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An economic development policy implementation approach to creation of sustainable maritime SMMEs in the KwaZulu-Natal Province

By

Bheka Clive Zulu

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Supervisor: Dr W.B. Zondi

Co-Supervisor: Dr T. Ngwenya

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DECLARATION

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I would like to thank Almighty God for the blessings, grace, strength, and wisdom in finalising this research voyage.

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I Salute

ABSTRACT

This study aimed to develop a new innovative approach towards a modern economic policy implementation, anchored towards harnessing Small Medium and Micro Enterprises (SMME's) development and sustainability within the maritime sector. The study was conducted in Durban in the KwaZulu-Natal (KZN) Province and the objectives of the study were to determine the challenges faced by SMMEs within the ocean economy in the KZN Province and explore the concept of ocean economy within the South African context. The study also assessed the approach for an economic policy implementation, on the development and sustainability of maritime SMMEs in the KZN Province. Furthermore, the study explored pioneering the concept of a sector specific special purpose vehicle (SPV) for the development and sustainability of ocean economy SMMEs in the KZN Province. The population size of this study consisted of 200 SMMEs that are in the maritime sector in KwaZulu-Natal that are listed on the Moses Kotane database. A sample of 132 participants were selected to participate in the study, however, 123 participated in the study. The findings revealed that SMMEs in the ocean economy face many challenges and continue to experience a high stagnancy and failure rate, despite elaborate government support programmes put in place to assist them. Furthermore, the study revealed that there is a lack of institutional capacity in KZN, to manage and coordinate the potential of the partnership arrangements and mismatches that exist between the various stakeholders. This study also revealed that there is an imperative need for a paradigm shift in exploring optimal available sources of investment for ocean economy initiatives from both the public and private sectors in the ocean economy. It further revealed that expanding the collaborative empowerment approaches of economic emancipation, funding, and investments for ocean economy initiatives and projects, requires the exploration of new innovative Public-Private Partnership (PPP) approaches. The study, amongst other things, recommends the establishment by the Government and the private sector of a provincial institutional framework in the form of a maritime Special Purpose Vehicle (SPV) as an implementer of initiatives and Comprehensive Maritime Transport Policy (CMTP) statements related to economic development within the maritime sector.

Key words: Ocean economy, maritime economy, special purpose vehicle, SMMEs

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LIST OF ACRONYMS

BR&E	Business Retention and Expansion
CIP	Critical Infrastructure Programme
CMTP	Comprehensive Maritime Transport Policy
CSIR	Council for Scientific and Industrial Research
CWP	Community Work Programme
DBFMO	Design, Build, Finance, Maintain and Operate
DBSA	Development Bank of South Africa
EDTEA	Department of Economic Development, Tourism and Environmental Affairs
EEZs	Exclusive Economic Zones
EPWP	Expanded Public Works Programme
ETP	Economic Transformation Plan
GDP	Gross Domestic Product
IMO	International Maritime Organisation
IPAP2	Industrial Policy Action Plan 2
IORA	Indian Ocean Rim Association
IOR	Indian Ocean region
KZN	KwaZulu-Natal
LED	Local Economic Development
MFMA	Municipal Finance Management Act
MTM	Marine Transport and Manufacturing
MPG	Aquaculture and Marine Protection and Governance
NCT	Ngqura Container Terminal
NFLS	National Freights Logistics Strategy
NPCC	National Port Consultative Committee
O&G	Oil and Gas
PCCs	Port Consultative Committees
PFMA	Public Finance Management Act
PPP	Public-Private Partnership
PGDP	Provincial Growth and Development Plan
PGDS	Provincial Growth and Development Strategy

PSEDS	Provincial Spatial Economic Development Strategy
RMB	Regional Maritime Bank
RVCs	Regional Value Chains
SADC	Southern African Development Community
SAMSA	South African Maritime Safety Authority
SDGs	Sustainable Development Goals
SPE	Special Purpose Entity
SPC	Special Purpose Company
SPT	Special Purpose Trust
SPV	Special Purpose Vehicle
TNPA	Transnet National Ports Authority
TPT	Transnet Port Terminals
UKZN	University of KwaZulu-Natal
UNCSD	United Nations Conference on Sustainable Development
UNDP	United Nations Development Programme

CHAPTER 1

INTRODUCTION AND BACKGROUND OF THE STUDY

1.1 INTRODUCTION

This chapter is organised into twelve sections starting with the discussion on the background to the study, the problem statement this study seeks to address. Furthermore, the chapter discusses the aim of the study, the research objectives, and the research questions. This chapter also indicates where the study was conducted, and which research design and methodology were used. In addition, the chapter provides what the researcher hopes the study will contribute. The chapter ends by indicating the outline of the chapters in this study.

1.2 BACKGROUND OF THE STUDY

This study aims to explore the application and implementation of economic maritime policy development approach, towards the creation of sustainable Small Micro and Medium Enterprises (SMMEs) in the ocean economy. The study further seeks to explore the implementation of the Comprehensive Maritime Transport Policy (CMTP) (CMTP, 2017). The CMTP as an economic policy, has been recently adopted by the National Department of Transport in 2017 as a national economic policy that seeks to position and equip the maritime sector to perform optimally and efficiently in achieving the sector's growth, the needs of the national economy and provision of efficient service to the local, national, and global shipping community. The CMTP further aims to explore opportunities that the sector has and serve an appropriate institutional framework for the governance and management of the sector (CMTP, 2017). The Government has evolved policy positions to create enabling environments for the maritime sector's significant role and contribution in the socio-economic development of KwaZulu-Natal (KZN) Province, National and at Continental level through SMME development and sustainability.

The Blue Economy (BE), also called the Ocean Economy (OE), has gained global prominence in both developed and developing countries (OECD, 2016). Pauli (2011) in his book titled The Blue Economy: 10 years - 100 innovations - 100 million jobs regard the blue economy as a sustainable economic development business model with significant opportunities in the maritime sectors in the sea and shipping activities. The ocean economy business model aims to produce 100 innovations and 100 million jobs globally within ten years, through using locally available resources from scarcity to abundance (Pauli, 2011). The term "blue economy" defines international interest in ocean-based economic

development. Okafor-Yarwood, Kadagi, Miranda, Uku, Elegbede and Adewumi (2020:1), examine various definitions of BE using global case studies and summarise it as a "macro-economy" concept that encompasses "every aspect of national and global governance, economic development, environmental protection and sustainability and international communication." The terms ocean economy and the blue economy are used interchangeably in this study hereafter.

The African Union (AU) has declared the period 2015 to 2025 as Africa's Decade of Seas and Oceans (AU, 2015). This also happens to be the Decade of Women's Empowerment under Agenda 2063. Additionally, the AU's agenda 2063 and the AU's 2050 Africa Integrated Maritime Strategy (AIMS) 2050, are geared towards encouraging African governments or countries to create sustainable blue economies through the coordination of sustainable maritime industries such as marine resource extraction, fishing, and shipping activities (AU, 2015). The AIMS 2050, regards the blue economy as the new frontier of the African Renaissance and aims to create sustainable economic development through the promotion of sustainable and inclusive growth of the maritime sector and through the sustainable use of the ocean and maritime industries (AU, 2015). For the African continent, the blue economy strategy aims to contribute to the transformation and growth of the continent through the growth of the Africa-wide shipping industry.

The Maritime sector comprises of individual ports, shipping, maritime and marine business services industries, consisting of various activities. Africa is a maritime continent with almost 90% of its imports and exports transported by sea. The continent consists of a coastline of 47,000 km spanning over 38 coastal and island governments (Okafor-Yarwood *et al*., 2020). The maritime sector is the lifeblood of the continent, with significant opportunities for economic development. Despite this significance, Africa's contribution to global trade, remains a small percentage. Meriton (2019) contends that the continent can still pursue its economic potential through shipping and ports, to achieve its economic growth goals. In the African context, the development of a sustainable blue ocean economy remains of strategic significance to the realisation of the African Union's (AU) agenda 2063 and related projects such as the African Continental Free Trade Area (AFCFTA) whose focus is on enhancing and accelerating the continent's positioning within the global sector. Furthermore, the Continent's blue economy strategy aims to advance the continent's economic development through SMME development and sustainability (AU, 2017).

South Africa is a maritime nation with maritime interests spanning over 3,000-km coastline along the Atlantic, Indian, and Southern Oceans with Exclusive Economic Zone (EEZ) jurisdiction of 1.5 million km2 of ocean space (Walker, 2018; Funke *et al*., 2016; SAMSA, 2012). The South African maritime trade accounts for 3.5% of world sea trade and the maritime sector is responsible for moving 80% of trade through the country's oceans (Walker, 2018; Funke *et al*., 2016; SAMSA, 2012). With this sizeable contribution, the maritime sector has an opportunity to ramp up its contribution to economic growth by sustainably leveraging its rich marine resources to boost the country's economic development (Walker, 2018; Funke *et al*., 2016; SAMSA, 2012).

Despite the significance of the maritime sector in the country, the sector remains underdeveloped, under-resourced and fragmented, operating in a virtual vacuum since the democratic dispensation in 1994 (SAMIC, 2012). The sector's deficiencies impede the sector's ability to contribute meaningfully to sustainable economic development (SAMIC, 2012). To address the identified deficiencies, in July 2014, the South African government launched Operation Phakisa as a "fast results" delivery programme that aimed to help the government in implementing the National Development Plan, with the end goal of boosting economic growth and creating jobs. Operation Phakisa being a cross-sector programme, focused on strengthening the ocean economy's potential, wherein various key stakeholders would engage to implement initiatives and concrete actions aimed at addressing constraints to service delivery in prioritised focused areas for public accountability and transparency. Operation Phakisa aimed to create an environment conducive to the creation of entrepreneurial opportunities in the transport sub-sector and encourage sustainable entrepreneurship. Thus, the maritime sector has been touted as a high-impact sector with the potential to alleviate the country's socio-economic challenges. The SMMEs have been identified as crucial to the sector's ocean economy strategies (SAMIC, 2012).

The KZN 2030 Provincial vision aims to position the province as a prosperous and skilled province by 2030 (PGDS, 2012). In line with the National Development Plan (NDP), Industrial Policy Action Plan 2 (IPAP 2) and the KZN Provincial Growth and Development Plan, the KZN Department of Economic Development and Environmental Affairs (EDTEA) has developed an Integrated Maritime Development Strategy that is focused on developing and maximising the potential of the KZN maritime sector. Aligned to the African Integrated Maritime Strategy (AIMS 2050), the 2030 vision of the KZN Province is to reposition KZN as a logistic gateway into Africa and the rest of the world. In this regard, the province has

enacted several policy frameworks (Provincial Planning Commission, 2012). The draft KZN Integrated Maritime Strategy (KIMS) aims to develop the maritime sector in the province, through key policy interventions (KZNPPC, 2011). This strategy goal is to deliver a comprehensive approach to the maritime sector's development and growth, resulting in significant economic and employment opportunities. The tourism, aerotropolis, environment protection, industrial economic centers, and special economic zones are the 5 strategic elements of EDTEA, and maritime sector development is among them (KZNPPC, 2011). The KZN provincial government regards the ocean economy as one of the strategies for sustainable economic development in the province, for example, through entrepreneurial opportunities within the ocean economy. Given the strength of KZN economy, being in the supply chain logistics and handling of cargo commodities, with the two ports (Port of Durban and Port of Richards), this study explores the policy-based approach towards enhancing ocean economy's provincial capabilities, through the development of SMME capabilities, from a public-private partnership approach. This study aims to outline the extent of investment initiatives, required to enhance the development and sustainability of SMMEs in the ocean economy. Given the focus of government's Operation Phakisa in delivering "Fast Results" in implementation of the National Development Plan (NDP), within the ocean economy, the government and the private sector need to explore innovative developmental instruments and investments within the ocean economy in form of a public-private partnerships (PPP).

However, the general state of entrepreneurship reveals that despite the efforts of the South African government to stimulate entrepreneurship through a policy framework, many SMMEs remain unsustainable. SMMEs in the country continue to experience a high failure rate of almost 70% to 80% within the first 5 years of operation (Fatoki, 2014). This reflects the country as having the highest SMME failure rate in the world. In addition, South Africa has low entrepreneurial intentions with few people with intentions to start a business. Such poor survival patterns have been documented by the Global Entrepreneurship Monitor Report (2020) South Africa's entrepreneurial ecosystem was rated one of the most challenging in the sample of participating economies and has exhibited little sign of improvement over the past few years. Additionally, South Africa's survival rates for local start-ups in South Africa is lower in comparison to global standards, with only three out of ten start-ups progressing into established businesses (Bosma, Hill, Ionescu-Somers, Kelley, Guerrero & Schøtt, 2021; Global Entrepreneurship Monitor, 2020).

