among micro-firms: Evidence from Swedish data. The International Journal of Management Finance. Vol.9 (2) pp 150-160

Yilmaz,L.&Negahban,A. 2014. Agent-based simulation applications in marketing research: an integrated review. Journal of simulation Vol.8(2) pp 129-142. Pulgrave Macmillan, UK.

Zain,M. &Ng, S.I. 2006. The Impacts of Network Relationships on SMEs Internationalisation Process. Thunderbird International Business Review. Vol.48(2) pp 183-205

Zakic, N., Jovanovic, A., Stamatovic, M. 2008. External and Internal factors affecting the product and business process innovation. Economics and Organization Vol.5 (1) pp 17-29

Zulu, L. 2014. SMEs hold key to unlocking South Africa's growth shackles.
www.getbiz.za/index.php/biz-news/business-ans-economy/24-smes-holdingkey-to-unlocking-sa-s-growth-shackles

APPENDIX A

Graduate School of Business & Leadership University of KwaZulu-Natal Research towards a DBA Degree Questionnaire to SMEs

1. Background

1.1 Gender

Male Female

1.2 Marital status

Single	<input type="text" value="1"/>
Married	<input type="text" value="2"/>
Divorced	<input type="text" value="3"/>
Widowed	<input type="text" value="4"/>

1.3 Age (in years)

Less than 20	<input type="text" value="1"/>
21-30	<input type="text" value="2"/>
31-40	<input type="text" value="3"/>
41-50	<input type="text" value="4"/>
51-60	<input type="text" value="5"/>
61-70	<input type="text" value="6"/>
More than 70	<input type="text" value="7"/>

1.4 Racial category

African	<input type="text" value="1"/>
Indian	<input type="text" value="2"/>
Coloured	<input type="text" value="3"/>
White	<input type="text" value="4"/>

Other (specify)

1.5 Educational Level

No formal education	<input type="text" value="1"/>
Primary	<input type="text" value="2"/>
Matric	<input type="text" value="3"/>
Certificate(s)	<input type="text" value="4"/>
Diploma (S)	<input type="text" value="5"/>
Degree(s)	<input type="text" value="6"/>
Post-graduate degree(s)	<input type="text" value="7"/>
Other (specify)	<input type="text" value="8"/>

2. The Business

2.1 What motivated you to start your own business?

I retired from my previous job	<input type="text" value="1"/>
I was retrenched form my previous job	<input type="text" value="2"/>
I was fired from my previous job	<input type="text" value="3"/>
I never worked anywhere else	<input type="text" value="4"/>

2.2 What type of Business do you operate?

Sole Proprietorship	<input type="text" value="1"/>
Partnership	<input type="text" value="2"/>
Private Ltd company	<input type="text" value="3"/>
Other (specify)	<input type="text" value="4"/>

2.3 In which sector is your business?

Tourism	<input type="text" value="1"/>	Agriculture	<input type="text" value="7"/>
Auto motive industry	<input type="text" value="2"/>	Manufacturing	<input type="text" value="8"/>
Mining	<input type="text" value="3"/>	Financial Services	<input type="text" value="9"/>
ICT & Electronics	<input type="text" value="4"/>	Film industry	<input type="text" value="10"/>
Chemicals industry	<input type="text" value="5"/>	Outsourcing	<input type="text" value="11"/>
Construction	<input type="text" value="6"/>	Retail	<input type="text" value="12"/>
		Other (specify)	<input type="text" value="13"/>

2.4 Location of business

Fixed (specify area)	<input type="text" value="1"/>
Mobile(specify area)	<input type="text" value="2"/>

2.5 Average years in business

Less than 1 year	<input type="text" value="1"/>
2-3 years	<input type="text" value="2"/>
4-5 years	<input type="text" value="3"/>
6-7 years	<input type="text" value="4"/>
More than 7 years (specify)	<input type="text" value="5"/>

2.6 Average monthly turnover in my business

Less than R1000	<input type="text" value="1"/>
R1000 – R3000	<input type="text" value="2"/>

R3001 – R6000	3
R6001 – R9000	4
R9001 – R12000	5
More than R12000 (specify)	6

2.7 .What specific products or services do you provide?

