

We are IntechOpen, the world's leading publisher of Open Access books Built by scientists, for scientists

5,800

Open access books available

142,000

International authors and editors

180M

Downloads

Our authors are among the

154

Countries delivered to

TOP 1%

most cited scientists

12.2%

Contributors from top 500 universities



WEB OF SCIENCE™

Selection of our books indexed in the Book Citation Index
in Web of Science™ Core Collection (BKCI)

Interested in publishing with us?
Contact book.department@intechopen.com

Numbers displayed above are based on latest data collected.
For more information visit www.intechopen.com



Chapter

The Impact of Quality Standards on the Business Performance of Small, Medium and Micro-Sized Enterprises in Kwazulu-Natal: Selected Cases in the Durban Metropolitan Area

Phindile B. Chili and Noluthando S. Matsiliza

Abstract

In the last decade, scholars showed an interest in alluding to compliance as a necessity to support small business performance in the last decades. Over the years, organisations have been frequently criticised for failing to comply with the quality standards such as the South African National Standards (SANS) 9001/ISO 9001 require effective implementation of Quality Management Systems and SANS 342, which provides specifications for diesel fuel products. Quality standards matrix adopted by the South African Bureau of Standards (SABS) is frequently used as a set of detailed specifications, requirements, various guidelines and characteristics to assure that the product, service or process is fit for purpose. Even though public and semi-autonomous institutions understand the value of subscribing and complying with quality standards, there is still a gap in the literature regarding the enforcement and compliance of quality standards in small business practices. There is a relationship between the adoption of quality standards and business excellence. Government can tap on the competitiveness of small, medium and micro-sized enterprises (SMMEs) and address their challenges and barriers that limit SMMEs to acquisition and compliance of statutory quality management systems.

Keywords: business excellence, customer satisfaction, quality management systems (QMSs), quality standards, small, micro and medium-sized enterprises, total quality management (TQM)

1. Introduction

A quality management system (QMS) involves a collection of business processes that consistently meet customer requirements and enhance customer satisfaction. It is aligned with an organisation's purpose and strategic direction [1]. Other commonly used quality standards such as ISO 9001/South African National Standards (SANS) 9001 provide requirements to be complied with to effectively implement a quality management system (QMS). In order to contextualise the relevance of the

three mainly used concepts and their interrelation to the study, they were defined as follows: firstly, the QMS, which has been defined above. Secondly, total quality management (TQM) is defined as 'an integrative firm widespread management philosophy aimed at continuously improving the quality of the processes, products and services by focusing on meeting or exceeding customer expectation to enhance customer satisfaction and organisational performance' [2].

Scholars in management studies alluded to quality standards as documents that provide requirements, specifications, guidelines or characteristics that can be used consistently to ensure that materials, products, processes and services fit their purpose [3].

Products that do not meet relevant quality standards are less marketable because of their inability to compete globally, thus impacting negatively business growth and expansion. The development programmes spearheaded by the government to ensure products and services are more competitive are not continuously monitored effectively to achieve the intended objectives. This challenge usually 'results in the duplication of efforts and hampers the development of the monitoring and evaluation framework for assessing the success of SMME programs' ([4], p. 9). The food industry is highly regulated. Therefore specific minimum hygienic and safety requirements are enforced. Nonadherence leads to severe repercussions. In the article, Top Performing Companies and Public Sector ([5], para.9 Line 4), the 2015 survey findings on the challenges faced by small, medium and micro-sized enterprises (SMMEs) are listed, of which 40% of them were due to burdensome regulations.

Neyestani [6] notes continuous improvement of the business quality performance based on establishing a proper system for leading the whole organisation effectively to meet customer requirements. Other research findings state that TQM results in an increasingly competitive advantage for firms. Thus, 'TQM is considered a cause of competitive advantage because it lets firms operate at a more competitive level and fulfil the needs of its consumers while minimising production costs and wastes, hence increasing the quality of the end product' ([7], p. 54). Similarly, Đorđević *et al.* ([8], p. 22) asserted that business excellence is possible to realise in two ways: by applying the concept of TQM. In concurrence with the assertions made by the different scholars mentioned above, it can be concluded that the hypothesis that correlates a positive relationship between the application of quality standards and business excellence is true. This chapter is based on the study conducted to assess the impact of quality standards in any business, whether in the manufacturing or service rendering sector and regardless of the size and complexity of the organisation. The following section will discuss the problem statement, review literature, expand on the research methodology and procedures, analyse data and elaborate on policy implications and conclusions and recommendations.

2. Problem statement

While the informal economy within the eThekweni Metropolitan area contributes to the city's development and social life, the SMMEs face diverse challenges that impact their growth and sustainability ([9], p. 1). According to Durban's Informal Economic Policy [10], 'both formal and informal economies make up the city's economy; however, SMMEs face impediments that emanate from the socio-economic and structural factors, which compel them to be exposed red tapes, noncompliance to regulations'. The author works very close with SMMEs as, based on the observations, it has been noted that most are faced with a cumbersome and expensive process of essential trading permits and licences acquisition. The article,

Top Performing Companies and Public Sector ([5], para.9 Line 6), notes that top-performing companies that amount to a total of 40% are challenged by the burdensome regulations that remain the impediments that are mostly facing SMMEs that end up stagnating their businesses.

The Small Enterprise Development Agency (SEDA) Report ([11], 18:28) also notes the challenges of noncompliance by South African SMMEs, and they continue to impact their business's success negatively. 'The heightened rate of informal business in the SMME sector due to higher unemployment needs to be addressed through focusing on reducing barriers to market entry, the regulatory burdens, easing labour relations and stepping up labour skills initiatives' ([11], 18:28). According to research findings by Van Scheers [12], among other challenges faced by SMMEs that are market-related include trading of products and services that do not meet some quality standards and regulatory and statutory requirements to put them at a better competitive advantage. This study intends to respond to the aim and the following primary question.

3. Conceptualising quality management system (QMS)

This study conceptualises the QMS to understand the objectives that organisations must follow. These objectives serve as outputs of an effective QMS in an organisation. They result from inputs and enablers, which include the application of quality standards, adoption of Total Quality Management (TQM) ideals and practices. These inputs may be translated into quality cultured organisations, improved quality products, processes and services. The below diagram profiles the enrichment of quality standards in an organisation.