There is no single definition that encompasses all aspects of the PPP that can be put forth as a standard definition (Mashwama, Aigbaboa & Thwala, 2017; Hall, 2015; Bekka, 2012). According to the South African National Treasury (2004:4), PPPs include long-term contracts between the public and private sectors; and the treasury definition defines PPPs as (1) an institutional function performed by the private party; and (2) the use of government property acquired by the private party for its commercial purpose. In all these partnerships risks are transferred to the private sector for financing, designing, building, and operating infrastructure and service. Sumaila *et al*. (2020) regard PPPs as a longer-lasting collaboration consisting of legal relations between the public and private sectors. PPPs remove a projects' financial aspect from the government to business, under an arrangement that is structured mainly for the delivery of public services. Usually, a long-term contract is entered into where a private company agrees to control and manage an entity on the government's behalf.

However, Mabuza's (2018) findings highlight that the traditional PPP model currently applied in most emerging countries, including South Africa, discourages the participation of SMMEs in PPP projects. Most PPP projects are bundled into big projects that SMMEs cannot execute. The South African SMMEs' experience within PPP is according to Chan, Lam, Chan, Cheung, and Ke (2010), consistent with several findings that the framework underpinning the development of projects impedes the success of the projects and slows them down. The finding reveals that the lack of institutional capacity to manage and maximise the potential of PPPs undermines their effectiveness, resulting in low SMME participation. The lack of institutional capacity has been attributed to the inability of the government to produce a conducive environment for PPPs to use SMMEs in PPP projects, leading to the failure of such initiatives (Mabuza, 2018). Notably, linking the SMMEs with PPP projects such as those in the ocean economy, is not sufficient for the SMME sector's development. Developing a sustainable SMME sector in the ocean economy requires alternative financing and investment interventions.

Thus, there is an imperative need for a paradigm shift in exploring optimal and available sources of capacity developmental approaches and investments for ocean economy initiatives from both the public and private sectors in the country. Expanding the capacity developmental approaches and investments for ocean economy initiatives and projects requires the exploration of new approaches drawn from an existing pool of development finance. This may require the development and piloting of new instruments such as the Special Purpose Vehicle (SPV). The first of its kind, SPV model is proposed to fill this gap

through governmental and private sector institutional collaboration aimed at enhancing access to finance and entrepreneurial opportunities for SMMEs in the ocean economy.

The SPV is sometimes referred to as a special purpose entity (SPE) or special purpose company (SPC). Van den Hurk and Verhoest (2015) describe special purpose vehicles as an organisation assuming contractual responsibilities for either the construction or operation of projects. In this study, SPV is the preferred term that will be used. Sainati, Locatelli and Brookes (2017:58) defines SPV as "fenced organisations having limited pre-defined purposes and a legal personality". The choice of the legal form is dependent on tax and accounting issues. Other purposes of a SPV are holding the specified pool of assets and issuing securities against these assets, which can be divided into different risk tranches (Sainati *et al*., 2020).

The significance of the SPVs for the ocean economy is that SPVs can be designed to focus on both the geographical region and segment of the SMME sector such as the ocean economy. The SPV model has a catalytic potential in providing new ventures and SMMEs within the ocean economy with various sources of support, funding and investments.

1.3 RESEARCH PROBLEM

Advancing the ocean economy requires investments in areas such as institutional and human capacity development, knowledge-building, infrastructure and information-sharing. Sumaila, Walsh and Hoareau (2021), note that the effective and stable regulatory and policy environments to attract investment and funding are lacking. In addition, information and knowledge about the ocean and its economic, social, and environmental value is missing or inadequate (Sumaila *et al*., 2021). However, these investments in the ocean economy seem to be constrained and a need therefore arises to investigate why there is such a constraint. The available literature does not provide an answer to this question especially with regards to the ocean economy in KwaZulu-Natal and in Durban in particular.

As argued by Sumaila *et al*., (2021) and Voges (2018) the available literature only goes as far as indicating that the pipeline of investment-ready activities for SMMEs remains limited within the ocean economy. Furthermore, Voges (2018) argue that policy makers have attempted to advance local economic development through various developmental models, as key economic development drivers, without success. In addition to this Voges (2018) argues that there is a misalignment in the various developmental instruments aimed at the

development of the SMME sector and its reality. Thus, a holistic approach is needed to address the current system challenges and to enhance economic development (Galawe 2017). A SPV can be a conduit for addressing system gaps when effectively crafted. An extensive examination of the literature reveals scanty knowledge exists of the SPV model within the ocean economy in South Africa, particularly in the KZN Province. However, current SPV models that have been limited to the financial and real estate sectors and none have been tested and extended to the ocean economy sector, especially in emerging countries like South Africa.

1.4 AIM OF THE STUDY

The study aimed to establish an economic development policy implementation approach for the creation of sustainable maritime SMMEs in the KZN Province.

1.5 OBJECTIVES OF THE STUDY

The study aimed to explore the following objectives namely:

- To explore the role of entrepreneurship in the economic development within the South African context.
- To determine the challenges faced by SMMEs within the ocean economy in KZN Province.
- To examine the impact of economic policy on the development and sustainability of maritime SMMEs in the KZN Province.
    - To identify the framework that can be suitably developed as an economic model for the KZN Province ocean economy SMMEs?

1.6 RESEARCH QUESTIONS

This research answered the following questions:

- What is the extent of the role of entrepreneurship in economic development within the South African emerging country context?
- What are the challenges faced by SMMEs within the ocean economy in KZN Province?

- What is the impact of economic policy on the development and sustainability of maritime SMMEs in the KZN Province?
- What framework can be suitably developed as an economic model for the KZN Province ocean economy SMMEs?

1.7 LOCATION OF THE STUDY

The study was conducted in Durban in the KZN Province with SMMEs in the ocean economy.

1.8 RESEARCH METHODOLOGY

This study employed an exploratory research design and a mixed research methodology and was consequently aligned to a pragmatic research approach. The study employed a cross-sectional time dimension. The research instruments used in this study were the questionnaire and semi-structured interviews. A broader perspective on the research designs and methodologies considered, as well as how data was collected and analysed, is provided in chapter 4.

1.9 CONTRIBUTION OF THE STUDY

Based on the literature that has been reviewed by the researcher, there seem to be limited research on economic policy framework inclusive of the CMTP, within the ocean economy. There is also a research gap on the appropriate economic developmental frameworks such as an SPV for SMMEs within the ocean economy. From an academic perspective, it is hoped that the findings of this study will be considered by policymakers, strategists, researchers, and entrepreneurs in the areas of SMME sustainability as an anchor for ocean economy development. It is anticipated that this study will contribute to closing the gap in the available literature on the development of the maritime economy in KZN in general and Durban in particular, especially post 1994 democratic dispensation. It is envisaged that the study's findings will provide insights into current alternative developmental instruments and strategies for the development and sustainability of the SMMEs in the ocean economy.

1.10 LIMITATIONS OF THE STUDY

The researcher targeted 132 SMMEs and only 123 responded and this resulted in the study falling short of the targeted sample. The Covid-19 pandemic could have contributed to the

failure to obtain the targeted sample size. The type of participants the researcher was able to obtain as the sample of the study were not experienced enough on the maritime sector as most of them were not major players in the sector.

1.11 CHAPTER OUTLINE

The study has seven chapters.

Chapter 1: This chapter presents an introduction and background to the study. The chapter also covered the research problem, research aim, research objectives, research questions, the rationale for the study, and a brief overview of the methodology that was employed. In essence this chapter sets the scene on what the study is all about.

Chapter 2: This chapter presents literature review relevant to the study. Here, the Maritime Transport Policy, blue economy policy framework and several others. Furthermore, the chapter addresses theories underpinning this study namely entrepreneurship development theory, private-public-partnership theory, SPV theory and ocean economy theory have been adopted in this study. Journal articles, Literature samples and published work relating to the literature were examined and reviewed and presented in this chapter.

Chapter 3: This chapter outlines the theoretical framework adopted within this study as well as theories adopted in supporting the objectives and research questions of this study. This chapter presents the theoretical framework of the study, comprising of discussion on historical and emerging perspectives on entrepreneurship theories as well as the role of entrepreneurship in economic development particularly in emerging countries.

Chapter 4: This chapter presents the research design and methodology elements underpinning this study. In addition, this study's philosophical stance and research strategy are discussed. The population, sampling techniques and data collection methods employed in this study are also presented in the chapter. The discussion of the data management and analysis, validity and reliability methods, trustworthiness of research, and ethical considerations concludes the discussion.

Chapter 5: This chapter presents the data that was collected. Furthermore, the chapter analyses the collected data. It must be noted that, as indicated above, the nature of data presented is both qualitative and quantitative in nature.

Chapter 6: This chapter presents the discussion of the data presented in chapter 5. This discussion is done by integrating the quantitative and qualitative findings and then provide a comprehensive analysis.

Chapter 7: This is the final chapter and looks at the research holistically and synthesises the key findings of this study as they relate to the aim and objectives as outlined in Chapter 1. The theoretical and practical implications and the fundamental contribution of the research are also presented and discussed. Finally, the chapter presents the recommendations of the study.

1.12 CONCLUSION

This chapter presented the background to the study, and the problem statement this study seeks to address. Furthermore, the chapter discussed the aim of the study, its research objectives, and questions. The chapter also presented the location of the study, research methodology and the contribution and limitations of the study. Furthermore, the chapter outline, and chapter summary concluded this chapter. The next chapter (chapter 2) gives a detailed review of the literature

CHAPTER 2

LITERATURE REVIEW

2.1 INTRODUCTION

This chapter presents a comprehensive appraisal and critical analysis of extant literature on the impact of economic policy on the development and sustainability of maritime SMMEs in the KZN Province. This chapter commences with the analysis of the Maritime Transport sector policy in South African landscape. The chapter discusses the evolution of the maritime policy in South Africa as part of the government's mandate to integrate coastal shipping into the broader transport framework to align the maritime sector to government's wider national building objectives. The chapter focuses on the Comprehensive Maritime Transport Policy (CMTP), as a recently ratified economic policy to be implemented as well as existing policy and strategic framework, relevant to the maritime sector both at continental and KZN Provincial level, advocating for the imperative need for strategic alliance and implementation of continental resolutions. The purpose of this critical examination of literature is identify significant gaps on the impact of economic policy on the development and sustainability of maritime SMMEs in the KZN Province.

The first section discusses the evolution of the maritime and transport sector through policy framework aimed at positioning the sector as a high-impact sector that contributes significantly to South Africa's development. The second section presents the CMTP. The purpose is to discuss various critical themes that are related to the CMTP as policy. Secondly, the chapter presents a discussion on the continental frameworks such as the Aim Strategy 2050, African Maritime Charter, and the African Integrated Maritime Strategy (AIMS) that have direct relevance to the South Africa's Comprehensive Maritime Transport Policy (CMTP). The policy aims to provide elaboration on the declared policy directives of the White Paper on National Transport Policy (NTP) of 1996 and the subsequent macro national policy, the National Development Plan, as well as a range of further interventionist programmes, including the ocean economy Operation Phakisa a government initiative to advance a sector collaboratively with privately or publicly owned companies. Furthermore, this chapter also discussed the blue economy concept from the African and South African context and also presents the maritime sector architecture in South Africa and entrepreneurial and SMME landscape in relationship in relation to the maritime sector.

2.2 MARITIME TRANSPORT SECTOR POLICY

This section traces the evolution of the maritime policy in South Africa as part of the government's "integration of coastal shipping into the broader transport framework to align the maritime sector to government's wider national building objectives" (Dlamini, 2020:46).

The maritime and transport sector is a high-impact sector that contributes significantly to South Africa's development (Dlamini, 2020; CMTP, 2017). Despite its importance, South Africa's Maritime Transport Sector lacks the required tools to grow and play a role in its rapid development (CMTP, 2017; Mabiletsa, 2016; SAMIC, 2012). SAMIC (2012) advises that the maritime transport sector has likely to be revitalised and expanded to contribute even more to South Africa's economic growth and transformation. This should be considered part of a more significant effort to help become a more competitive global trading nation to assume its proper place among the world's top maritime nations (CMTP, 2017; SAMIC, 2012).

The first of the government's efforts to define maritime policy under the new dispensation came with the National Transport Policy White Paper (Havenga, Witthöft, Simpson & de Bod, 2021, Dlamini, 2020; CMTP, 2017; Department of Transport, 1996). As outlined in the 1996 White Paper on National Transportation Policy, maritime transport encompasses all modes of transportation by sea, intermodal links, and inland ports (Dlamini, 2020; CMTP, 2017; Department of Transport, 1996; White Paper on National Transport Policy Department of Transport, 1996).

The National White Paper identified the lack of adequate transport infrastructure for all modes as having a negative impact on the development of a sustainable transport industry. For example, the white paper sought to facilitate and enhance the expansion of international trade, particularly for exports, to ensure that economic decisions are left to market forces (White Paper on National Transport Policy Department of Transport, 1996). The white paper aimed to promote the progress of an efficient and productive South African maritime sector; maintain control over maritime services within a well-defined regulatory framework; promote inter-and intra-African cooperation (White Paper on National Transport Policy Department of Transport, 1996). What was significant about this policy was that maritime transport now, unlike before, enjoyed parity with other modes of transport and formalised the idea of maritime sector as a vehicle for social and economic development (Havenga *et al*.,

2021; Dlamini, 2020). However, Dlamini (2020:46) opines that the National Transport Policy's scope was wide and therefore provided no definitive maritime policy".