Product/Services	Specify Types

2.8. How many people do you employ?

0-10	1
11-50	2
51-200	3

2.9 In my business, I consider the following to be important (rank form 1-8 in order of importance)

Innovation	1
Training	2
Networking	3
Relationship with Banks	4
The business Plan	5
Culture and employees	6
Corruption	7
Religious belief(s)	8

3 In eThekwini

3.1 I consider eThekwini as : (rate from 1 -5)

An excellent place to conduct business in	1
A good place to conduct business in	2
An average place to conduct business in	3
An unpleasant place to conduct business in	4
A very unpleasant place to conduct business in	5

3.2 Give reasons for your answer in 3.1 above

3.3 My Business derives the following benefits from being located in eThekwini Municipality area(rank from 1-5 in order of importance)

Low rates	1
Good infrastructure	2
Close proximity to markets	3
Good support from government	4
Low crime rates	5
Other (specify)	6

3.4 It is difficult for my business to operate within eThekweni Municipality area because :(rank from 1-5 in order of importance)

High rates	1
Poor Infrastructure	2
Poor access to markets	3
Poor support from Government	4
High crime rates	5
Other (specify)	6

3.5 How can your business operating environment be improved by?

eThekweni Municipality
Provincial Authority
.....
South African Government

3.6 Could the private sector such as Banks and Training providers help to improve the business operating environment in eThekweni?

3.7 How would you describe your business?

Extremely Successful	1
Moderately successful	2
Just Making ends meet	3
Not successful	4

3.8 In what ways do you think your business will possibly improve

Increasing sales / business opportunities	<input type="checkbox"/>
Market exposure	<input type="checkbox"/>
Sharing information	<input type="checkbox"/>
Networking/fostering partnerships	<input type="checkbox"/>
Other (specify)	<input type="checkbox"/>

1 if box is ticked and 2 if not ticked

4. Business Challenges

4.1 What problem (s) is/are your business currently experiencing?

4.2 What type of support do you need to address these problems?

4.3 Have you ever accessed support for your Business?

Yes 1 No 2

4.3.1 If yes, specify

What type	
From who	
How	
Who informed you of this support	
Did you benefit from this support (How)	

4.4 How would you describe the satisfaction expressed from the support as per 4.3.1 above?

Excellent	<input type="checkbox"/> 5	Good	<input type="checkbox"/> 3
Very good	<input type="checkbox"/> 4	Average	<input type="checkbox"/> 2
Poor	<input type="checkbox"/> 1		

4.5 Who do you think should play more in supporting small business?

4.6 How should small businesses be supported by those you mentioned in 4.5 ?

5. Business Development

5.1 Are you aware of Business Development Services available to you?

Yes 1 No 2

5.2 If yes, what business Development Services are you aware of?

5.2.1. Are you aware of the following Business Development Services (BDS)?
*1=yes,2=no

BDS	Yes	No
Advisory services relating to production	<input type="checkbox"/>	<input type="checkbox"/>

Environmental management training advisory services		
Facilitation of business linkages		
Quality training and advisory services		
Advertising services		
Identifying new markets		
Assistance with regard to tendering		
Accounting services		
Advisory in business planning/ management and mentoring		
Computer hardware & software including Maintenance and website design		
Legal support & advisory in legal services		
Management and business skills training		
Financial planning / business plans & Financial projections		
Negotiations skills regarding Government & other contracts		