Figure 1 below depicts the entrenchment of quality standards enabling the quality principles to be translated through a process into an effective QMS. These quality



Figure 1.
Entrenchment of quality standards. Source: American Society for Quality [3].

principles are adopted from ISO 9000:2015 standard by organisations who strive for continual improvement. Proponents claim that the entrenchment of quality standards such as ISO 9001 promotes best practices and, ultimately, an effective QMS. However, organisations need to be prepared to change their culture and how they have been doing business. This change should adopt quality principles such as the following:

- **Customer focus:** Every employee within the organisation's value chain should be customer-orientated, thereby committing to meeting and exceeding the current and future requirements. Customer-orientated organisations consistently improve customer retention and satisfaction [13]. 'Every organisation wants to aim for the best, and a good company focuses on customer satisfaction because they are the main output' ([7], p. 31). When a customer is retained and satisfied, this then leads to improved financial and business sustainability.
- **Leadership:** Top management should demonstrate exemplary leadership and commitment in setting goals and strategic positions in an organisation and ascertain their realisation. These objectives may include improved financial and business sustainability, efficient and effective operations, compliance to relevant regulations and statutory requirements, products and services that are fit for use and safe products security against climatic or other hostile circumstances. Saiti [14] believes that leadership selection criteria are essential in improving quality management in an organisation.
- **Engagement of people:** Organisations require the inputs of every employee to take the objectives in the right direction [15]. When top management engages employees by addressing their opportunities, threats, strengths and weaknesses, this exercise encompasses enterprise risk management, and such engagements may bring about positive outcomes. Organisations must recognise the importance of engaging with stakeholders to understand its context and be in a better and increased competitive edge as they are always abreast of their competition. Latham [16] supports the notion that leadership in quality promotion must recognise that boundaryless organisations require individuals who recognise that people and communities are part and parcel of decision-making in an organisation. Considering people's engagement in organisations, confirms that competent, empowered and engaged people enhance their creation of value.
- **Process approach:** Organisations should manage all activities, tasks and interrelated resources to effectively realise the desired output, including well-defined and controlled internal processes [13]. The process approach also allows organisations that employ a process to identify their needs as inputs to convert them to outputs.
- **Improvement:** Organisations must consistently assess the adequacy and effectiveness of their processes, policies and procedures and, where gaps exist, implement corrective actions to ensure all facets of the QMS realise continual improvement. According to Sadik [7], a firm must go for quality management in their firm in order to gain a competitive advantage. With that said, implementing quality assurance tools such as a quality improvement will ultimately lead to efficient and effective operations. It has been affirmed that quality is improved when such tools are entrenched, leading to 'organisational

improvement, managerial efficiency, and effective management and with that continuously improving productivity' ([7], p. 31).

- **Evidence-based decision-making:** Business decisions should be made based on the results of pertinent information that has been thoroughly examined. Drivers for change, such as managers, must be willing to share their proposals to employees and their associations before making final decisions that will impact the lives of the employees. Managers must provide valid evidence on how certain decisions can be applied in their organisations.
- **Relationship management:** For organisations to ensure effective operations, they rely on suppliers, contractors and other interested parties. Therefore, they should have controlled processes in place to manage them sustainably. Colledani and Tullio [17] believes that organisations shall determine the controls to be applied to externally provided processes, products and services. Constance interaction between organisations and the stakeholders can be a platform to improve relations between the organisation and clients.

As a quality professional with years of experience in auditing and implementing QMS, it has been observed that quality-oriented organisations are the most successful than their counterparts. Their better performance is that standards build confidence to customers that the product, services and processes meet the acceptable requirements, thus increasing customer retention and satisfaction. 'Quality management is the basic tool that leads to quality assurance and will ultimately result in customer satisfaction' ([7], p. 31).

4. Literature review

Existing literature that revealed the benefits enjoyed by certified organisations small, medium and micro-sized enterprises was reviewed and explored to respond to the study's research questions. Different theories were also assessed to test the hypotheses emerging from the research question. Ultimately the theory of Total Quality Management (TQM) was relevant to the research study.

4.1 Theoretical framework of the study

The theoretical framework of this study is limited to three TQM theories by Crosby (1979) and Juran [18]. TQM has been studied from diverse and numerous perspectives. The first theory of TQM by Deming focused on the system of profound knowledge, 14 points of management and the Plan-Do-Check-Act (PDCA) Cycle. For this paper, the focus was on the PDCA cycle as represented in **Figure 2**, considering its direct applicability to the paper. According to Bulsuk [19], a detailed **plan** is the first step in any project, once the plan is in place, **do** (implement) it regardless of its perfect completeness. Then make sure all problems are noted as being encountered and how to respond to them. Bulsuk [19] further explained the next step of the cycle, **checking** to see if any problems have been encountered during the execution of the plan, so that root cause analysis is initiated where deviations are identified. Lastly, to **act** on the identified root causes and implement corrective actions.

The PDCA is popularly referred to as the beginning of continuous process improvement and is used to solve problems to maximise business processes. Kaiser [20] noted how the cycle could guarantee improvements for activity in agreement