The National Transport Policy set the tone for the Draft Maritime Policy and became a foundation for the Comprehensive Maritime Transport Policy (CMTP, 2017).The White Paper on the South African Maritime Policy came in two parts with the first draft in 2009 and second version published in 2010 (Dlamini, 2020). Whereas the Draft Maritime Policy was aimed to re-engineer maritime sector by ensuring that the maritime sector, both publicly and privately owned, support the government's developmental approach (Department of Transport, 2008). The Draft Policy provided a framework for the future growth and development of the maritime transport sector in South Africa (Department of Transport, 2008). It intends to create a policy environment that facilitates the growth and development of South Africa's maritime transport sector to its full potential in support of economic growth and sustainable social development of the country (Department of Transport, 2008). The draft policy focused on maritime supply chains of which shipping, and ports are the link in an integrated and inter-modal transport system joining South Africa and, the region's exporters and importers with their international markets or sources of supply (Department of Transport, 2008). The draft policy also addressed industries associated with ports and shipping but only where they have a direct influence on shipping as the transport segment of the maritime sector (Herold *et al.* 2019).

In 2017 the Department of Transport released the draft Comprehensive Maritime Transport Policy (Department of Transport, 2017). The transport minister, Joe Maswanganyi, declared that the adoption of the Policy will present an opportunity for South Africa to invest more in the maritime sector and its associated opportunities (Department of Transport, 2017). The Policy statement statements of the policy, include a coherent and integrated policy and strategy, an effective maritime transport function within government, a transformed and growing maritime transport sector, a globally competitive port system, a sustainable development and growth of local marine manufacturing including off-shore industries and related services, an effective modally integrated maritime transport sector and an effective socio-economic programme for the development of small harbours (Department of Transport, 2017; Bowmanslaw, 2017). As such the department of transport aimed to introduce financial and non-financial incentives to grow the local shipping sector, creating regulatory instruments and incentive schemes to grow marine manufacturing industries and enhancing the governance of the maritime sector (Department of Transport, 2017). However,

Bowmanslaw (2017) is of the view that the draft CMTP is broad in its application and lacks detail (Bowmanslaw, 2017).

2.3 THE COMPREHENSIVE MARITIME TRANSPORT POLICY (CMTP)

The maritime transport strategy aims to provide a policy in its full potential for the improvement and progress of the maritime sector of S.A (South Africa) that furthermore played a role in the country's economic and sustainable growth as well as development. The Maritime Transport Sector takes place within the broader transport, maritime and national policy framework. This section discusses the background to the CMTP, the aims and objectives of the policy as well as policy statements.

2.3.1 CMTP Background

The Government Paper published on 12th June 2017 explained approval of CMTP by DOT (Department of Transport) (CMTP, 2017). The Government's white paper in 1996 on National Transport Policy has played a significant role in the long-time formation of the CMTP. Additionally, the development of the CMTP is guided by several policies such as, the White Paper on National Transport Policy of 1996, the Maritime Zone Act of 1994, Shipping Amendment Act No 190 of 1993, the Merchant Shipping Act No 57 of 1951, the National Ports Act No 12 of 2005 and the White Paper on National Commercial Ports Policy, National Environment Management Act (NEMA), National Environmental Management Act: Integrated Coastal Management Act of 2008; Skills Development Act, of 1989, Competitions Act No 89 of 1998, the Broad – Based Black Economic Empowerment (B-BBEE) Act of 2013 and the South African Maritime Safety Authority Act No 5 of 1998 (CMTP, 2017:36).

The comprehensive framework of national policy and its coordination is also the main goal of CMTP to facilitate the other policies that is supportive in government strategies and goals (CMTP, 2017). The CMTP identifies five priority policy areas in which transport is recognised by the Government as the most important tool for the development of social and economic factors (CMTP, 2017). These include the development of socio-economic factors like the Accelerated Shared Growth Initiatives of South Africa (ASGISA), Employment and Redistribution Strategy (GEAR), Reconstruction and Development Program (RDP), and advanced participation in the economy program by generally poor citizens. All these policies

are guided and supported by fundamental policies of the Government and frameworks of maritime transport policy (CMTP, 2017). Consequently, the goal of the CMTP is to ensure that all Government departments and several stakeholders of maritime sector are consistent and accompaniment each other. The industries related to ports and shipping; the policy focuses on them but only if they have a direct impact on shipping as a transport element of the maritime sector (CMTP, 2017).

2.3.2 The CMTP Aim and Strategic Objectives

The Policy aims to "create a policy environment that facilitates the growth and development of South Africa's maritime transport sector to reach its full potential in support of economic development; growth and sustainable social development of our country and the ultimate benefit of all South Africans" (CMTP, 2017:36). In addition, the CMTP's vision is to create a safe, reliable, effective and well-regulated maritime transport system (CMTP, 2017).

According to the CMTP (2017:28-29), the CMTP's strategic objectives include developing the sector into an international maritime sector, create a competitive sector, promote the growth and broadened participation of local entrepreneurs in the shipping industry and marine manufacturing and related services through establishing a sustainable funding and financing mechanisms and or facility for the growth of the sector and maintaining a competitive ship registration system.In this regard the CMTP has policy statements which are discussed in the following section.

Policy Statement 1: Creation of a Coherent and Integrated Policy Plan

The Policy Statement (1) focuses on the department's efforts in developing an integrated and coherent strategy through formalised sector platforms, Maritime Transport Sector Development Council aimed at the creation of a multi-year Maritime Transport Sector Development Plan. (CMTP, 2017:31). The department hopes to create an enabling environment with better regulation, governance, and sustainable use of the ocean's environment. This will be done through "creating an institutionalised Maritime Transport Sector Development Council (MTSDC) to develop a multiyear Maritime Transport Sector Development Plan (MTSDP) and to review and monitor overall performance of the sector" (CMTP, 2017:31). This policy position, serves an advocacy for need of this study, aimed at seeking the scientifically evidenced policy implementation approach, on the SPV

formulation, aimed at housing and consolidating sectors initiatives for its development and sustainability.

One of the CMTP's main strategic goals is to make South Africa an International Maritime Centre (IMC) by 2030 (CMTP, 2017). When contemplating the ambitious goal, it's worth noting that the planned Maritime Transport Strategy 2030 anticipates achieving this status by 2030 (CMTP, 2017). A few criteria are necessary to acquire this position, including the fact that South Africa's marine sector must evolve beyond its ability to serve national interests and become more focused on delivering efficient services to the global industry.

Because of its role in global shipping, the country's ship ownership status has not been considered. There is a disparity between South Africa's fleet and the country's exports, and this has always been a problem (Mthembu & Williams, 2019; Swart, 2016). The lack of clearly defined policy objectives and coordinated approach for ports in South Africa, has led to inter-port competition, instead of complementary port system in KZN and the country's ports (Meyiwa & Chasomeris, 2016). Chang, Shin, and Lee (2014) estimates that South Africa's economy would lose at least R3.215 billion (direct and indirect losses) if ports were not used. Because ship ownership has declined, many maritime workers have lost the expertise they've earned over the years. Since the subsequent evacuation of ships from the South African registry, there has been a fall in the transfer of skills and the construction of ships in South Africa (SAMSA, 2012). Seafaring and seafaring abilities have declined as a result, with sailors who had been educated on South African ports having to go for work offshore, leaving a gaping vacuum in the sector's skills transfer (SAMSA, 2012).

Policy Statement 2: Establish an Effective Maritime Transport Function within Government

The CMTP Policy Statement (2) aims to ensure that the DOT establishes an appropriate maritime structure and function with competent and skilled personnel and agencies. The overarching aim of the Policy Statement (2) is to grow the maritime Transport sector (CMTP, 2017:32). In light of the above the CMTP represents the government's commitment to South Africa's maritime transport sector's growth, development, and transformation (CMTP, 2017). As such, it should be the country's long-term goals and the underlying philosophical underpinnings and concepts that guide its growth, and the direction in which the government has committed to growing the sector (CMTP, 2017). The department should make it the primary goal of the CMTP to ensure that the Maritime Transport sector is

managed correctly and developed so that it can serve the country, the industry, and the rest of the globe (CMTP, 2017).

Policy Statements 3: Transform and Develop the Sector

The CMTP Policy Statement (3) aims to transform and develop the sector through establishing a national shipping carrier. As a part of the more extensive government development programs, the policy aims to lead the creation and maintenance of complex but integrated maritime supply chain systems. The government's goal is to promote coastal shipping and shipbuilding through the CMTP. It is hoped that the Maritime Transport Sector Development Plan (MTSDP), an aggressive and robust strategic plan, aims to ensure the growth of the maritime sector.

Through the CMTP, the government's goal is to promote coastal shipping and shipbuilding through the CMTP (CMTP, 2017). It's hoped that the Maritime Transport Sector Development Plan (MTSDP), an aggressive and robust strategic plan will ensure the growth of the maritime sector (CMTP, 2017). The establishment of a National Shipping Company and the implementation of radical measures that will ensure that a significant percentage/tonnage of imports to and exports from South Africa are relocated by the National Shipping Company will accomplish this (CMTP, 2017).

The shipping business in South Africa was founded on the basis of strategic geographical advantage. But, due to owners transferring their ships to neighbouring countries that provide higher incentives, the competitive edge of South Africa has been dwindling (Mokhele, 2013; SAMSA, 2012; SAMIC, 2012). The situation in terms of South African shipping ability is straightforward: the country lacks a national fleet. The government regrets the existing situation and wants governmental action to prevent the country's economy from being harmed by the lack of a merchant fleet (CMTP, 2017).

According to Bowmans (2016), the South African ship registration still has to be improved in order to increase its competitiveness. According to Mokhele (2013), several studies have been performed to examine the feasibility of establishing a domestic merchant fleet in South Africa. The country’s maritime sector has been investigated, with a focus on fleet ownership via ship registration (Mokhele, 2013); revised laws, cargo reservations, favourable trading terms, and the identification of shipping sectors that could be identified for the development of a national merchant fleet (Mthembu & Williams, 2019; Mokhele, 2013). Mthembu and

Williams (2019) believe that the maritime sector's growth may be successfully realised if national policies are appropriately aligned.

Furthermore, a revised Maritime Services Broad-Based Black Economic Empowerment Charter should remain adopted to include shipping, offshore industries, the provision of maritime security services, and the development of a framework for bunkering infrastructure for the exploration and exploitation of offshore resources (CMTP, 2017). It is hoped that this will help to ensure that South Africa's commercial port system remains competitive and that SMMEs are encouraged to participate in the Ocean Economy, particularly port operations. It is also hoped that this will help to ensure that SMMEs are encouraged to participate in the Ocean Economy, particularly port operations (CMTP, 2017).

Policy Statement 4: Create a Competitive Global Port System

CMTP Policy Statements (4) aims review the 2002 Commercial Ports Policy to include comprehensive spatial planning framework for port land use. This also includes the introduction of monitoring and evaluating instruments for private sector participants in commercial ports with continued monitoring of the competitiveness of the South African port system and the introduction of measures to ensure broadened participation of domestic entities in port operations (CMTP, 2017).

According to the CMTP (2017), the 2002 Commercial Ports Policy shall be reviewed taking into account developing trends and challenges.By implementing an integrated maritime policy, making South Africa more competitive the country is still facing difficulty. Mthembu and Williams (2019) suggests that to stay competitive and relevant for developing the national merchant fleet, policies of shipping need to be adaptive. On the function of national policy, the authors agree with Yang's (2014) assessment of the influence of shipping aid programs on the competitive edge of national flagged fleets.

According to Yang (2014), adaptable shipping policies are significantly more successful in ensuring a competitive national merchant fleet. To provide the crucial necessity of keeping transportation costs low to maintain global trade competitiveness, the government must guarantee that ships admitted to the South African registry are subject to a regulatory system that is just as efficient and adaptable as any other (SAMIC, 2012). Obliging carriers to register in an environment where cargo reservations are less cost-effective and efficient will merely raise commodity trading expenses, impair commodities trading competitiveness, and have a detrimental impact on the economy (SAMIC, 2012). The CMTP lays out some of the

steps that will be taken to create a competitive regulatory structure. To ensure that this is achieved, regular interaction between the government and the business sector will be required.

Policy Statement 5: Create and Growth Sustainable Local Marine Manufacturing

The Policy Statements (5) aims to create and growth sustainable local marine manufacturing including related services sub-sector through legislation (CMTP, 2017:41). According to the CMTP (2017). The Department of Transport will continue working in collaboration with the Department of Trade and Industry as well as the Department of Public Enterprises and other relevant organs of government will encourage and support the growth, development and sustainability of Marine Transport and Manufacturing and related services sector (CMTP, 2017).The CMTP's main goal is to help South Africa's marine transport sector expand, develop, and change to assist socioeconomic development while also contributing to international commerce (CMTP, 2017). The DOT's obvious goal is to connect its strategy and approach with national development planning directives to accomplish job creation and regional trade facilitation (CMTP, 2017).