5.22 Which of the following services have you made use of ?

BDS	Very often	Frequently	Seldom	Never
Advisory services related to production processes	1	2	3	4
Environmental management training and advisory services	1	2	3	4
Facilitation of linkages	1	2	3	4
Quality training and advisory services	1	2	3	4
Advertising services	1	2	3	4
Identifying new markets	1	2	3	4
Assistance with regard to tendering	1	2	3	4
Accounting services	1	2	3	4
Advisory services in business planning/ management for mentoring	1	2	3	4
Computer hardware and software services including maintenance and website design	1	2	3	4
Legal support, advisory in legal services processes	1	2	3	4
Management and business skills training	1	2	3	4
Financial planning/ Business plans and financial projections	1	2	3	4
Negotiation skills regarding government	1	2	3	4

and other contracts				
---------------------	--	--	--	--

5.2.3 What was the main reason(s) for using the services?

5.2.4 Who were the main providers of the services?

BDS	Government	Private	Banks	NGO
Advisory services relating to production process	1	2	3	4
Environmental management training and advisory services	1	2	3	4
Facilitating of business linkages	1	2	3	4
Advertising services	1	2	3	4
Identifying new markets	1	2	3	4
Assistance with regard to tendering	1	2	3	4
Accounting services	1	2	3	4
Advisory services in business planning and management mentoring	1	2	3	4
Computer hardware and software services including maintenance and website design	1	2	3	4
Legal support advisory in legal services processes	1	2	3	4
Management and business skills training	1	2	3	4
Financial planning business plans financial projections	1	2	3	4
Negotiation skills regarding government and other counterparts	1	2	3	4

5.2.5 Who informed you of this service?

5.2.6 How easy was it for you to be able to access the service?

Easy to access	<input type="text" value="1"/>
Not very easy to access	<input type="text" value="2"/>
Difficult to access	<input type="text" value="3"/>

5.2.7 How would you rate the services in terms of your satisfaction?

Extremely satisfied Satisfied Average Not Satisfied

5.2.8 If not satisfied, why not?

5.2.9 Were the services received, relevant to the needs of your business?

5.2.10. Did the services you receive, help to grow your Business?

Yes No

5.2.11. How did the services help in growing your business?

5.2.12 Would you make use of the services again?

Yes No

5.2.13. If no, what are the reasons for not using the services?

6. Payment for services

6.1 Did you pay for the services you received?

Yes No

6.2. If no, what were the reasons for not paying?

6.3 If yes how much did you spend on the service received?

Range	
R1- R200	1
R201- R500	2
R501- R1000	3
R1001- R1500	4
R1501 – R2500	5
R2501 – R5000	6
R5001 – R10000	7
R10001 – R15000	8
R15001 – R25000	9
Above R25000	10

6.4 I will pay, will not pay for the following services

BDS	Will Pay	Will not pay	Reasons
Advisory services relating to production process	1	2	
Environmental management training advisory services	1	2	
Facilitation of business linkages	1	2	
Quality training & advisory services	1	2	
Identifying new markets	1	2	
Assistance with regard to tendering	1	2	
Accounting services	1	2	
Advisory services in business management and mentoring	1	2	
Computer hardware and software services including maintenance and website design	1	2	
Legal support and advisory in legal services	1	2	
Management and business skills training	1	2	
Financial planning and business plans and financial projections	1	2	
Negotiations skills regarding government offer contracts	1	2	

6.5 Would you have any suggestions to grow your business?

THANK YOU

APPENDIX B

SEMI-STRUCTURE INTERVIEW WITH SME Development –Funding Institutions.

1.0 Background

Name

(Optional).....

Address.....

.....

E-mail

address.....

Services offered.....

Qualification.....
.....

Experience (Yrs).....

Designation.....
.....

2.0 Organisational Capacity

2.1 What Service do you offer to SMEs?

.....
.....
.....
.....

2.2 How do you offer these services?

.....
.....
.....

2.3 Does your organisation have a vision for SMEs? Yes.....

No.....

2.4 If yes, explain.....

.....

.....2.5 If no, explain how your services impact on SMEs

.....
.....
.....

2.6 Are you aware of any relevant legislation that relates to SME Development?

.....
.....
.....