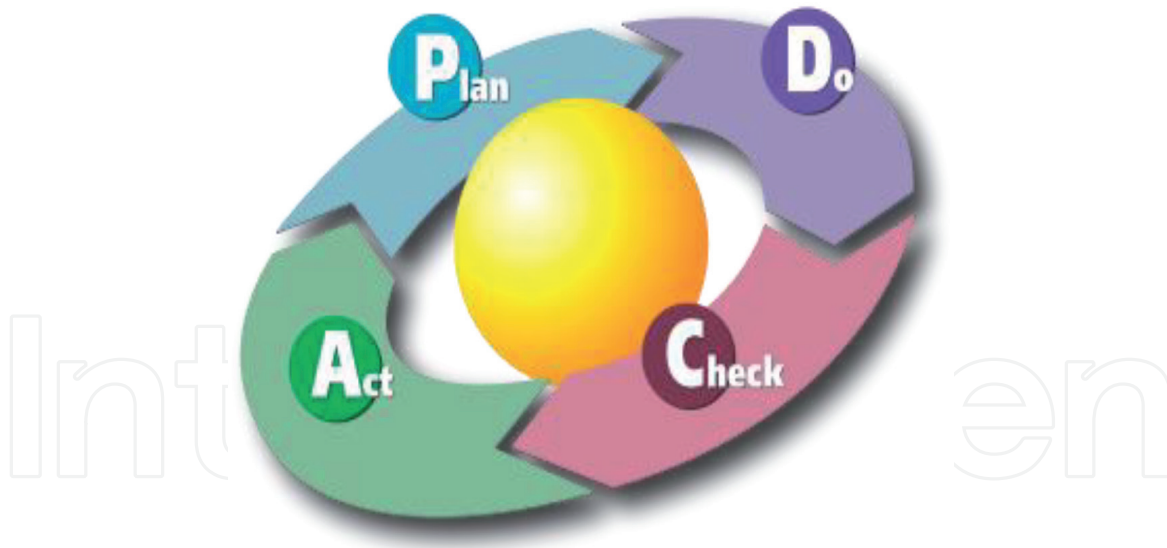


Figure 2.
The first step to plan-do-check-act cycle [19].

with Deming's PDCA cycle, which was conceptualised in 1959. Otterloo [21] believes that the PDCA model was developed to aid improvement in the production processes.

The second theory of TQM by Crosby [18] contributed to TQM by outlining a 14-step approach to quality that demonstrated commitment strategies and principles to continuous improvement in organisations. Another contribution towards TQM can be recognised through another quality guru, Juran (1986), whose third theory of TQM aimed at explaining the concept of Quality Trilogy, namely quality planning, quality control and quality improvement.

As indicated in **Figure 3** below, the TQM process starts with planning activities to ensure all risks associated with the projects are assessed, measured and managed accordingly. Juran ([18], 3) argued that quality planning is the starting point in creating a process that will meet established goals and do so under operating conditions. The planning phase is very critical during the setting of objectives in order to allocate and prioritise the necessary resources to meet customer requirements and specifications, which agrees with Juran's assertion. These theories align with the study and can be applied to understand the significance of quality management systems in business performance.

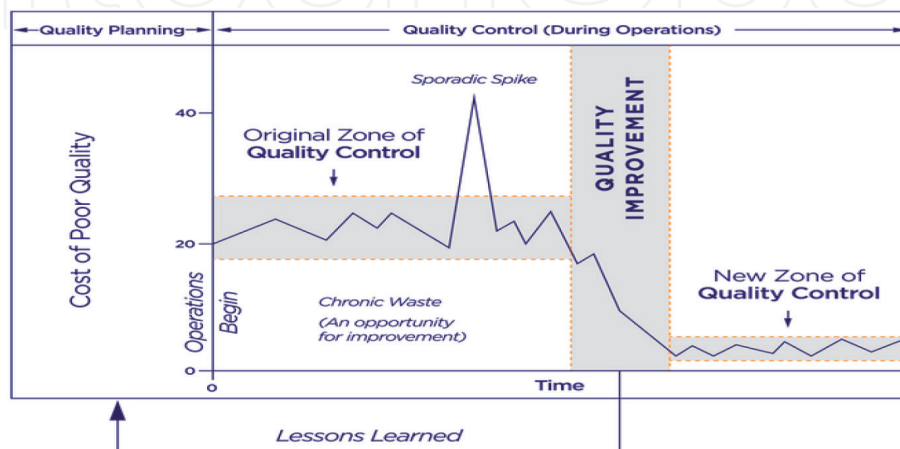


Figure 3.
TQM theory of quality trilogy ([18], 2).

4.2 Application of quality standards by SMMEs

The objective of this paper is to respond to the critical research question that emerged from the research study. In response to the research question, various scholars affirmed a positive relationship between the application of quality standards and business performance. This link between quality and business performance is confirmed by Savino et al., [22, 23] who cited, Colledani and Tolio [17], and Chi Phan et al. [24], who explored the relationship between quality management practices competitive performance in manufacturing companies. Again, Colledani and Tolio [17] affirm that quality control allows for high product quality standards, reducing wastage and rework.

According to Zhao et al. [25], a quality management system is a set of organised processes desirable for the business product or service to satisfy client, consumer or customer demands. It comprises standards and guides with management systems and specific tools such as auditing methods that should be verified to meet agreed standards. Similarly, according to Bjørg, Granly and Welo [26], the development of international standards resulted in a diversity of models, such as the Acorn method. Zhao et al. [25] assessed the extent to which SMMEs disclosed quality compliance in their organisational strategies. They found several quality disclosure strategies for SMMEs to improve organisational performance and optimise competition in the marketplace. Owens [27] similarly examined the adoption of quality practices in SMMEs and environmental practices in small service companies. They found that 'high-quality SMMEs' have chances of obtaining high profits than the 'low-quality SMMEs', even when customers are aware of the actual quality of a small business organisation.

South African Bureau of Standards (SABS) is governed by the Standards Act, 2008 (Act No. 8 of 2008), which is to develop and review South African National Standards (SANS) for various industrial sectors. Therefore, industries need to adopt these standards to ensure an acceptable level of quality in their operations. SABS Integrated Annual report (2018/19) deduces that applying quality standards assures good quality and performance of products. Some of these standards are adopted by organisations voluntarily; however, most of them are regulated by the National Regulator for Compulsory Specifications (NRCS), which prevents non-compliant products from entering the local markets. The National Regulator governs NRCS for Compulsory Specifications Act, Act No. 5 of 2008, which enforces standards to ensure only conforming products enter the markets. The NRCS, therefore, affirms the importance of product compliance in the South African market. The objective is 'to protect public health, safety and the environment and to promote fair trade, which is achieved through ensuring that businesses produce, import or sell products or provide services that comply with the minimum safety and environment requirements, and do not fall short of the declared measure' ([28], p. 8).