The Department working in collaboration with National Treasury, the Department of Trade and Industry and any other relevant organs of government shall secure as appropriate support to a package of Marine Transport and Manufacturing incentives (including input costs such as steel) that sustains the domestic Marine Manufacturing and related services sub-sector (CMTP, 2017). In addition, the department shall promote research development and innovation in marine manufacturing and related services sub-sector, create through legislation a conducive environment for the growth of marine transport, manufacturing and related services sub-sector and promote integrated fleet management solutions incorporating all government owned vessels within a clearly defined regulatory framework (CMTP, 2017).

To address shipping and maritime logistics, the promotion of shipping in South Africa would add value to other modes of transport such as road and rail, as these modes are complimentary to each other (CMTP, 2017; SAMSA, 2012). If ships are adequately supplied, the delays and congestions at ports will be addressed and the export-led economic growth of SA will be realized. The costs of transport cannot be seen only as contributed by only one mode, but by a whole logistics chain, and there is therefore a need for the analysis of costs across the value chain (CMTP, 2017; SAMSA, 2012).

Policy Statement 6: An Effective Modally Integrated Maritime Transport Sector

CMTP Policy Statements (6) target challenges in the system through creating an integrated maritime transport sector (CMTP, 2017). Ports require an enormous investment in substructure, cutting-edge technology, appropriate management, and explicit knowledge of their developing position in a global economy (CMTP, 2017). The CMTP's primary purpose is to reduce transportation costs and maximize economies of scale, and port infrastructure development is a crucial part of this effort (Herold *et al*., 2019). Larger ships will always be less expensive to operate and maintain than smaller ones. The policy recognises this as a reason to invest in the necessary infrastructure to manage mega-ships. Because of the CMTP's attention to the issue of the port expansion and the necessity of financial support, the future looks bright. But the maritime sector would need to take advantage from a more focused and action-oriented document that clarifies matters such as development financing, administration, and the involvement of the private partners (Herold *et al*., 2019).

Policy Statement 7: Establish an Effective Socio-Economic Programme for the Development of Small Harbours

CMTP Policy Statement (7) aims to enhance regulatory framework in order to develop small harbours (CMTP, 2017). The country's small harbours have deteriorated to a government of near collapse, through lack of maintenance, safety and security measures, as well as investment thereby denying the offshore industries the much-needed launching, landing, processing and service sites which connect fishing, aquaculture farm as well as other maritime economic activities (CMTP, 2017). The Maritime Transport is a "core part of the logistics chain, and therefore any bottlenecks in the freight logistics system shall be tackled through joint programme" (CMTP, 2017:47). Thus, the comprehensive information on the conditions of small harbours throughout the country, applicable legislations, and relevant jurisdiction needs to be gathered to make sound decision for the future of the South African Small Harbours (CMTP, 2017).

Policy Statements 8: Development of a Cabotage Regulatory Framework

CMTP Policy Statement (8) aims to develop a cabotage regulatory framework, inclusive of licensing, restrictions and enforcement functions as well as a roadmap for implementation in the coastal shipping market CMTP, 2017). Cabotage is defined as trade transit of a vessel

along the coast (cabotage trading) from one port to another within the territorial limits of a single nation (CMTP, 2017). The planned cabotage regulatory system, which is part of the government's incentives to persuade ship owners to join the South African ship's registry, looks to be the most remarkable (Dlamini, 2020). The government hopes to expand not just the number of ships owned and flagged by South Africans, but also the number of goods and passengers they transport between local ports as well as between local and international ports (CMTP, 2017). South African-flagged ships will be granted preferred treatment in terms of cargo transportation and access to local port facilities (CMTP, 2017).

Policy Statements 9: A Developed and Efficient International Maritime Services Provided by South African Ships

The growth and expansion of ships owned by and registered in South Africa is largely dependent on the regimes governing the ownership, financing, and registration of ships (Mokhele, 2013; SAMIC, 2012; SAMSA, 2012). However, deliberate promotion of vessel ownership and registration of ships has been largely absent (Mokhele, 2013; SAMIC, 2012; SAMSA, 2012. The loss of locally owned fleet to foreign flags is indicative of policy changes in the country (CMTP, 2017; SAMSA, 2012; SAMIC, 2012). the main CMTP objective in this regard is to ensure a levelled playing field for present and future South African ship owners and operators vis-à-vis foreign competition and to attract both domestic and foreign investment in the local maritime sector (CMTP, 2017; SAMSA, 2012; SAMIC, 2012).

Policy Statement 10: Innovative Financing and Incentives to Support the Development and Growth of Domestic Shipping

CMTP Policy Statement (10) aims to establish where feasible a sustainable funding and financing mechanisms and or facility for the growth of the broader maritime transport sector to facilitate infrastructure development and possible acquisition of ships and equipment necessary to meet particularly the needs of customers and the South African economy (CMTP, 2017).

The goal of the policy is to develop and implement criteria for the designation of a national shipping carrier that includes but is not limited to percentage targets (Herold et al., 2019; CMTP, 2017). An additional focus of the policy is exploring the feasibility of setting up a South African national ship finance corporation and exploring the governance, regulation,

and development of the ocean economy in general and maritime transportation in particular in South Africa Herold *et al*., 2019; CMTP, 2017). The policy also looks at financial mechanisms and tax benefits to attract boats to the South African ship register and to promote black shipping industrialists (Herold *et al*., 2019; CMTP, 2017). At the heart of the rule, the maritime businesses, particularly SMME's need to be re-engineered to provide the government's development national strategy and its characteristics, both publicly and privately held (Herold *et al*., 2019).

There are a further twenty-seven policy statements that deal with important issues of less commercial relevance, but the discussion of this study pertained to policy statements (1) to (10). Additional policy statements to provide guidance to the maritime transport sector stakeholders and customers with regard to institutional arrangements, governance and regulatory interventions while ensuring effective and efficient coordination across Government on matters of common interest to the growth of the maritime transport sector (CMTP, 2017)**.**

2.4 OTHER RELEVANT MARITIME TRANSPORT POLICIES AND STRATEGIC FRAMEWORKS

This section presents a discussion on the Aim Strategy 2050, African Maritime Charter, and the African Integrated Maritime Strategy (AIMS) that might have direct relevance to the South Africa's Comprehensive Maritime Transport Policy (CMTP).

The African Integrated Maritime Strategy Africa's Maritime Domain is managed under the 2050 AIM Strategy, which provides a foundation for long-term wealth generation. The strategy was developed to meet competing, developing, and future maritime issues and possibilities and the interests of land-locked countries, with a clear concentration on increased wealth making from bearable governance of the oceans and seas of Africa (Serafimov & Rudenko, 2018). This strategy's goal is to "encourage increasing creation of wealth from Africa's ocean and sea resources by building a supportable, flourishing blue economy in an ecologically sustainable manner" by the year 2050 (AU, 2012:11).

When it comes to the maritime sector, ports, and related activities, the African Maritime Charter aspires to promote collaboration between Governments (AU, 2012). Governments and regional and international organisations are also encouraged to work together. The African Maritime Charter promotes (a) the sovereignty, solidarity, cooperation, and

interdependence of Governments; b) harmonisation and coordination of Governments' policies and procedures in all relevant areas of international maritime transport inland waterways and ports; c) efficiency, safety, security, and international competitiveness of maritime, port infrastructure and operations.

Even though both initiatives lack an economic engine at the continental level, they aim to promote ties between SMMEs and African, Regional maritime boundaries, and foster Africa's efforts to build a network of collaboration (AU, 2012). A targeted funding program and crucial research and development and scientific knowledge sharing are also part of the SMME sustainable development strategy. In both plans, the goal is to strengthen the Continent's capacity-building activities with strategic partners looking to reap the numerous economic co-benefits from the Continent's marine value chain (AU, 2012).

More than 80% - 90% of South African trade is seaborne. Not only is the maritime sector critical to the country's economic well-being, but it has also assumed geopolitical importance (Mokhele, 2012; SAMSA, 2012). As a gateway to crucial trade routes, South Africa's position on Africa's southern tip has been the driving force behind the country's maritime sector's expansion (Veitch, 2017). According to BRICS (Brazil, Russia, India, China, and South Africa), a burgeoning population and an increasing middle class have contributed to maritime sector growth in South Africa's and a flourishing maritime economy (van Nieuwkerk, 2018). On the Continent, the country possesses one of the busiest container ports in Africa and one of the world's largest bulk terminals (OECD, 2014). The maritime sector has undergone a considerable transitional shift that profoundly affects the industry.

According to the literature, South Africa's maritime sector faces many issues, including the lack of a driver for maritime policy coordination and implementation capacity to drive the formulation of various initiatives and execution of policy imperatives (SAMSA 2012). Prioritising boosting the sector's economic contribution, the government prioritised policy framework in addressing the weaknesses. Only a fraction of the maritime sector's countless plans and research materials have been implemented in the previous few decades. On the KZN Province's part, key strategic objectives and economic development strategies have been put into place to promote job creation, resolve the real constraints faced by traditional sectors, and encourage the construction of new businesses by emergent players in the economy. Creating evocative service is a crucial cross-cutting concern to achieve and promote economic growth in the province. As a result, the KZN Province has used the ocean economy to enhance and expand its economy (KZN PDGP, 2019).

2.5 THE ARCHITECTURE OF THE MARITIME SECTOR IN SOUTH AFRICA

Roughly 90% of global trade is transported by sea, shipping is undoubtedly among the most international sectors globally (Prokopenko and Mickiewicz 2020). Globalisation is inextricably linked to the maritime sector. Globalisation has aided global economic growth by linking a variety of global marketplaces with a variety of trades. The effectiveness of a country's maritime transport infrastructure has a direct impact on its trade, while governments must also identify and analyse the pertinent challenges affecting worldwide seaborne business as well as requirement maritime transportation. As a result, the importance of shipping as a catalyst for socioeconomic growth cannot be overstated. If it weren't for ships as well as the maritime sector, socioeconomic progress would be impossible. On another note, aaccording to the United Nations (2016), seaborne task performs a major part in decreasing absolute poverty because it offers a great supply of employability for too many third world countries, including boats, boat ownership as well as operation, boat building or rebuilding, but also port services, along with other items (United Nations, 2016). Maritime mode of transportation, the submarine company, fishing industry or fish farming, a boat as well as tourism market, game or marketing harbours as well as boats, ocean power sources, naval ships, consulting companies, union workers, or groups that help the liberty and objectives of sailors as well as seaborne specialists all seem to be part of something like the maritime domain (Mikiewicz & Prokopenko, 2020). Competent organisations, labour unions, organisations fighting on behalf or wishes of fishermen and seaborne specialists, as well as sea or coasts investigation and sciences, maritime training schools and training centers a wide range of expertise centered on shipping transport, as well as trade associations, labour unions, or entities fighting for the rights or wishes of mariners and coastal specialists. In today's society, the maritime sector is tremendously significant consisting of 50,000 commercial boats, licensed including over 150 countries as well as manned through over a million mariners of virtually all ethnicity, transporting goods throughout the world (Mikiewicz & Prokopenko, 2020). Several oil platforms, as well as assistance or delivery marine vessels, are active in oil drilling operations across the globe, at any one time, about four million commercial fishing fleets cruise the sea (Mikiewicz & Prokopenko, 2020).

In addition, to Southern Africa, marine manufacturing induces a vital function in universal in addition to domestic commerce products. This is especially true in South Africa, in which exports account for 28 percent of the country's GDP. The ports handle approximately 90

percent of S.A. commerce that involve more than 150 million metric ton of cargo as well as around 3 million repositories every year (Findlay, 2018). Furthermore, the ports of South Africa provide just a channel for trade between both the country and its African trading partners. For South Africa's global competition as well as the effectiveness of the country's import demand, require port dependability, ship handling efficiency, or price competitiveness, which are critical. South Africa, unquestionably a maritime nation, has an interest in Indian, Atlantic, and Southern Oceans encompassing a 3,000-kilometer coastline (Mokhele, 2013). South Africa's coastal comprises residence to 30 percent of total of the country's population. The country has also eight commercial ports and 44 non-commercial harbours and is located on a significant maritime route. Furthermore, commerce accounts for 58 percent of South Africa's GDP, with ships transporting 98 percent of the country's trade volume. Furthermore, the country accounts forr over 3 percent of the world's larger consignment commerce production (Mokhele, 2013). Based on tonnage handled, Africa has become one of the 20 largest maritime nations.

Shipping, ports and logistic support, vessel building and repairs, marine leisure, nearshore energy, and mineral deposits, catching fish as well as fish farming, woodworking, and repair work, largest shipping legislation, marine skills training, infrastructure building, ship registration process, and maritime business services are some of the major areas of focus of the maritime sector (Findlay, 2018). The marine interests of South Africa are concentrated on strategy, economics, environmental consciousness, and political sway. The stakeholders involved in the South African maritime sector include the DOT, DPE namely department of transportation as well as public organisation department, Transnet SOC Limited, Transnet, the Port Regulator of South Africa, the South African Marine Safety Authority (SAMSA), Port Consultative Committees, and others, as shown in Figure 1.