2.7 Are there any clearly defined structures in place within your organisation to address SME development?

Yes.....

No.....

3 Repayment of borrowed funds

3.1 What can you say about repayment of funds borrowed from your organisation by SMEs?

.....
.....
.....

3.2 Have SMEs failed to pay back money borrowed from your organisation?

Yes.....

No.....

3.3 If yes, what could be the reason for this?

(a) High interest rates charged by my organisation.....

(b) Inability by SMEs to pay.....

(c) Poor credit evaluation at the beginning by us.....

(d) Other
(explain).....

.....
.....

3.4 If no, explain why not?

.....
.....

.....3.5 Have you had bad debts for money borrowed from you by SMEs?

Yes.....

No.....

3.6 If yes, was this after legal recourse?

.....
.....3.7 If no, how does your organisation manage to do this?

.....
.....

4 Would you have any suggestions to improve SME development in South Africa?

.....
.....
.....

5 Is there anything else you would like to mention or comment about growth of SMEs in South Africa and the role of Funding institutions?

.....
.....
.....
.....

THANK YOU FOR YOUR TIME.

APPENDIX C
SEMI-STRUCTURED INTERVIEW WITH SME Development- Training Institutions

1.0 Background

Name (Optional)

.....

Address

.....

Telephone/cell

.....

E-mail address

.....

Products/Services offered

.....

Qualification

.....

Experience (Yrs)

.....

Designation

.....

2.0 Your Organisation

2.1 Has there been adequate training in the key areas of Small Business Development?

Yes.....

No.....

Uncertain.....

2.1 A structured training programme to impart skills development and professionalism should be introduced to those who are tasked to offer services to small businesses.

Strongly agree.....

Agree.....

Uncertain.....

Disagree.....

Strongly disagree.....

Comments.....

.....
.....

2.2 To what extent are staff members being trained to adjust to changing policy requirements with regard to small business development?

.....
.....
.....

2.3 Are you active in designing the training needs within your organisation?

.....

3.0 Customer Care

3.1 Who are your customers/clients?

.....

3.2 How do you get clients?

.....
.....

3.3 Ho do you determine the needs of your clients?

.....
.....
3.3 Are you generally able to respond to all your clients needs?
.....

3.4 Do you refer your clients to other organisations for assistance?

Yes,,,,,,,,,,,,,

No.....

3.4 If yes, who.....

3.5 What are some of the processes you have in place with regards to intake of clients?
.....
.....

3.6 What are some of the programmes you have in place to meet the needs of your clients?
.....
.....

3.7 What processes and procedures do you have in place to monitor performance of clients?
.....
.....

3.8 Do you have after care programmes for your clients?

Yes.....

No.....

3.9 If yes, explain
.....
.....

4.0 Payment for services

4.1 Do your clients pay for your services?

Yes.....

No.....

4.2 If no, why not?
.....
.....

4.3 If yes, how do you determine the rates of payments for your services?
.....
.....

4.4 How do you deal with clients who fail to pay for your services?

.....
.....

4.5 If there is anything you could change in the way in which you currently operate regarding small business development, what would it be?

.....
.....

4.6 What are the key problems with Small Business Development?

.....
.....

4.7 What possible solutions do you recommend?

.....
.....

THANK YOU FOR YOUR TIME

APPENDIX D

SUMMARY MAIN QUESTIONNAIRE

3.2 Give reasons why you consider eThekweni an excellent place to conduct business.

- Busy area
- A lot of customers
- Business Parks
- Great opportunities of work, networking and to expand projects.

3.5 How can your business operating environment be improved by:

- (a) eThekweni Municipality
 - Reduce crime rate
 - Promote KZN as an ideal destination
 - More international events in the city
 - Upgrading services and improving Police patrol.
- (b) Provincial Authority
 - Reduce crime rate
 - More Police Officers in the CBD
- (c) South African Government

- Reduce crime rate
- Stabilise the rand
- Imprison offenders for long periods

3.6 Could the Private Sector such as Banks and Training Providers help to improve the business operating environment in eThekweni?