The SABS Integrated Annual report ([29], p. 22) highlighted that while the government needs national standards to catalyse economic activity to achieve societal benefits, it is imperative to support local manufacturers to compete in the domestic and overseas markets. The industry and consumers, in turn, need standards to support innovation, to be protected against poor quality products and to comply with societal expectations by lowering the cost of production. The author is also of the view that standards play a vital role in the public's daily lives. Standards control and manage societies either directly through standards set by individuals or imposed through government legislation. Research findings showed that certified organisations are more successful than their non-certified counterparts. The ISO 9001 [1] standard highlights adopting a quality management system as a strategic decision. This can enhance organisation performance and provide a sound basis for

sustainable development initiatives. The ISO standard further highlights that the potential benefits to an organisation of implementing a quality management system are: a) the ability to consistently provide products and services that meet customer and applicable statutory and regulatory requirements; b) facilitating opportunities to enhance customer satisfaction; c) addressing risks and opportunities associated with its context and objectives; d) the ability to demonstrate conformity to specified quality management system requirements. Potential benefits are elaborated and supported by reviewed literature below:

a. The ability to consistently provide products and services that meet customer and applicable statutory and regulatory requirements

Effective implementation of TQM approaches provides customers with confidence that products and services are good quality and safe for performance. Eniola ([2], p. 1) supports the assertion that organisations implement TQM to improve their business success by differentiating their products and gaining a competitive position in the market [30, 31]. The National Regulator for Compulsory Specifications report ([28], p. 9) highlights an action plan to be implemented that will continue to encourage companies to comply with the regulations to bring efficiency into the regulatory processes. The report further highlights that it is highly beneficial for industries to ensure compliance with administrative and technical requirements, as these factors strongly determine companies' risk and turnaround times.

b. Facilitating opportunities to enhance customer satisfaction

According to Savino et al. [22, 23], quality has been recognised broadly as one of the critical factors for success in the global market for all kinds of business. 'TQM is the operational management that is used by a firm for better work, and their ultimate aim is customer satisfaction' ([7], p. 31). Also, ISO 9001 ([1], p. 16) standard holds the view that the organisation shall monitor customers' perceptions of the degree to which their needs and expectations have been fulfilled. In another study on customer satisfaction in the airline industry, Madikwe ([32], p. 14) and [33] argued that customer satisfaction is one of the most critical factors for organisations to improve performance. 'A company with good quality practices easily gains trust and interest from existing customers as well as from potential customers' ([34], p. 3). In concurrence with assertions by these scholars and ISO standards, it can be concluded that customer-centric organisations that strive for customer feedback have the potential to retain their customers and are likely to attract potential customers more than their counterparts.

c. Addressing risks and opportunities associated with its context and objectives

According to ISO 9001 ([1], p. 4) standard, when planning for an effective business management system, the organisation shall determine risks and opportunities that need to be addressed to give assurance that the management system can achieve its intended results, enhance desirable effects, prevent or reduce undesired effects and achieve business improvement. Alfonsi [35], a corporate legal adviser, argued that a well-defined enterprise risk management (ERM) process framework could protect and create value for organisations and their owners. The author is in concurrence with the assertions mentioned above by Alfonsi as ISO 9001:2015 standard for ERM adoption that can integrate risk management

into their overall business management systems through the setting and planning of business objectives and strategies for optimal performance.

d. The ability to demonstrate conformity to specified quality management system requirements

The author is of the view that effective implementation of continuous improvement programmes such as internal audits, management reviews and on the job competency training assessments remain critical in every organisation. The outcomes of these programmes assist in gaps and risks identification in business processes so that necessary corrective actions are implemented. The author believes that initiating quality control processes on the final product through laboratory tests and analysis is imperative for quality confirmation. This view supported by the author is based on a long experience in laboratory work and the author's technical background. According to Buri ([34], p. 14), maintaining quality processes in laboratories can be considered as work to be done in order to conform to requirements and guidelines from standardised and accredited organisations.

5. Research methodology

In order to meet the objectives of the study, both quantitative and qualitative research approaches were employed. However, quantitative approach dominated the study since data was collected using completed quantifiable questionnaires. As part of the qualitative approach, structured interviews were employed to ascertain the validity and reliability of the data gathered. Sekaran and Bougie [36] define mixed methods research as an approach aimed to answer research questions that cannot be answered by 'qualitative' or 'quantitative' approaches alone. 'Mixed methods research focuses on collecting, analysing and mixing both quantitative and qualitative data in a single study or series of studies' ([36], p. 106).

Research questions:

What is the impact of Quality Management on the business performance of SMMEs in KwaZulu-Natal?

The research design explored the correlation between two variables, the impact of quality standards and business performance. Sekaran and Bougie [36] argued that a correlation research design describes how a change in one variable brings about another. This study adopted an exploratory research design defined 'as a valuable means to ask open questions to discover what is happening and to gain acumen about a subject matter' Saunders et al. [37].

According to Pizzo [38], the target population is the group of elements the researcher wants to infer, at least theoretically, the population is finite and can be counted. The study targeted SMMEs from the 10 extensive suburbs and townships within the Durban Metropolitan Area (DMA). Two SMMEs were randomly selected from each suburb to reach a total number of twenty collected samples. In order to meet the objectives of the study, data was gathered using questionnaires from a sample of 20 SMMEs. Two questionnaires were designed and distributed separately to 10 certified and non-certified SMMEs, making 20 altogether.

6. Data analysis and interpretation

In order to meet the objectives of this study, two types of questionnaires needed to be designed and distributed to the targeted groups, namely certified

and non-certified organisations. As part of data gathering, the researcher used the Likert scale methodology to establish agreement or disagreement to the questions and declared statements. Sekaran and Bougie [36] defined the Likert scale as a scale designed to examine how strongly respondents agree with a statement. The survey results have been analysed and interpreted separately to conclude if each research objective has been achieved.

6.1 Data analysis and findings

6.1.1 SMMEs' perceptions of a quality management system on the performance

The first question in the survey was, 'what are the SMMEs' perceptions of a quality management system on the performance of their businesses?' This question used a Likert scale with five options to choose from, ranging from Strongly Agree to Disagree Strongly. The questionnaires designed for certified organisations were different from those of non-certified organisations to ensure that their responses were relevant and interpreted. **Figure 4** below depicts a graphic representation of the responses gathered from the certified organisations. Out of 10 respondents, 70% of them displayed an extreme agreement with the questions, whilst 30% of respondents showed a firm agreement to the assertion that practical implementation of QMS adds value towards effective operations and business improvements. None of the respondents strongly disagreed nor disagreed.