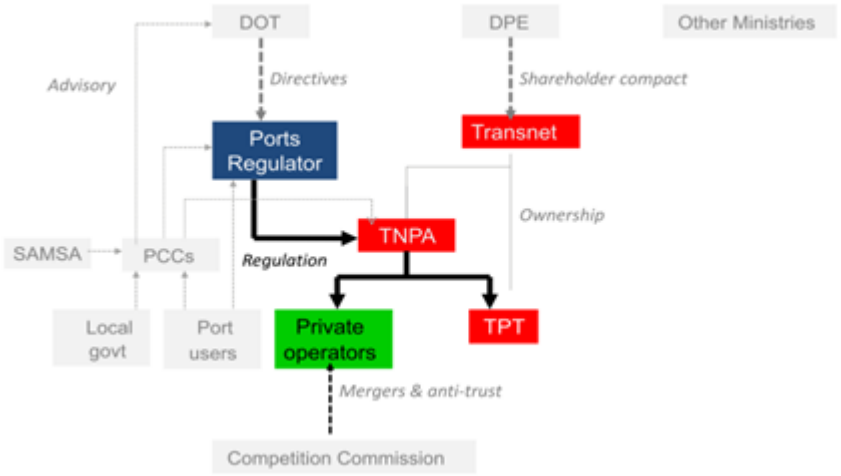

Figure 1 *The Structure of the South African Maritime Sector*

Source: SAMSA (2016)

National Department of the Transportation (NDOT) leads the South African marine industry, which has entrusted the South African Maritime Security Authority (SAMSA) with managing and foreseeing maritime matters in the country (TNPA, 2016). Government, on the other hand, is in charge of administering and supervising the whole of South Africa's 8 ports, including the terminals of Saldhana, Richards Bay, Durban, Nqgura, Cape Town, Mossel, Elizabeth as well as London (Walker, 2018; TNPA, 2016; SAMSA, 2012. In addition to port issues, the South African government supervises governmental action within government's maritime system in line with the government's strategic interests (Zhang *et al*., 2018). There is indeed an association of the owners is also the South African Association of Ship Operators and Agents (SAASOA), it claims to support maritime organisation's maritime concerns, significant stakeholders (Zhang *et al*., 2018), will be discussed briefly:

The National Ports Act (NPA) is a law that governs the (Act No. 12 of 2005) and empowers Port Regulator to, among other things, supervise the operations of the TNPA to verify that fulfills its obligations in compliance with the Act and to consider complaints and appeals (TNP, 2016). The National Port Act (Act 12) of 2005, creates a legal and regulatory context in which TNPA works. This act establishes a position for the authority of national port, that supervise seaport administration which processes such as managing port service delivery by permit or getting with seaport operating agreement which guarantee that impressive seaport assistance is delivered (TNP, 2016; 2012).

As stipulated by its function as a government-owned organisation, TNPA's overarching goal is to "ensure the efficiency of the South African ports systems and assist economic development" (TNPA 2012:56). The TNPA has a two-fold authority, to reduce the business costs in South Africa through logistics and to contribute to economic development (Zhang *et al*., 2018). Its landlord position resembles some of the World Bank's best practices in port governance, as outlined in the Port Reformation Toolkit. Another of the parallels is the creation of an independent regulatory agency whose goals are to maintain true competition between competing port operators, limit monopolies (including public entities), and prohibit anti-competitive activities (Zhang *et al*., 2018).

Transnet Port Terminals (TPT), Transnet operational subsidiary that is assigned to TNPA and is in charge of handling terminal operation and cargo handling at South Africa's eight commercial seaports. The primary market industries are cars, bulk, containers, and break bulk, and processes are divided into 3 primary geographic domains, Western and Eastern Cape as well as KZN (TNP, 2016). The Ports Regulator is in charge of monitoring port authority prices and security operations, as stated below, but it has no regulatory authority over TPT for port terminal operator (Zhang, Geerlings, El Makhloufi & Chen, 2018).

SAMSA is a government agency that oversees maritime security in South Africa. The South Africa Maritime Security Authority is the name given to the Port Government Control Authority in South Africa (SAMSA). SAMSA was founded on April 1, 1998, under the SAMSA Act 5 of 1998. The Act provided SAMSA the primary responsibility for ensuring the life safety at sea, preventing, and combating ship polluting in the aquatic environments, and promoting the Nation's interests (SAMSA, 2016). SAMSA is also in charge of granting certifications in accordance with the national rules as well as international treaties, as well as advising on policy (SAMSA, 2016). SAMSA's responsibilities involve investigating maritime disasters or events including assembling maritime assessment panels (Blaine & Nel, 2019). SAMSA is able to administer the related obstacles of law under section 2 of this Act. Table 1 depicts the Acts governing the maritime sector in South Africa.

Table 1 *Acts governing the maritime sector in South Africa*

Marine Pollution (Intervention) Act, 1987 Act of Marine Pollution regarding Civil as well as Control Liability, 1981 Act of Merchant Shipping, 1951 Act of Goods Carriage, 1986 Act of Marine Traffic, 1981 Act of Marine pollution regarding pollution prevention from boats, 1986.	Ship Registration Act, 1998 Maritime Zones Act, 1994 SAMSA Levies Act, 1998 Wreck and Salvage Act, 1996 SAMSA Act, 1998.

Source: SAMSA (2016).

The government is the biggest shareholder among SAMSA's local consumers, who come from a variety of businesses. They are grouped into four groups: government and governmental institutions, which include the Department of Transportation (DOT), which is a key stakeholder (SAMSA, 2016). Other organisations and government entities, such as Transnet and PetroSA, exist. SAMSA also has strong ties to regional organisations like the SADC and the Oceanic Commission (Seti, 2020). SAMSA is South Africa's Port Government Control and Flag Government Power agency. The Principal Officer (typically a licensed master mariner) leads the port offices, while ship surveyors (certified navigating officer or engineer officers) conduct port government or flag government assessments of ships. The offices of Durban & Cape Town also keep tabs on maritime training schools' syllabuses, levels of instruction, training staff credentials, exam moderating, and oral exams (SAMSA, 2016).

2.6 THE SOUTH AFRICAN PORTS

South Africa is a prominent sea trading nation, ranking among the list of top countries in terms of seaborne tonnage, accounting for 4.4 percent of the total world international maritime commerce by volume (UNCTAD, 2014; Maritime Economy Outlook, 2013; SAMSA, 2012). Functional and very well ports are critical for a strategic location gateway region like South Africa to ensure increasing economic growth and activities (UNCTAD, 2014; Maritime Economy Outlook, 2013; SAMSA, 2012).

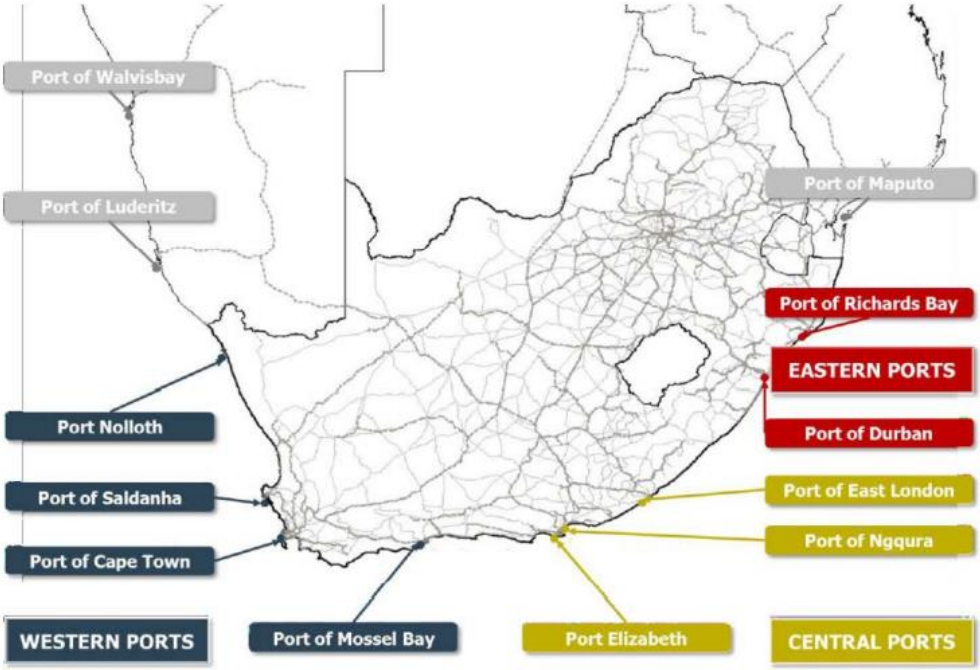

Figure 2 *South African Ports*

Source: SAMSA (2016)

South African ports and managed by Transnet which is a government (SOE) organisation in South Africa, with government maintaining 100 percent company as well as its segments, that includes Transnet Pipelines, Transnet Freight Rail and Transnet Technology, that is an ability rate a division of Transnet SOC Ltd and exists to serve as the rail line company's core (Barnes-Dabban & van Koppen, 2018; van Tatenhove, 2018; TNP, 2016; Klopper, 2010). The 'landlord of port TNPA which was previously part of Portnet, is responsible for the facilitating of maritime commerce at South Africa's seaport.

The main ports in KZN relevant to the study are:

- Durban port is the most essential container port of South Africa that is handling 60 percent of the container traffic of the country. It is also the main port servicing the KZN government, Gauteng area, and the Southern African hinterland. The company handles over 3900 commercial boats each year, the most in South Africa, equal to over 87 million tonnes of goods annually (Barnes Dabban *et al*., 2018).

- Richards Bay port, this really is South Africa's main bulk port, with north KZN, Gauteng, and Mpumalanga as its primary hinterlands. The port is still the biggest in

> South Africa in terms of capacity, carrying around 89 million tonnes of cargo for every year that are using (above 1800 marketable container demands), accounting for roughly forty percent of the country's entire number of ports demands (Barnes-Dabban *et al*., 2018).

South Africa's Transnet National Ports Authority (TNPA) launched a Market Demand Strategy (MDS) in 2013 with plans to invest almost R60 billion in ports infrastructure from 2013–23 (Findlay, 2018). This investment at the time was crucial if South African ports are to maintain the country's role as a gateway into the future and the development of entrepreneurial opportunities for SMMEs (Findlay, 2018:5).

The maritime sector in South Africa is organised into seven major segments namely logistics infrastructure, shipping transportation, ports, coastal & marine services; fishing, medicines, and farming; offshore power and mineral; boats and cruise; sport and leisure (SAMSA, 2012). Fisheries vessels made up the majority of the South African ship registration in the fisheries sector. The sector generates about R40 billion in revenue each year (SAMSA, 2012). But there is an aged of 1 750 fishing vessels, of that which 900 are outdated, old, hazardous, and in need of recapitalization, resulting in an unsustainable amount of deaths (SAMSA, 2012).

In partnership with SMME's, there is a need for a particular focus on developing commercial ports & their associated infrastructure, marine, and cargo processing procedures and apparatus management, including inland port growth and performance is measured in terms of maritime facilities (Mokhele, 2013; SAMSA, 2012; SAMIC, 2012). Brief neglect has deprived South Africa of maritime distribution network efficiencies that allow global competitiveness, and a maritime railways sector connection is vital to the operation of the South African Port System (Mokhele, 2013; SAMSA, 2012; SAMIC, 2012). This has resulted in a sluggish and underserved oil and gas sector, as well as a semi cruise tourism sector. South Africa needed to embrace boat construction and repairs, as well as manufacturing production, in order to build sustainable from basic to nearly fully to complicated and complex (Mokhele, 2013; SAMSA, 2012; SAMIC, 2012).

South Africa maintains areas of improvement in offering world-class marine services like consultancy, legal services, surveying, and hunkering down in terms of maritime services to support (Ndikom & Olusegun, 2019). But on the other hand, the country, has to make better use of its heritage to position itself as the Global Maritime and Shipping Services Centre,

where people from all over the world and the African region may obtain such services (Ndikom & Olusegun, 2019). This sector of the economy has the potential to provide a large number of employments, provide chances for business development, and attract foreign direct investment to the country. The potential for investing in the tourism industry, coastal and interior waterway tour harbours and marine development, ocean sports, and leisure in South Africa's marine tourist sector remain untapped (Ndikom & Olusegun, 2019).

From the debate above, South Africa has a strong maritime sector that has poor or little ship register. Despite the country being a maritime nation, with imports accounting for over 80% of import cargo. Despite its significant contribution to the economy, the sector is still in its infancy, under-resourced and fragmented, and has existed now as a-vacuum since 1994 (Mokhele, 2013; SAMSA, 2012; SAMIC, 2012).

Furthermore, South Africa's maritime sector operates under an unfavourable legal framework: heavy bureaucracy stymies foreign ties with the country's maritime sector (Mokhele, 2013; SAMSA, 2012; SAMIC, 2012). For example, previous from its recent change, the South African registration was viewed as an uncompetitive registry due to the then-current tax structure, which required ship owners to pay both regular corporation tax and a second tax based on profits (SAMSA, 2012). The marine industry has encountered challenges in terms of skill development, notably in management, senior leadership, especially maritime attorneys. Inadequate efficiency in the development of marine professionals has been hampered by a lack of training complex and skills training mechanisms. Due to a lack of maritime experts, it is also thought that the South African maritime company's business abilities have not been maximized (SAMSA, 2012).