Yes. Banks should improve access to funding and improve skills within organisations.

4.1 What problem(s) is/are your business currently experiencing?

- No customers during the week-only during weekends
- Transport challenges
- Nationwide drop of retail luxury gifting items
- High crime rate
- Payment of outstanding accounts-debtors
- High Tax, Paye and Vat.

4.2 What type of support do you need to address these problems?

- Need more trucks/money
- Create product /houses to reduce imports
- Proper debtors management
- Reduce amount of Vat

4.3.1 If yes, specify

- What type- advertising, overdraft
- From -Home maker, Bank(s)
- How -Discussed with them, Approved by bank
- Who informed you of this support?- Booklet, Bank
- Did you benefit from this support- Yes

4.5 Who do you think should play more in supporting small business?

- Banks and government
- Outside Investors

4.6 How should small businesses be supported by those you mentioned in 4.5?

- By reducing the Tax required to be paid

- Business funding
- Create jobs for people
- Provide overdraft facilities
- Finance
- Provide Capital/funding

5.2.3 What was the main reason(s) for using the services?

- To grow business
- Seek new business ventures and maintain sustainability of the business
- To develop and train our employees
- To educate disadvantaged people in rural areas

5.2.5 Who informed you of this service?

- Checked from internet
- Banks
- Google
- Friends

5.2.8 If not satisfied, why not?

- Services required in Rural areas not easy to access

5.2.9 Were the services received relevant to the needs of your business?

- Yes. Helped to develop and expand our understanding.

5.2.11 How did the services help in growing your business?

- Collect new clients information for new business
- Maintain proper and calculated cash flow
- Advertising our brand and products
- More Sales

5.2.12 If no, what are the reasons for not using the service?

No reasons were given in answer to this question

6.2 If no what were the reasons for not paying?

- Information was readily available on the internet.

6.5 Would you have any suggestions to grow your business?

- Provide more funding and train more personnel to up skill them.
- More marketing
- Lower rent and Overheads
- Advertising

FUNDING INSTITUTIONS RESPONSES

1.0 BACKGROUND

1.1 Services offered

B1 Banking-Small Enterprises

B2 All Banking Facilities

B3 Financial Services

B4 Funding

B5 Credit transactions, Savings and Investment Qualificatio

APPENDIX E

1.1 SUMMARY OF FUNDING INSTITUTIONS RESPONSES

B1 MBA, Dip in Credit Management

B2 MBA

B3 BCom

B4 -

B5 Bachelor of Sports Science(Hns)

1.2 Experience

B1 35 years

B2 30 years

B3 9 years

B4 5 years

B5 2 years

1.3 Designation

B1 Senior Manager- Small Enterprises

B2 Area Manager

B3 Senior Business Manager

B4 Investment Manager

B5 Service Consultant

2.0 Organisational Capacity

2.1 What services do you offer to SMEs?

B1 Banking Solutions, Transactional, Savings and Investment, Lending Solutions (Need based), Merchant Devices-Insurance, Public Liability, Retirement. Interment Banking, Business Online and Business Plan.

B2 All Banking Services, Overdraft, Loans, Electronic Banking, Debtor Management

B3 Overdraft Business Credit cards, Revolving Business Loans, Single Invoice Discounting Facility, Commercial Property Finance, Instant Accounting, Instant Payrol.

B4 Funding

B5 We open individual Savings Accounts

2.2 How do you offer these services?

B1 Reactive and Proactive, Marketing. Awareness(Presentations), Lifestyle Entrepreneur.

B2 Advertising on Radio, TV, Bill Boards. Visits by Business Manager to clients.

B3 System approved facilities. Motivation of facilities .Business Financials, perform/prepare Balance Sheets, Cash Flow Forecasts.

B4 Assess each SME individually for viability-Cash flow, Business Plan, CVs, evaluation of market.