Similarly, **Figure 5** below depicts the responses by non-certified organisations. Out of 10 respondents, 70% of them displayed an extreme level of agreement, whilst 10% displayed a solid agreement to the assertion that their negative perceptions of the effectiveness of a formalised QMS are due to the lack of awareness of its benefits. Whilst the remaining 20% did not agree to any value add. Based on the survey results, it can be concluded that a positive correlation exists between the application of quality standards and improved business performance, and therefore the hypothesis is true.

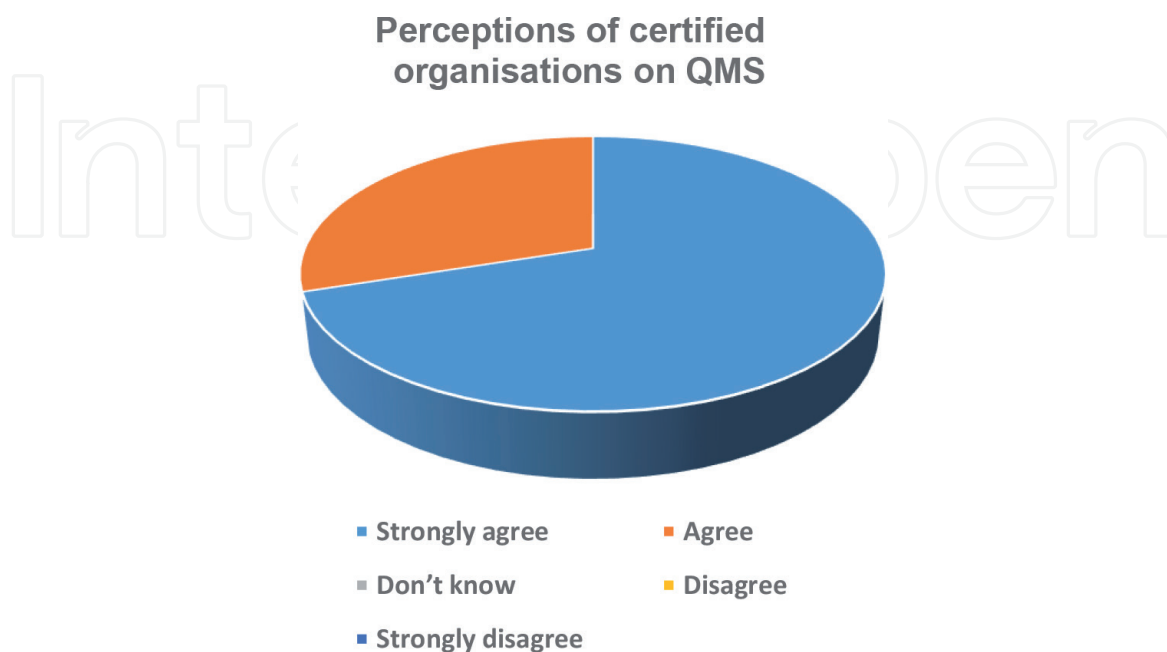


Figure 4.
Represents perceptions by certified organisations.

Perceptions of non-certified organisations on QMS

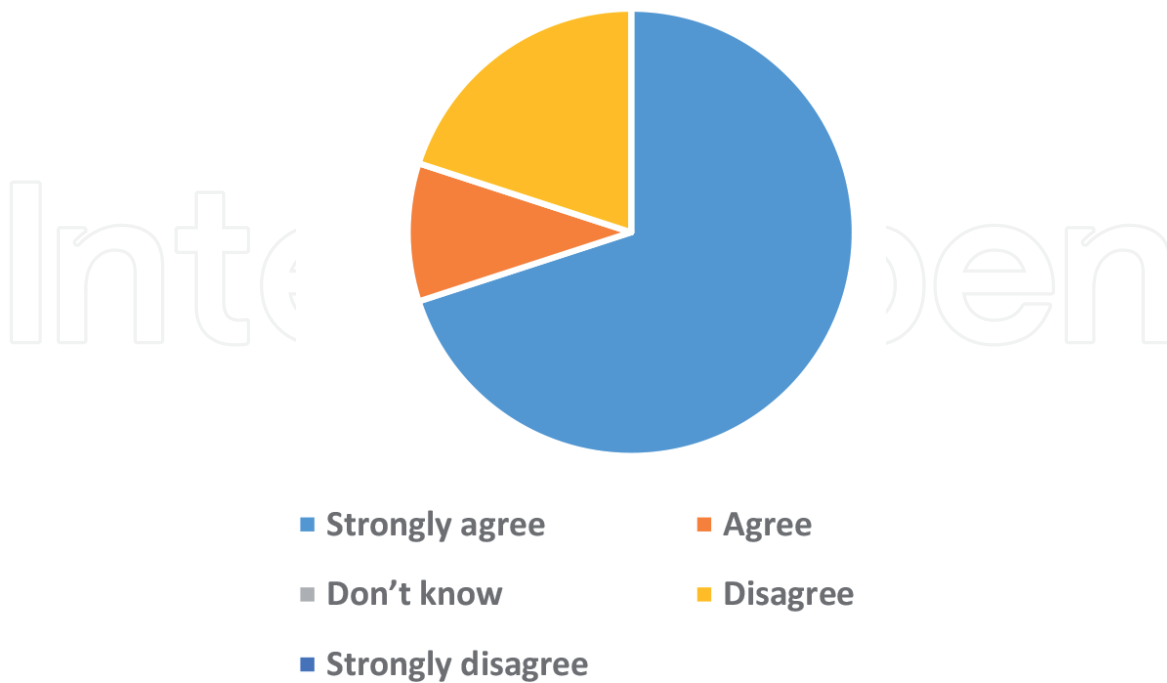


Figure 5.
 Represents perceptions by non-certified organisations.

6.1.2 Incentives and the intended outcomes of quality standards on the business performance of SMMEs

The second question in the survey was to assess the incentives and the intended outcomes of quality standards on the business performance of SMMEs. Both certified and non-certified questions were asked the same set of questions to establish their financial status, as indicated in **Figure 6** below. The graphic representation in **Figure 6** depicts the responses by both certified and non-certified organisations on their annual revenue for the past three financial years.