The national and provincial government have emphasised improving the sector's capacity to improve the economy through regulatory frameworks in order to solve the sector's weaknesses. The maritime sector is said to have developed various strategies, maps, port future development, and academic papers in the past, but only a small percentage of these have been executed. Another issue is the absence of a maritime policy, and the competence and the coordination needed to determine its formulation and following execution. The sluggish rate of change in the marine industry, as well as the lack of efficient execution of institutional structures and laws in the context of port administration in South Africa, are additional issues (Ifedi, 2020).

2.7 AN OVERVIEW OF THE PROVINCIAL ECONOMIC DEVELOPMENT STRATEGIES.

The structural design of the Review of the KZN Maritime sector and SMME Development will be discussed in this part.

2.7.1 Structural Architecture of the KZN Maritime Sector

KZN has abundant maritime and its resources, including several of Africa's as well as the Southern Hemisphere's biggest ports, many kilometers of coastline, and waterways (SAMSA, 2018). The maritime sector in KZN is divided into several sectors (cargo and logistics, ancillary maritime support programs, tourism, marine power, catching fish, aquaculture, and mariculture), with freight and logistics that are positioned on 2 main transportation hubs, in the ports of Richards Bay & Durban, each one serves a major port (SAMSA, 2018). These locations are linked to regional and road and rail networks which are national infrastructures, allowing the KZN system to be integrated into national commerce channels through the N2 and N3 routes and specialized rail links (SAMSA, 2018).

Through a specialised exporting terminus, Port of Durban services various important businesses in eThekwini and even outside, including auto, retail sectors, petrochemicals, and agricultural. The extra infrastructure of specialised pipelines and rail links aids in the extension of this articulation into South Africa's deeper hinterlands (SAMSA, 2018). Bulk and breakbulk goods can be handled at the Port of Richards Bay. Exporting coal is transported over a specialised rail connection between Mpumalanga and Richards Bay. The economy of the city of uMhlatuze port plays a vibrant role, with its developing industrial base especially in the IDZ's prospective growth region, in count of offering unpackaged abilities for the massive locality of the country (SAMSA, 2018). The ports function as complementary parts of the same system, with each specialising in the processing of strategic commodities. Aside from direct port-related freight activities, a variety of auxiliary operating services are included in the supply chain. Stevedoring and ship chandlers, clearance and forward, storage, security and custom, and harbor carriers are all connected operations and services. Services Indirect means, these encompass sectors like economic service and legal, administration, skill training & development (SAMSA, 2018). Given its high efficiency and higher, strong backward links to industries like steel manufacture, and skills development, the boat construction, and repair business provide the potential for economic growth and employment creation. In addition to freight and transportation, the maritime sector offers a variety of marine tourist and recreational activities. There is a

thriving yachting and sailing community in and around the Durban & Richards Bay ports (SAMSA, 2018).

Along the KZN coastline, leisure activities like cruises, canoeing and kayaking, sailing, boating fishing, bird viewing, and water sports are available. Furthermore, KZN is home to tiny fishing activities as well as a huge recreational and subsistence fishing culture known as line fishing (SAMSA, 2018). This recreational and sustenance activity is accessible by a diverse range of populations, from subsistence consumers to commercial and recreational networks operators, and is further complicated by the diversity of consumers, harvesting methods, and species. This endangers proper management and long-term growth (SAMSA, 2018). The government has designated aquaculture as one of its key development industries. Marine aquaculture is a new growing economic prospect in the province. Another illustration of both the province's many undiscovered marine-related riches is this unexplored field of offshore oil/gas/ gas (SAMSA, 2018). Offshore oil/gas/ gas has just begun off the coast of KZN, with research extending from the Ports Shepstone to Kosi Bay. Furthermore, the east coast's oil and gas development gives tremendous chances for the local nautical industry (SAMSA, 2018).

The vision for the KZN maritime structure is "to locate (KZN) as an entry point to S.A, as well as the globe, by means of effective and maintainable use resources of maritime to stimulate the growth of the economy, in line with the province's and nation's objectives, as well as the view of 2050 (African Integrated Maritime Strategy) and Local Development and Growth Strategic Design (KIMS, 2012). The Department of Public Enterprises is the South African's landlord of Harbor System and is overseen by the National Ports Regulator that also promotes competition among maritime sector companies). The Department of Tourism has a direct relationship to the KZN DEDT, and since nearby, obvious ties together with intermodal conveyance in addition to logistics zone as well as the marine sector, so this connectivity is the foundation of the KZN DEDT's requirement to build a significant maritime sector Strategy aimed at KZN (Serafimov & Rudenko, 2018).

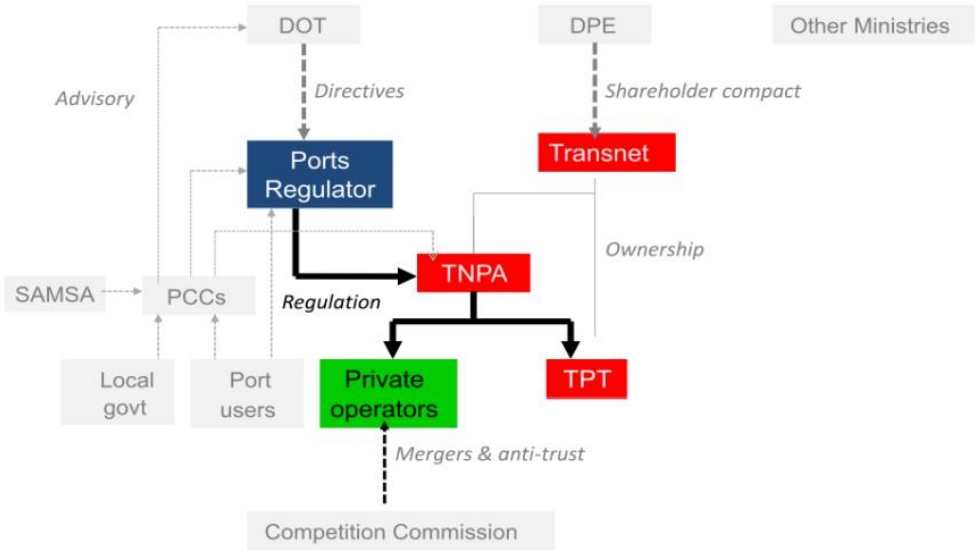

Figure 3 *The organisation of KZN maritime*

Source: Ferreira et al. (2019)

The value chain of the marine industry includes a wide range of activities, from rising public interest to tourism and leisure. The transportation and industrial sectors are located at a lower level (Ferreira *et al*., 2019). In terms of the value chain's parts and components, this refers to operations related to the marine industry, such as ship/boat building and maintenance, as well as offshore energy and mining. Local and regional including coastal and worldwide shipment or logistic, modal gateway developmental, harbors & ports, and ship registry are all part of the transportation element.

The value chain's industrial and transportation components consume a straight impact on the commercial service area necessary to keep the chain values that are running smoothly (Ferreira *et al*., 2019). Shipment operators and logistics, as well as accounting and business services, technology and engineering services, training opportunities, research, and innovation, and port and coastline services, have all been highlighted as significant commercial offerings to the larger value chain (Ferreira *et al*., 2019). The maritime value chain encompasses oil and gas, renewables, mining, and fishery from a resource standpoint. These elements are particularly important in the environmental sphere and give various prospects for regional economic growth (Ferreira *et al*., 2019). Maritime tourist, recreational, and leisure are major components of tourism and leisure. These lesser components, once again, show numerous regional economic potential and aid in gaining a better knowledge of the marine value chain. The domestic links of the maritime sector are outlined in this

comprehensive maritime development platform. However, realising that the industry is genuinely global, with foreign commerce and finance being a significant driver pushing the appeal of the KZN Maritime sector, is equally crucial (Ferreira *et al*., 2019).

2.8 THE KZN ECONOMIC DEVELOPMENT STRATEGIC LANDSCAPE

The Kwazulu-Natal Province is the country's second largest Province by both population and economic output (Provincial Treasury , 2017). The province is the second after Gauteng, contributing more than 21% to the national manufacturing value added (Small Enterprise Development Agency, 2012). The province contributes 16.5% to the National Gross Value Added (GVA) and for seventeen years from 1995, KZN contributed more than 16% to the national GDP (TIKZN, 2013; KwaZulu Natal PPC, 2012). By 2035 the province aims to be a prosperous Province with a healthy, secure, and skilled population, living in dignity and harmony, acting as a gateway to Africa and the World (KZN PGDS, 2016).

The Department for Economic Growth, Tourists, and Environment Affairs (EDTEA) is tasked by to advocate and promote the province's sustained economic development. This is accomplished by developing economic policies, facilitating economic show confidence, and putting in place strong provincial development strategies (EDTEA, 2018). This enables poverty eradication, inequality, and unemployed, which is in keeping in line with the department's objective of leading shared prosperity for job creation and economic sustainability.

In accordance with its Strategic Plan, the EDTEA has adopted specific strategic objectives for the period 2014-2019: (1) Integrated economic development plans, (2) Sustainable economic expansion for creating jobs, and (3) seeking to the best response to the client's specifications (SAMSA, 2018). The maritime sector has been identified as key to helping create jobs by promoting sustainable economic growth. The Trade and Industry Development Program aims to provide specialized support services to provincially targeted economic sectors, leading to job creation, long-term, sustainable, and equitable economic growth (SAMSA, 2018). Transportation, automotive, clothing and textiles, soft furniture, recycling materials, chemicals, other resources, and agricultural processing are among the key areas identified in Industrial Policy Action Plan 2 (IPAP 2), namely order filling, vehicles, outfit, and apparel, textiles, sustainable energy, and agricultural processing (Diah *et al*., 2020).

As a result, the EDTEA created the KZN Integrated Maritime Strategy (KIMS) (KZNPPC, 2011). The strategic goals are to deliver a comprehensive approach to the maritime sector's development and growth, resulting in significant economic and employment opportunities. Tourism, aerotropolis, environment protection, industrial economic centers, and special economic zones are the 5 strategic elements of EDTEA, and maritime development is among them (KZNPPC, 2011). The maritime & logistic sector's development is critical since it facilitates commerce, which is one of the economy's main drivers (Diah *et al*., 2020). This is in keeping in with KZN Province's maritime strategy, which would be realised via the efficient and long-term use of maritime assets to boost economic growth.

To create a sustainable SMME climate, the KZN Province is working to use its strategic location as a gateway to South Africa, with its people resources that are natural (KZNPPC, 2011). It also aims to completely alter its social-economic scenery, eradicating dire poverty, inequality, and joblessness, as well as attracting foreign investors to our global maritime logistics infrastructure and a skilled labor force that is anticipated to expand as South Africa's integration into the African and global economies progresses. As indicated in Figure 4, by the year 2035, the KZN Province must have utilized its location as an access to South & Southern Africa, and its natural and human assets, to establish a safe, hygienic, and socially viable environment (KZNPPC, 2011).

Figure 4 *Strategic Goals and Objectives for KZN until the Year 2030*

Source: KZN Provincial Planning Commission (KZNPPC) (2011)

According to Figure 5 below, the KZN Province has the country's second-largest population, with 11.4 million people in 2019, and is anticipated to grow to 14 million in 2035 and 15.7 million in 2050 (Stats SA, 2019).

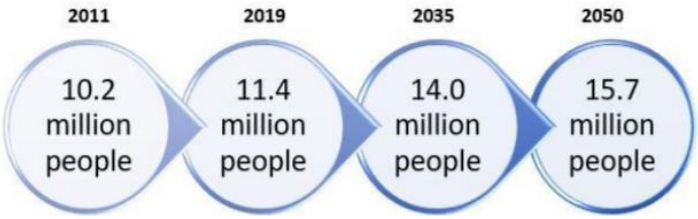

Figure 5 *KZN population 2011-2050*

Source: CSIR 2020

Unemployment has already been highlighted as one of the province's significant structural restrictions, contributing to high levels of inequality and poverty, as well as lowering the province's general quality of life (StatsSA, 2019). Due to rising unemployment rates, dependency rates are high, many people rely on low-income earners. As a result, many

working-class families are at risk of falling into poverty. The vast majority of people in KZN now rely on grants and other forms of assistance to increase their income (StatsSA, 2019). Signs that unhappy workers are returning to the labor market may indicate an additional economic burden on the family due to job losses. Although unemployment in the Province has increased slightly, those who work are at risk. However, recent trends suggest that unemployed and unsatisfied job seekers are at risk of losing their jobs (StatsSA, 2019).

As a result, job creation is considered as a fundamental strategy of achieving economic development and transformation. This would necessitate governmental and private sector legislative framework and initiatives to provide a more supportive environment for the creation of employment opportunities and equitable economic expansion (Shin, Jian, Driscoll, & Bar, 2018). The Province of KZN is developing strategic goals and economic strategies to promote industrial growth and job creation, as well to simplify the process of trying to create opportunities and promote innovation.