B5 Ask for proof of Residence, Credit granted on affordability and individual credit record.

2.3 Does your organisation have a vision for SMEs?

B1 Yes, B2 Yes, B3 Yes, B4 Yes, B5 No.

2.5If no, explain how your services impact on SMEs

B.5 You can get credit of up to R250000 provided you qualify. No security needed. It is considered high risk to lend money to small business owners.

2.6 Are you aware of any relevant legislation that relates to SME Development?

B1-Yes, B2-Yes, B3-No, B4-No, B5-No

2.7 Are there any clearly defined structures within your organisation to address SME development?

B1-Yes subsequent and management structure

B2- Yes Business Banking>R10m

B3-Yes

B4-Yes

B5-No

3 Repayment of borrowed funds

3.1 What can you say about repayment of funds borrowed from your organisation by SMEs?

B1- Start –ups =risk is very high, Avoid funding innovation

B2 Check Cash flow cycle and current ratio before awarding credit finance.

B3 Depending on the Financing Option, the client opts for, the repayment is either a fixed monthly repayment or the repayment of interest.

B4 Majority of customers are repaying.

B5 People fall into arrears on their loans because of loss of income

3.2 Have SMEs failed to pay back money borrowed from your organisation?

B1-Yes; B2-Yes; B3-Yes; B4-Yes; B5-Yes

3.3 If yes, what could be the reason for this?

B1 Economic factors, Competition, Interest rates aligned to risk.

B2 BEE compliance need to be re-considered. Poor management capability, Corruption by government officials who demand a percentage payment for awarding tenders.

B3 Lack of management skills, not understanding market dynamics.

B4 Poor Cash flow management, poor management by owners. There are risk sectors such as Transport and Engineering which we are reluctant to fund.

B5 Loss of jobs

3.5 Have you had bad debts for money borrowed from you by SMEs?

B1-Yes, B2-Yes, B3-Yes,B4-Yes, B5- No

3.6 If yes, was this after legal recourse?

B1- Legal services are outsourced

B2-Yes with Risk Division and legal Department

B3-We try to recover the funds prior to taking legal action

B4 N/A

B5 N/A

3.7 If no, how does your organisation manage to do this?

B1-N/A; B2-N/A; B3-N/A; B4-N/A; B5- Insurance covers the loans

4Would you have any suggestions to improve SME development in South Africa?

B1-Government and Banks should work together with SME contribution.

B2 Banks should look at special industries and avoid risk ones.

B3- Skills development in management capacity. The Bank offers a free Accounting package and payroll solution.

B4- Encourage entrepreneurship

B5-SME development is currently a risk sector to avoid

5 Is there anything else you would like to mention or comment about growth of SMEs in South Africa and the role of Funding Institutions?

B1- Contract Financing and Invoice Discount .Beware of funding innovation-need for a guarantor.

B2 BEE is good for the country, however, a more controlled; environment needs to be created for the success to be enjoyed.

B3-Start-up funding is often regarded as risk due to the level of skills that the entrepreneur has. The government based indemnity funding helps mitigate this risk.

B4- SME sector is growing but we need government to aid in this growth.

B5 Risk factors should always be considered in dealing with

APPENDIX F

SUMMARY

SEMI-STRUCTURED INTERVIEW WITH SME DEVELOPMENT-Training Institutions

BACKGROUND

Product/Services offered

T1-Business and Executive Coaching. Enterprise Development, Contract Financing

T2-SME Development support- skills development, Business Linkages.

T3-Training and Development, First , Fire fighting, SHE and Learnerships.