From the survey results, a positive economic impact on the application of quality standards has been confirmed by certified organisations. Growth and sustainability of the annual revenue of certified organisations from 2015/2016 to 2017/2018 and

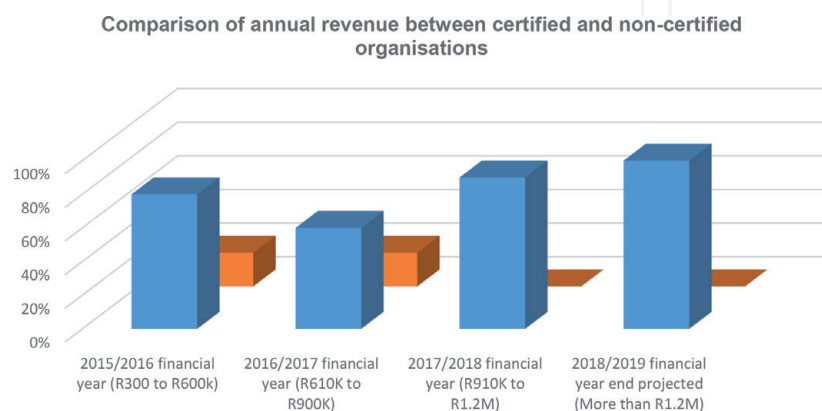


Figure 6.
 Represents the annual revenue between certified and non-certified organisations.

the projected revenue for 2018/2019 were evident compared with the revenue situation of non-certified organisations. Considering both organisations' annual revenue survey results, it can be concluded that the application of quality standards to business processes and practices has a positive impact on business performance. Therefore, the research hypothesis is that quality standards' incentives and intended outcomes positively relate to optimal organisational performance.

6.1.3 Barriers and challenges contributing to the stagnant business growth of SMMEs

The third question in the survey was, 'what are the barriers and challenges contributing to the stagnant business growth of SMMEs?' A summary of the challenges that impact effective operations and business growth experienced by SMMEs is depicted in **Figure 7** below. These identified challenges have been categorised into four aspects: marketing and competitiveness, skills and opportunities, finances and proper infrastructure. The survey results show that non-certified organisations are more negatively affected by these challenges than their counterparts. About challenges relating to marketing and competitiveness, only 35% of the respondents in certified organisations are affected, whilst 65% of them confirmed to have no market accessibility issues.

Most respondents in non-certified organisations are faced with challenges relating to proper infrastructure, finances, marketing and competitiveness. These very crucial challenges are to be surmounted by all organisations in pursuit of accreditation acquisition. Due to financial constraints, non-certified organisations cannot compete globally, hence placing them in a disadvantageous position. Competitive advantage denotes the relative higher position in the market that leads a firm to surpass its rivals in terms of revenues ([7], p. 3). Standards have also been essential to get recognition from demanding regional and global retailers Gerundino [39]. Based on the survey results and the assertions by Gerundino and Mohamed, it can be concluded that global competitiveness is one of the benefits that certified organisations have as a result of their consistent level of quality and therefore their ability to penetrate larger markets, which is essential for business expansion and sustainability.

6.1.4 Knowledge of relevant industry regulatory and statutory requirements

The fourth question in the survey probed participants to indicate whether they knew relevant industry regulatory and statutory requirements of quality standards

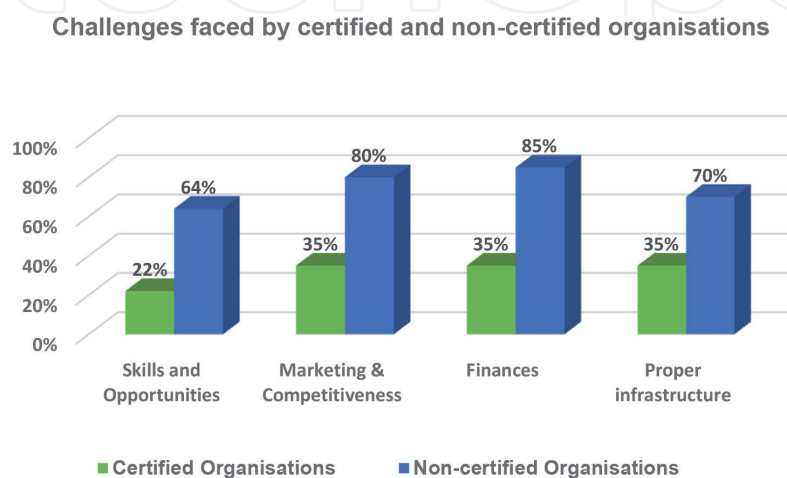


Figure 7.
Represents a comparison between challenges facing certified and non-certified organisations.

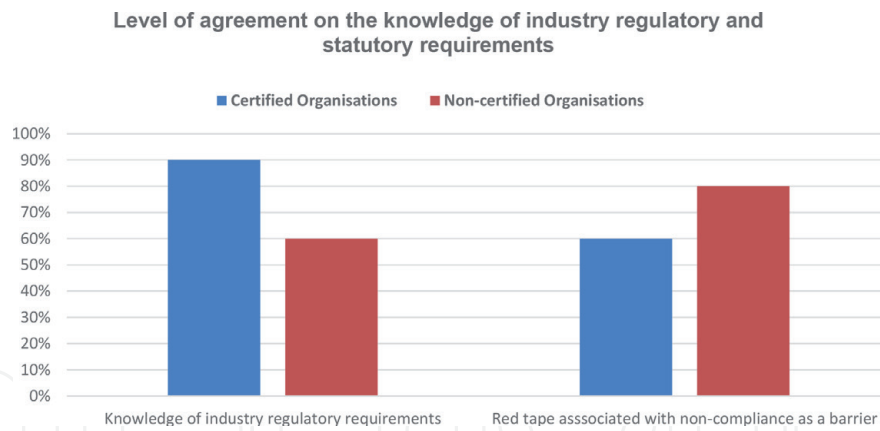


Figure 8. Represents the level of agreement on the knowledge of relevant industry regulatory and statutory requirements.

or not. This question used a Likert scale with five options to choose from, ranging from Strongly Agree to Disagree Strongly. The questions were designed to respond to the level of awareness on industry regulatory requirements and red tape barriers associated with noncompliance. **Figure 8** above is a graphic representation of the responses from both certified and non-certified respondents about the knowledge of relevant regulatory and statutory requirements that govern their industries.