2.9 AN OVERVIEW OF THE PROVINCIAL ECONOMIC DEVELOPMENT STRATEGIES

The present unemployed pattern in KZN is still far from equitable (KZN PPC, 2020). Given the circumstances high unemployment, attaining the goal of improving decent employment faces significant hurdles. Simultaneously, weak growth raises concern about skills and how to effectively improve labour demand (KZN PPC, 2020). To improve demand from labour-intensive industries, safeguard current jobs, and generate new highly skilled jobs in KZN, much more has to be done to change and stimulate economic growth (KZN PPC, 2020). This is crucial to ensuring that the evolution that has remained in KZN in issues and helping and tackling inequality is not quickly lost and reversed.

The policy of South Africa climate is fast changing, with emerging business strategies and plans aimed at eradicating poverty, injustice, and unemployment coming to light taken (NDP 2030 Executive Summary:24). The government has recently published the NDP vision for a country that demonstrates the experts' commitment to delivering overall shared vision. The NDP wants to eradicate lack and greatly reduce dissimilarity, as assessed by the Gini coefficient, which will drop a range from (0.69 - 0.6) (NDP 2030 executive summary: 24). The goal is to achieve broad goals such as infrastructure development and the building of a capable and ethical government. Increasing openness, and better cooperation with local regulations and laws are all important steps to be taken (NDP 2030 Executive Summary: 24). The NDP was adopted by parliament in 2012, with the intention that Provinces begin

developing plans to introduce it as soon as possible. The New Growth Path (NGP) and Economic Transformation Plans (ETPs) are the cornerstone measures for ensuring the government meets the aforementioned development imperatives through the NDP. The focus of these programs is on rising manufacturing capabilities in order to be internationally competitive and to create long-term jobs (NDP, 2030).

The NGP policy was released in South Africa in 2010. The NGP follows previous economic policies such as the RDP, GEAR and ASGISA (Meyer, 2013). The overall focus of the NGP is on job creation, with a secondary focus on improvement of inequality levels; reduction of poverty; improved co-ordination; planning; and implementation of economic policies in all three spheres of government (Meyer, 2013). The NPC identified the main issues to be addressed in South Africa. According to Meyer (2013:19). These include the poor education system; inadequate health care systems; the substandard maintenance of infrastructure; unduly high levels of national policy uncertainty; worrisome levels of spatial divide among communities; an unacceptable level of dependence on the mining sector; and lastly, the debilitating levels of corruption that are endemic in the country (South Africa 2011:18). The key priorities for 2011 in terms of SONA were listed as job creation; rural development; improved health facilities; provision of a better standard of education; and an improvement in the safety and security of the country as a whole. These five nation-wide priorities were linked to the Diagnostic Report of the National Planning Commission (NPC). The NGP properly envisions growth over all sectors, such as agricultural, mining, or rising services, but it also called for South Africa's reindustrialisation (Meyer, 2013). Most of those NGP's policy positions may be considered as aiding private sector expansion, and private organisation is recognised as a generator of jobs and economic progress while fostering the development of reciprocal and collaborative relationships between the government and business. Despite its envisaged objective, the NGP has not been widely accepted (Meyer, 2013). Critics are of the opinion that the NGP policy is a vision rather than a plan and that it has no specific implementable steps. The critique of the NGP as far as job creation is concerned is that it focuses too much on government intervention rather than on creating an enabling economic condition for successful private sector initiatives (Meyer, 2013).

The principal objective of IPAP is to achieve structural change, by encouraging the development, growth and increased competitiveness of the South African manufacturing (Value Added) sector. The IPAP highlights development drivers and how they might be aided in promoting employment (IPAP 2014/15 – 2016/17). As in the Province of KZN,

industrial growth remains the top focus for economic development (www.kznedtea.gov.za). IPAP is deeply rooted in the government's general strategy and intends to solve the fundamental concerns of economic and industrial growth, as well as poverty: injustice and jobless. The plan of IPAP, which is part of the 9 Plan, intends to create a more competent and diverse economy with a bigger worldwide proportion of products. As a result, the DEDT (Department of Economic Development and Tourism) has been working to establish industry-specific interventions to help the local economy grow. In this sense, DEDT aims to create Industrial Economy Hubs that will promote industrial growth in South Africa, resulting in a globally sustainable and resilient regional economy. This initiative has the potential to lead the government's job creation effort if properly executed.

In 2011, the KZN PPC (Provincial Planning Commission) published a Provincial Plan that closely matched the National Strategy (KZN PPC, 2011). Economic anchor plans to support the execution of the PGDS include the KZN Manufacturing Progress Scheme in addition to the Provincial Spatial Economic Development Strategy (PSEDS). The following section discusses these plans.

2.9.1 Provincial Growth and Development Plan

The PGDS is now a province viewpoint on how and what sorts of investment must be prioritised in various areas, and it relies on national and industry goals as well as their regional investment consequences. The 2016 KZN (PGDS) is the province's principal developmental strategy for the years ahead (PGDS, 2016). This strategy was enshrined in the KZN Provincial Developmental Plan (PGDP), which serves as a road map for implementing it. The Provincial Growth and is a blueprint for the province's long-term development and growth. The PGDS is a mechanism used by the provincial government in addressing the colonial space economy's legacy by fostering maintainable expansion, combating deficiency, and jobs creating (Khambule & Mtapuri, 2018). It establishes a platform for government and non–governmental assets that identifies development opportunities and objectives. Furthermore, it tackles critical concerns of stumbling blocks while also proposing strategic action. The economic anchor strategies for bolstering the execution of the PGDS are indeed the KZN Industrial Strategic Plan and PSEDS strategy.

In the PGDS, job creation continues to be a key goal of inclusive development and structural change, by boosting economic development, share the advantages of prosperity more evenly, lowering dependency on the welfare system (PGDS, 2016). This is an essential component

of inclusive economic prosperity. The goal remains to open up the full spectrum of opportunities for developing participants in new and existing industries, as well as to promote employment retention creation on of jobs via an integrated world economy, is a critical enabler for the province to achieve success in each of the PGDS objectives (PGDS, 2016). This encompasses knowledge and skill development, as well as the long-term protection of the province's assets and the creation of integrated development prospects (PGDS, 2016).

The primary determination of the Provincial Growth and Development Plan (PGDP) is to start the manner of permitting the region to track its performance towards agreement development and growth goals (PGDP, 2021). A PGDP's main goal is to define the 2030 vision. Results in terms of seven goals and thirty objectives, as well as to agree on a set of indicators to track progress toward those goals (PGDP, 2021). The implementation of the PGDS is then guided by the PGDP, which is evaluated, modified, and regularly updated and also is did lead and organised by the Office of the Premier (PGDP, 2021). The PGDP would include new priority problems that has arisen in the past year, as well as completed interventions and projects. To achieve strategic goals, the PGDP concentrates on execution through strategic interventions and catalytic initiatives, which are monitored against targets specified for each indication.

The PGDP, which serves as the integrated model on behalf of the (Provincial Growth and Development Strategy) includes a number of initiatives that have an influence on the KZN maritime sector, either actively or passively (PGDP, 2021). Particularly, these are part of a strategic aim of Strategic Facilities, as well as the strategic objectives of Ports and Waterways Development Rail & Road Development. The identified interventions are focused on increasing port productiveness, as well as developing rail and road links between the different major seaports along the coast (Khambule & Mtapuri, 2018). The suggested interventions aim to improve current infrastructure while also capitalizing on KZN's viable side by developing financial substructure which result will be in long-term employment development (Khambule & Mtapuri, 2018).

2.9.2 Provincial Spatial Economic Development Strategy

The Provincial Spatial Economic Development Strategy (PSEDS) lays forth a strategy structure, sectoral policies, and initiatives focused on boosting the province's poorest residents' quality of life (KZN PGDP, 2019). Through a 10-planning process, it aims to solve the developmental issues given by various socioeconomic conditions. The PSEDS programming initiatives are based on the environment of inequity and poverty in KZN). Several geographical issues will influence this project, the most notable of which is the fact that mains an essential node along the N2 priority transit corridor between Richard's Bay and Durban Ports (Khambule & Mtapuri, 2018).

The PSEDS helps to the sustainable development of the economy, eradicating poverty, and creating jobs in KZN as a growth strategy (KZNPPC, 2011). Its specific goal is to advise and enlighten spatial concepts that will govern the Province's growth and development. Addressing previous spatial inequalities, reducing urban sprawl, and providing diverse levels of infrastructure are 3 of these ideas. The policy strives to guarantee that permanent infrastructure investments are concentrated on locations with high economic potential growth, according to the third premise (KZN PPC, 2011). The PSEDS recognises that many regions in KwaZulu-Natal are plagued by lack of development, high levels of unemployment, so poverty, and it helps the government meet its goal of tackling these issues. It also acknowledges the government's limited funds (Khambule & Mtapuri, 2018). The PSEDS aids the government in making the greatest use of its resources in solving these difficulties by allocating investments towards sectors with promise for economic growth. Some of these high-potential regions are in traditionally underserved communities. It also guides them to parts of the Province with untapped potential.

2.9.3 The KZN Industrial Development Strategy

The KZN Industrial Development Strategy (IDS), developed by the Department of Economic Development, Tourism and Environmental Affairs (EDTEA) in 2004, identifies priority sectors in order to stimulate and enhance competitiveness of the KZN economy (Moloi, 2019). The IDS sets out short to medium term programmes that have been identified by the EDTEA to address these issues. The strategy aims to broaden the Province's economic development diversification through policies and programs that are to be concentrated on two key areas by the provincial government. These are achieving industrial development, namely, productive growth and job creation. The IDS focuses on (a) policies designed to

ensure macroeconomic stability, growth, low inflation and high employment, (b) increase investments, (c) Increase effective delivery of skills, infrastructure, research and development, and innovation, (d) promote active industrial policy to protect and enhance modern manufacturing capacity and (e) ensure funds availability for the training and retraining of workers who have been made redundant or whose skills need updating.

2.9.4 Provincial Investment Strategies

The KZN Investment Strategy was created to give tools to all stakeholders to attract and facilitate global as well as local investment in the region (COGTA, 2011). The goal of the Scheme is to facilitate total interested parties in the provincial capital to collaborate in encouraging, trying to attract, in addition to helping imported & local deals into improving the current, both public as well as private, based on the Province's comparative advantages and in order to enhance job growth and income.

Whereas the KZN Provincial Export strategy that identifies the primary challenges the Province has, in terms of export development and presents workable answers (KZNPPC, 2013). Exporters have recognised the following requirements as critical to guaranteeing export market expansion: Exporters have recognised the main requirements as critical to guaranteeing export market expansion: good communication systems; expense and efficient transportation; assurance that goods will be delivered effectively all over international boundaries to consumers; productive rates of goods just at the location through support with restrictions; effective expenses for export markets as well as admittance to investment on behalf of distributes; diminishing red tape connected by trades; export talent training as well as coaching in lowering involvement budgets; as well as intelligent export development, which includes longitudinal trade improvement (KZNPPC, 2013). The approach includes such characteristics into customized programmers geared at aiding importers with their issues.

2.10 SMMES CONTEXT IN SOUTH AFRICA

This section describes the function of SMMEs and their contribution to the South African economy. This chapter also examines the challenges facing the SMMEs sector of the ocean economy in KZN Province of South Africa. In addition, it discusses the functions of entrepreneurship in relation to economic development and challenges affecting SMMEs and the ocean economy in South Africa.

In South Africa, SMMEs have been acknowledged as a backbone of the economy and drivers of economic growth and development (Bhorat *et al*., 2018). The sector is responsible for solving the country's structural and socio-economic challenges through promoting sustainable local development (Dalberg, 2011). As such the South African government has, through institutional and government support initiatives, prioritized this sector. In this regard, several policy frameworks have been enacted. The Ministry for Small Business Development was created to promote the growth and expansion of companies. Other institutions playing a similar role include the Integrated that Development Plan 2004 to 2014, the National Small Business Act of 1996, in addition to the South African National Minor Trade Improvement as well as Improvement Approach (Bhorat *et al*., 2018).

2.10.1 SMME Landscape in South Africa

The SMMEs are well-defined in the National Small Business Act of 1996 (Bhorat *et al.*, 2018). According to part 1 of this act which is edited by the NSB Amendment Act of 2003 & 2004, the definition of a small business is: one or it may be more owners, with branches or subsidiaries.

The National Small Business Act1996 also categorizes small businesses into discrete sections, that is medium, micro, survivalist, small, and very small. As per Table 2, the Act regards small businesses as comprising of less than 50 members of the labor force, less than R2 million to R25 million in income, and less than R2 million to R4.5 million in gross non-current assets (except fixed property). Whereas a medium-sized enterprise is as an income which is between R4 million to R5 million, and gross assets less than R2 million Rand to R18 million, as depicted in Table 2.