T4-Business Advisory

T5-Bucktool Training-Safe use of Forklifts

Qualification

T1-MBA, Certificate in Business and Executive Coaching

T2- Honours degree in Economics

T3-HDE(Higher Diploma in Education)

T4- Business Management (Damelin)

T5-‘O’ Level, City and Guilds (UK)

Experience

T1-8years

T2-17 years

T3-13 years

T4- 10 years

T5- 24 years

Designation

T1-MD; T2-Manager-Enterprise Development; T3-MD; T4-Project Coordinator; T5-Technical Support specialist

2.0 Your Organisation

2.1 Has there been adequate training in the key areas of Small Business Development

T1-Yes; T2- Yes, To a certain extent, Limited by resources. T3-Yes; T4- Yes; T5-No. Payment is the stumbling block. SMEs do not want to pay. Low level of education.

2.2 To what extent are staff members being trained to adjust to changing policy requirement with regard to small business development?

T1-Training Courses via comensa for skills development. Training Courses via Durban Chamber. Compliance Training e.g. SARS,PAIA, FICA.

T2-Recieve regular updates in terms of changes e.g. BEE spheres. Regular seminars and workshops with subject experts e.g. Tax. Make use of our own training facilities.

T3-Implement training interventions in order to close gaps that exist with regards to skills shortages in the transport environment.

T4-Provide staff empowerment, Training mentorship support from management.

T5-Only trainer with a certified qualification.

2.3 Are you active in designing the training needs within your organisation?

T1-HR function in charge of staff training needs

T2-We complete a WSP and ATR annually and encourage training and growth for all our employees.

T3-Yes

T4-Yes-required every year

T5- Yes

3.1 Who are your customers/clients?

T1-SMEs in business for more than 3 years and Corporate.

T2-SMEs across all sectors

T3-SMEs and Corporate

T4-SMMEs who are clients to corporate and government, e.g. Std Bank, eThekwini Municipality, Ned bank.

T5-Anyone willing. Mostly those in construction.

3.2 How do you get clients?

T1-Referrals and word of mouth, Internet (Google), Networking.

T2- A membership based organisation that represents business. Any business can participate.

T3- We have a sales and marketing team.

T4- Repeat business, marketing, networking

T5- Makita Dealers and end user referrals.

3.3 How do you determine the needs of your clients?

T1-Business Diagnostic/Personal Development Plan 360 degree analysis, self audit and one on one interview(2hours long)

T2-Through needs assessment. Hand out questionnaire and also through feedback from business.

T3-We analyse training materials, examine gaps in work place training plans.

T4-Interview needs analysis, Assessments, customised questionnaire.

T5-Initial contract- Asking what is needed for which tool?

3.3.1 Are you generally able to respond to all your clients needs?

T1-Yes. I also utilise associates e.g. lawyers, psychologists, accountants to assist clients.

T2-Yes; T3-Yes; T4- Yes; T5- Yes, As required.

3.4 Do you refer your clients to other organisations for assistance?

T1-Yes; T2-Yes; T3-Yes; T4-Yes; T5-Yes

3.4.1 If so, who?

T1-Banks, Financing Organisations, Lawyers, Graphic Designers; Accountants, HR consultants

T2-For support we do not offer e.g. Banks such as Absa, Std Bank, Seda, eThekwini Municipality.

T3-If we are unable to assist , we refer our client to other reputable training companies.

T4-Banks, Enterprise Development Organisations, e.g. Seda, Business Support Unit.

T5- Mainly Dealer with correct contacts.

3.5 What are some of the processes you have in place with regards to intake of clients?

T1-Signing of coaching agreement, confidentiality agreement; rules of the game agreement

T2-Business registered in South Africa

T3-Client credit application, Coach upfront for first time clients

T4-Diagnostic session, Briefing sessions, Training mentorship, Business Advisory.

T5- None. Just a willingness to train.

3.6 What are some of the programmes you have in place to meet the needs of your clients?

T1-1-on-1 coaching programmes (3 months duration). Team alignment, Personality profiling (insights 360 degrees)

T2-Skills Development (seminars, workshops and structure) industry specific .Access to markets/market linkages.

T3- Fire-fighting, First Aid, Learnerships, Forklift Training

T4-Business Development, Business edge training.