The application of standards supports good regulatory practices and efficient implementation of public policies Gerundino [39]. Research results revealed that 90% of the respondents of the certified organisations are very much aware of their industry regulatory and statutory requirements compared with 60% of the respondents of the non-certified organisations. Similarly, certified organisations are less affected by the red tape associated with noncompliance than non-certified organisations. If adequately applied, standards positively impact the economy as they support creativity and innovation, thus enhancing more opportunities for new product development and R&D. According to Muringani ([40], 111), the intended outcomes of innovation in small firms are either enhanced business or operational performance or both. In the former, the production of goods, services and profitability are primary, and in the latter, the overall desirable combined outcome is cost reduction and customer satisfaction. The impact of noncompliance to standards and lack of good regulatory practices contribute to the sub-standard performance of SMMEs.

7. Policy implications

The study has observed that the majority of SMMEs in the informal economy are trading food without a valid certificate of acceptability, which serves as a minimum requirement as stipulated under Regulation 638 (2018:8). The S.A.'s Food Safety Regulation R638 of 2018 Section 3(1)(a) (2018:8) provides for regulation and compliance of how the Food Safety Regulation must apply. However, the government needs to go back to the drawing board and identify the gaps in policy implementation. It is a priority for the government to invite all stakeholders to submit policy changes regarding the compliance of SMMEs in adopting and practising quality management. Any shift in government policy decisions regarding quality management will implicate the cost of educating and training SMMEs on the new provisions for compliance with quality management requirements. Some entrepreneurs are already struggling to sustain their businesses. It is a challenge for them to expand their operations and functions to accommodate a quality management system.

To receive quality compliance certificates, SMMEs must train staff to perform better and get valid certificates of acceptability, they sometimes do not have these certificates. The SMMEs are challenged since they do not have compliance all the time. Affected parties must develop strategies that can address the noncompliance of SMMEs in quality assurance and management. Most respondents in non-certified organisations are faced with challenges relating to proper infrastructure, finances, marketing and competitiveness. The SMMEs will need money to address their challenges of accreditation acquisition by upgrading infrastructure and finances, marketing and competitiveness. These very crucial challenges are to be surmounted by all organisations pursuing accreditation acquisition. Managers will have to align their operational units with TQM.

Managers can draft internal quality policies to drive compliance in the organisations. Having a quality management policy can alleviate risk and uncertainty during the implementation of operational principles and practices. The use of quality practitioners can be used to support non-quality management functions. The use of a structured and predetermined implementation plan can be an added advantage, especially if it is shared across all units of SMME. This can imply the company is supporting to benefit employee involvement and effective policies.

8. Conclusions and recommendations

8.1 Conclusions

The chapter revealed a positive relationship between the application of quality standards and improved business performance. It also affirmed the hypothesis that SMMEs are aware of the barriers and challenges affecting the growth of their businesses, which principally stem from non-compliant products and services which do not meet quality requirements. The literature reviewed supported these findings, which also indicated that certified SMMEs are keen to comply with quality standards and improve their performance. Hence they are more successful than their counterparts. Other SMMEs interested in improving their performance can learn from this case and comply with quality standards. Certification of SMMEs can also be viewed as a strategy to improve the operations of the SMMEs, especially when they align their operations with the principle of total quality management. It can add value if other SMMEs can follow suit by registering their business to comply with TQM to improve their performance quality standards in their business operations.

In conclusion, the response to the main research question that emerged showed a relationship between quality standards and positive outcomes. Thus, the hypothesis suggesting that the application of quality standards positively impacts business performance proved to be true.

8.2 Recommendations

In responding to the critical research question, the research findings confirmed a positive impact of applying standards on the business performance of SMMEs. To deepen the knowledge on the subject matter, recommendations for further study were suggested as follows:

- The government must prioritise accreditation acquisition for SMME development in combating barriers associated with compliance and quality assurance.

- SMEEs must monitor and evaluate their interventions supported by the government to ensure the sustainability of its interventions.
- There is a demand and need to enhance assessment for product certification.
- The role of government must be visible in regulating quality standards to promote fair competition.

IntechOpen

Author details

Phindile B. Chili¹ and Noluthando S. Matsiliza^{2*}

1 Durban University of Technology, South Africa

2 Walter Sisulu University, South Africa

*Address all correspondence to: thandimatsi@yahoo.co.za

IntechOpen

© 2021 The Author(s). Licensee IntechOpen. This chapter is distributed under the terms of the Creative Commons Attribution License (<http://creativecommons.org/licenses/by/3.0>), which permits unrestricted use, distribution, and reproduction in any medium, provided the original work is properly cited. 

References

- [1] ISO 9000:2015. Quality Management Systems—Fundamentals and Vocabulary. 4th ed
- [2] Eniols AA, Olorunlek GK, Akintimehin OO, Ojeka JD, Bushirat Oyetunji B. The impact of organisational culture on total quality management in SMEs in Nigeria. 2019. Available from: www.heliyon.com [Accessed: 15 September 2019]
- [3] American Society for Quality. Learn about quality. n.d. Available from: <https://asq.org/quality-resources/learn-about-standards> [Accessed: 16 January 2020]
- [4] Bureau for Economic Research (BER). The Small, Medium Micro Enterprise of South Africa: Commissioned by the Small Enterprise Development Agency. Research Note 2016, No.1
- [5] Top Performing Companies and Public Sector Magazine (2020). Available from: https://issuu.com/topcomedia/docs/top_performing_17th__preview. [Accessed: 15 August 2021]
- [6] Neyestani B. (2017). Principles and Contributions of Total Quality Management (TQM) Gurus on Business Quality Improvement. Available from: [Accessed: 12 April 2020]
- [7] Sadik RM. Impact of TQM on customer satisfaction (E-Services). *International Journal of Advances in Computer Science and Technology*. 2018;7(6) Available from: <http://www.warse.org/IJACST/static/pdf/file/ijacst02762018.pdf> [Accessed: 28 April 2019]
- [8] Bakator M, Đorđević D, Čočkaló D. Developing a model for improving business and competitiveness of domestic enterprises. *Journal of Engineering Management and Competitiveness*. 2019;9:87-96
- [9] Durban's Informal Economy Policy. EThekweni Unity Municipality. 2001. Available from: http://www.durban.gov.za/City_Services/BST_MU/Documents/Informal_Economy_Policy.pdf [Accessed: 25 September 2016]
- [10] Durban Metropolitan Council. Street Trading Review for the Durban Metropolitan Area. Department of Economic Development; 1998
- [11] The Small Enterprise Development Agency (SEDA) Annual Report. Pretoria: SEDA; 2017
- [12] Van Scheers L. SMEs marketing skills challenges in South Africa. *African Journal of Business Management*. 2011;5(13):5048-5056
- [13] Nwankwo S. Quality assurance in small business organisations: Myths and realities. *International Journal of Quality & Reliability Management*. 2000;17(1):82-99. DOI: 10.1108/02656710010302269
- [14] Saiti A. Reforms in Greek Education 1991-2011: Reforms or something else? *eJEP: eJournal of Education Policy*. 2013
- [15] Saver C. Business managers: A small population with a big impact on quality and efficiency. *OR Manager*. 2015;31(11):18-20
- [16] Apulu I, Latham A. Drivers for information and communication technology adoption: A case study of Nigerian small and medium sized enterprises. *International Journal of Business and Management*. 2011;6(5):51
- [17] Colledani M, Tolio T. Integrated analysis of quality and production logistics performance in manufacturing lines. *International Journal of*

Production Research.
2011;**49**(2):485-518

[18] Juran JM. The quality trilogy.
Quality Progress. 1986;**19**(8):19-24

[19] Bulk KG. Taking the first step with
PDCA Cycle. 2009. Available from:
<https://web.archive.org/web/20110812141344/http://blog.bulsuk.com/2009/02/taking-first-step-with-pdca.html#axzz6LCEPXax1> [Accessed:
1 May 2020]

[20] Kaiser E-Y. Self-Efficacy, Burnout,
and Success of Small Business Owners
in New York. Capella University; 2011

[21] Cas RAF et al. The dynamics of a
very large intra-plate continental
basaltic volcanic province, the Newer
Volcanics Province, SE Australia, and
implications for other provinces.
Geological Society, London, Special
Publications. 2017;**446**(1):123-172

[22] Savino MM, Batbaatar E.
Investigating the resources for
Integrated Management Systems within
resource-based and contingency
perspective in manufacturing firms.
Journal of Cleaner Production.
2015;**104**:392-402

[23] Savino MM, Shafiq M. An extensive
study to assess the sustainability drivers
of production performances using a
resource-based view and contingency
analysis. Journal of Cleaner Production.
2018;**204**:744-752

[24] Abdallah AB, Phan AC, Matsui Y.
Investigating the effects of managerial
and technological innovations on
operational performance and customer
satisfaction of manufacturing
companies. International Journal of
Business Innovation and Research.
2016;**10**:2-3

[25] Zhao M, Dong C, Cheng TCE.
Quality disclosure strategies for small
business enterprises in a competitive

marketplace. European Journal of
Operational Research.
2018;**270**(2018):218-229

[26] Granly BM, Welo T. EMS and
sustainability: Experiences with ISO
14001 and Eco-Lighthouse in
Norwegian metal processing SMEs.
Journal of Cleaner Production.
2014;**64**:194-204

[27] Owens H. Memories of defeat and
exile. Bulletin of Spanish Studies.
2014;**91**(1-2):199-226

[28] National Regulator Compulsory for
Specifications. Annual Report
2018/2019. Pretoria: NRCS. Available
from: https://www.nrcs.org.za/siteimgs/Publications/2019/NRCS%20Annual%20report%202019_25092019_lr.pdf; 2019 [Accessed: 10 May 2020]

[29] SABS Integrated Annual Report
2019. Available from: <https://www.sabs.co.za/AboutSABS/docs/SABS%20IAR%202018.2019%20Final%20Spreads.pdf> [Accessed: 4 May 2020]

[30] Herzallah AM,
Gutiérrez-Gutiérrez L, Rosas JFM. Total
quality management practices,
competitive strategies and financial
performance: The case of the Palestinian
industrial SMEs. Total Quality
Management & Business Excellence.
2014;**25**(5-6):635-649

[31] Pérez RG et al. Growth of PbS
nanocrystals thin films by chemical
bath. Journal of Materials Science and
Engineering. A. 2013;**3**:1A

[32] Madikwe, Oarabile Milton.
Customer satisfaction in the airline
industry: The role of service quality,
brand image and customer value. (2016).

[33] Shojaifar A, Fricker SA, Gwerder M.
Elicitation of SME requirements for
cybersecurity solutions by studying
adherence to recommendations. arXiv
preprint arXiv:2007.08177. 2020

[34] Bui N. The implementation of the quality management system to the testing laboratory. 2017. Available from: <https://www.pdfdrive.com/ity-management-system-to-testing-laboratory-d50129497.html> [Accessed: 12 May 2020]

[35] Alfonsi JT. How enterprise risk management can impact a company's value. 2014. Available from: <http://www.sbsonline.com/article/enterprise-risk-management-can-impact-companys-value/> [Accessed: 12 May 2020]

[36] Sekaran U, Bougie R. *Research Methods for Business: A Skill-Building Approach*. 7th ed. United Kingdom: John Wiley & Sons Ltd.; 2016

[37] Saunders M, Lewis M, Thornhill A. *Research Methods for Business Students*. 7th ed. London: Pearson; 2016

[38] Pizzo S, Fricker M, Muolo P. *Inside Job: The Looting of America's Savings and Loans*. Vol. 16. Open Road Media; 2015

[39] Gerundino D. Standards and regulations: Do SMEs have a stake? Forum held on 27-29 September 2016. Geneva. 2016. [Accessed: 14 April 2020]

[40] Muringani J, Fitjar RD, Rodríguez-Pose A. Decentralisation, quality of government and economic growth in the regions of the EU. *Revista de economía mundial*. 2019;51:25-50