T5-Makita Monthly

3.7 What processes and procedures do you have in place to monitor performance of clients?

T1-Set 90 day plan upfront; 6 week review; 90 day review, Management Accounting/Financials, Structured Questionnaires –customisable.

T2- Enterprise/Supplier Development programmes that are linked to the specific customer needs in terms of what they need to be supplied with.

T3-Debtors department, client feedback forms, client service surveys.

T4-Training surveys, Ongoing monitoring by staff.

T5-None officially but work with clients on a personal basis.

3.8 Do you have after care programmes for your clients?

T1=Yes; **T2**-Yes;**T3**-Yes; **T4**-Yes; **T5**-Yes

3.9 If yes, explain

T1-Montly news letter mailing detailing courses/workshops, Skype call-15 minutes- to touch base, e-mail/phone.

T2-Through Chamber membership, our clients remain active in the chamber affairs

T3-Following calls and e-mails, we send reminders for any refresher training needed.

T4-Follow-up sessions for those who ask

T5-Follow-up access via phone.

4.1 Do your clients pay for your services?

T1-Yes; T2- Yes; T3-Yes; T4-Yes; T5-Yes

4.3 If yes, how do you determine the rates of payments for your services?

T1-Business Coaching=R1250 per hour(1 on 1 coaching). Executive Coaching=R2450 per hour(1 on 1 coaching). Team Alignment/Workshops-R8500 per session(4 hours)

T2-Rates linked to number of employees.

T3-Industry related, a standard price list –R720 per day per candidate.

T4-Charges determined at Head Office.

T5-R500 per person –minimum 6, maximum 10 (5 hours).

4.4 How do you deal with clients who fail to pay for your services?

T1- Clients pay monthly in advance prior to coaching.

T2-Voluntary

T3-Reminders up to 90 days and hand over to legal team(outside lawyers)

T4-Dealt with at Head Office.

T5-Payment upfront

4.5 If there is anything you could change in the way in which you currently operated regarding small business development, what would it be?

T1-More skilled staff to support my clients . I need bigger premises

T2- Offer more business linkages

T3- Everything is working for us

T4-Focus more on marketing the organisation.

T5- Employing more skilled people.

4.6 What are the key problems with Small Business Development?

T1-Too many government and NGO initiatives in the market place. Lack of Technical and mentorship programmes.

T2-Access to markets. Access to funding-no collateral.

T3-Inability to pay accounts due to poor cash flow. Lack of support from Financial Institutions.

T4- Lack of Business skills by Business Owners. Lack of Finance, Cash flow problems.

T5-Lack of skills. No apprenticeship programmes available.

4.7 What possible solutions do you recommend?

T1- Better utilisation and structuring of Business; Chambers to support Business Development and Job creation. Utilising E-learning, Video conferencing to develop

Business owners at the owners own time and place. Re-look/Re-structure Business Development agencies to better support Business.

T2-More corporate to procure from small business. Tailored SME funds

T3- Need to train SMEs in finance. Business coaching and mentoring on Business and Financial planning.

T4-More accessible training for SMEs

T5- Apprenticeship programs

APPENDIX G



14 July 2016

Mr Alfred Tapiwa Chibaro Moyo (216071081)
Graduate School of Business & Leadership
Westville Campus

Dear Mr Moyo,

Protocol reference number: **HS5/0909/016D**
Project title: Small and Medium Enterprises (SMEs) Growth Taxonomy In the eThekweni Municipality

Full Approval – Expedited Application

With regards to your application received on 21 June 2016. The documents submitted have been accepted by the Humanities & Social Sciences Research Ethics Committee 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 Shenuka Singh (Chair)

/ms

Cc Supervisor: Professor Theuns Pöster
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 8667/8250/4557 Facsimile: +27 (0) 31 260 4608 Email: hsr@ukzn.ac.za / hsr@ukzn.ac.za / hsr@ukzn.ac.za

Website: www.ukzn.ac.za



Founding Campuses: Edgewood Howard College Medical School Pietermaritzburg Westville