Table 2 *Comprehensive meaning of SMMEs in the National Small Business Act*

Enterprise size	**Number of employees**	**Annual turnover**	**Gross assets (excluding fixed proprietary)**
Micro	> 5 employees	> R150 000	> R100 000
Very small	> 10 to 20 employees	> R2-500 000	> R150-500 000
Small	>50 employees	> R2 million to R25 million	> R2 million to R4.5 million
Medium	> 100 to 200 employees	> R4 million to R50 million	> R2 million to R18 million

Source: (The National Small Business Act, 199

2.10.2 Global Perspectives on Entrepreneurship in South Africa

After the 2008 global recession, South Africa's economy has been slow-moving. According to the nation's economic performance, approximately 60% of small entities in South Africa are at stage BSM-1-4 of the (Business Sophistication Model) (Gauteng Enterprise Propeller, 2017). Aligned with the nation's projections on their economic performance, owners of the SMMEs encounter global and significant business risks, not forgetting the problems linked to liquidity obstacles, all known as the frictions (Wang, Wand & Yang, 2012:1).

Globally, there exist three main organisational pieces of research that are undertaken to evaluate and regulate the universal standings of different nation growth levels in terms of entrepreneurial growth as well as development. Some of the studies include: (WEF), Global Competitiveness Surveys, GEM (Global Entrepreneurship Monitor) as well as GEI (Global Entrepreneurship Index). These studies and their outcomes with respect to the entrepreneurial landscape and dynamics, specifically in South Africa will be explored in the following section.

- **Global Entrepreneurship Index**

There is an annual index namely the Global Entrepreneurship Index, abbreviated to GEI, which is calculated every year by the GEDI (Global Entrepreneurship and Development Institute). It represents a Table which determines the welfare and mechanisms of entrepreneurial environment of governments at regional and international level. The Table 2.4 indicates how a country performed at regional and international levels. The procedure recommended by the European commission accumulates data on the entrepreneurial disposition, competence and the desire of a government's people. The data is weighed against per-dominant economic and social organisation. There are fourteen parts that are essential to promote the well being of entrepreneurial ecosystems as mirrored in Table 3 below:

Table 3 *Components of entrepreneurship system*

Component	**Component**
Pillar 1 – Opportunity perception	Pillar 8 – Human capital
Pillar 2 – Start-up skills	Pillar 9 – Competition
Pillar 3 – Risk acceptance	Pillar 10 – Product innovation

Pillar 4 – Networking	Pillar 11 – Process innovation
Pillar 5 – Cultural support	Pillar 12 – High growth
Pillar 6 – Opportunity perception	Pillar 13 – Internationalization
Pillar 7 – Technology absorption	Pillar 14 – Risk capital

Source: Global Entrepreneurship and Development Institute (2018)

The 2018 regarding Global Entrepreneurship Index (GEI), in 137 countries surveyed, South Africa is ranked 57th in the world. In sub-Saharan Africa, Botswana, and South Africa are reported as the only 2 countries in that region that have the potential to make significant commercial business development. The fourteen components or pillars of the GEI business system transformation described in Table 3 summarises business fluctuations in corporate entry level, exit risks, job creation and destruction (Bakhtiari, 2017).

South Africa ranks 57th in the world rankings, with 33% points by 2018. As reflected in Figure 6 the business rate of people in the environmental system had 60% points, the level of business support centres 2018.

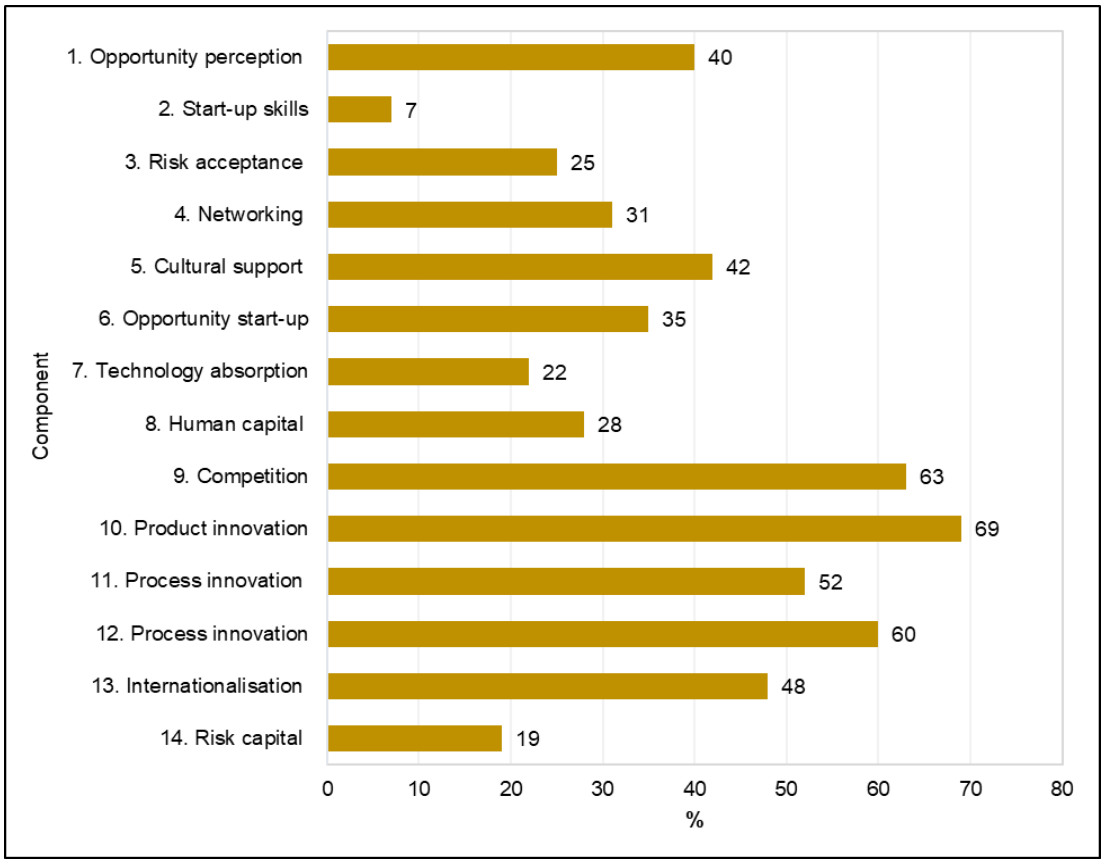

Figure 6 *GEI ratings for many aspects of the entrepreneurial system in 2018*

Source: Global Entrepreneurship and Development Institute (2018)

- ## World Economic Forum (WEF) Global Competitiveness Survey

Annually, the WEF generates reports on Global Competitiveness. Essentially, this report lists the various nation's competitiveness positions which is dependent on the GCI (Global Competitiveness Index) (WEF, 2018). The GCI comprises of approximately 89 indicators obtained from the dataset collected from various established international organisations as well as WEF's Executive Opinion Survey which tends to support nations in evaluating necessary policies as well as practices. In line with the degree to which rapid technological changes are getting attention within the global economy, the survey reports focus on role productively plays when it comes to income, job opportunities reduction of poverty rates/levels. The GCI 4.0 benchmarking employs a new development score which ranges between 0 to 100, in which 100 represents the full achievement of the policy target for each particular indicator (WEF, 2018). Consequently, the score shows the recent progress of

indicator against frontiers, therefore, a nation should seek to capitalize on the score it achieves on each indicator.

In most occasions the business dynamic pillar is determined by eight indicators which are categorised within sub-pillars as follows: administrative requirements and entrepreneurial culture, Administrative requirements estimates the length/degree to which the regulatory structure encourages creativity through making it relatively easier to establish a business, where entrepreneurial culture estimates the country's willingness to take up risk and equally encourage damaging concepts (WEF, 2018:10). Some of the indicators obtained within the administrative sub-pillars consist of costs of business establishments, period to begin the business operations, insolvency recovery rate and insolvency regulatory frameworks. Arguably, the indicators obtained through entrepreneurial culture sub-pillars are usually perceptions towards the entrepreneurial risks, ability to delegate power, development of innovative companies, and companies encouraging disruptive concepts/ideas. Table 4 below offers descriptions of the above-mentioned indicators:

Table 4 *Definitions of Business Dynamism Indicators*

Indicator category	**Indicator name**	**Description**
Administrative requirements	Cost of establishing a business (indicated as a percent of the economy's per GDP income)	"Costs include all legal fees and legal costs or costs if these services are legally required or generally accepted. The proceeds from the purchase and publication of the organisation's publications are legal in the event that these funds are required by law. "
	Time to start a business (days)	"The numeral of calendar days required to fulfil the process to officially allow the industry to operate. The index collects the average length of time in which attorneys' attorneys or legal guardians are necessary for the practice to complete the process with minimal follow-up with government agencies and no unpaid follow-up.
	Insolvency recovery rate	"The mark is an indicator of the suitability and competitiveness of a legal framework that can be used to finalize and redesign processes. Schools range from 0 to 16,

		with high values reflecting the financing law best designed to revitalize companies and eliminate waste. The index is calculated as the sum of the points in the development of the process index, the management of the creditors' assets index, the nomination process index and the credit participation index"
	Insolvency recovery rate	"Established in terms of dollar cents earned by debtors protected by legal restructuring, termination and / or disclosure or adoption procedures. The figure considers the consequences, whether the organisation is moving out of the judicial process as a growing issue and whether the properties are being traded in the early stages. Finally, the amount lost due to the time the fixed income has not changed in the cash flow process is also considered in depth. Money remains constant.
	Insolvency regulatory framework	"The mark is an indicator of the suitability and competitiveness of a legal framework that can be used to finalize and redesign processes. Schools range from 0 to 16, with high values reflecting the financing law best designed to revitalize companies and eliminate waste. The index is rated as the sum of the points in the development of a process index, debt management asset management, nomination process index and debt participation index. "
Entrepreneurial culture	Willingness to delegate authority	"The response to the question "To what extent do senior executives give control to low-level employees in your country?" [1 = not at all; 7 = quite a little]".
	Growth of innovative companies	"The response to the poll question "To what extent do new enterprises with creative concepts expand fast in your country?" [1 = not at all; 7 = quite a little]".
	Companies embracing disruptive ideas	"The response to the poll question "To what extent do organisation s/companies utilise hazardous or disruptive business strategies in your country?" [1 = not at all; 7 = quite a little]".

Source: W E F: Global Competitiveness Report (2018)

From the Global Competitive Survey, South Africa was ranked 67th across the world, with a score of approximately 60%, and achieved the 2nd position in Sub-Saharan Africa, whereas in terms of the business dynamics pillar it was positioned 35th (WEF, 2018). The three best performing dynamism indicators are as follows:

- Cost of establishing a business organisation - 4th position-global ranking at 99%;
- Insolvency regulatory structure-24th position globally score of 78%;
- Willing to delegate authority position 34th score of about 63%;
- Global Entrepreneurship Monitor (GEM).

The GEM undertaken by the GERA (Global Entrepreneurial Research Association) is one of the globally leading research associations when it comes to entrepreneurial dynamics. The monitors are the most reliable source of information for entrepreneurship for strategic international organisations like the OECD (Economic Organisation of Cooperation and Development) UN, WB, and WEF.

The comprehensive reports on entrepreneurial occurrences are formulated with the assistance of survey data gathered while incorporating the immense methodology and networks of local expertise to enhance evidence-based entrepreneurial regulations across the globe. As of 2018, the GEM produced 19 years' worth of information, over which approximately 200,000 interviews were undertaken annually across more than about 100 economies across the globe entrepreneurship (Global Entrepreneurship Research Association, 2018). Most importantly, approximately 500 experts in entrepreneurship in studies consisting of nearly 300 academics as well as research institutions formed part of the survey which relied on funding coming from nearly 500 institutions. The two main essential aspects evaluated by the GEM in the various economies included entrepreneurial behaviours and attitudes of people and how it affects entrepreneurship (Global Entrepreneurship Research Association, 2018). On an annual basis, the GEM assesses at least 30 key aspects of every economy. The essential information shows their experienced view on the most vital scenarios that encourage or limit entrepreneurial activities and companies' development and survival rates within the economy. On most occasions, the economies are categorised on three aspects which are dependent on the condition of development which is aligned to the WEF's approach. The WEF's economic development categorization procedures divide the economies into factor-initiated economies, effectiveness, and innovation-driven economies.

Arguably, the inborn economies have dominated the agricultural sectors and rely significantly on unskilled manpower and natural resources. Efficiency-initiated economies have relatively high competitiveness, more appropriate manufacturing processes, and enhanced item quality. On the other hand, the innovation-initiated economies are usually courses of business that are knowledgeable and expansive. The 2018 Gem reports and studies indicate South is categorized as an efficiency-initiated economy out of the possible 54 economies assessed. On this note, the current scenario of entrepreneurship in South Africa is efficiency-initiated unlike innovation-driven (Ayankoya, 2016:8).

Depending on the conceptual structure of the GEM, entrepreneurial activity is estimated with the help of three indicators, which include entire early-stage entrepreneurial action (TEA), a relative of established business (EB) among the participants/subjects, and entrepreneurial employee activity (EEA). That said, Figure 7 indicated the patterns on total early-stage entrepreneurial, activity and relative of established businesses between 2001 and 2017, and equally entrepreneurial employee activity between 2011 and 2017 (Global Entrepreneurship Research Association, 2018) .

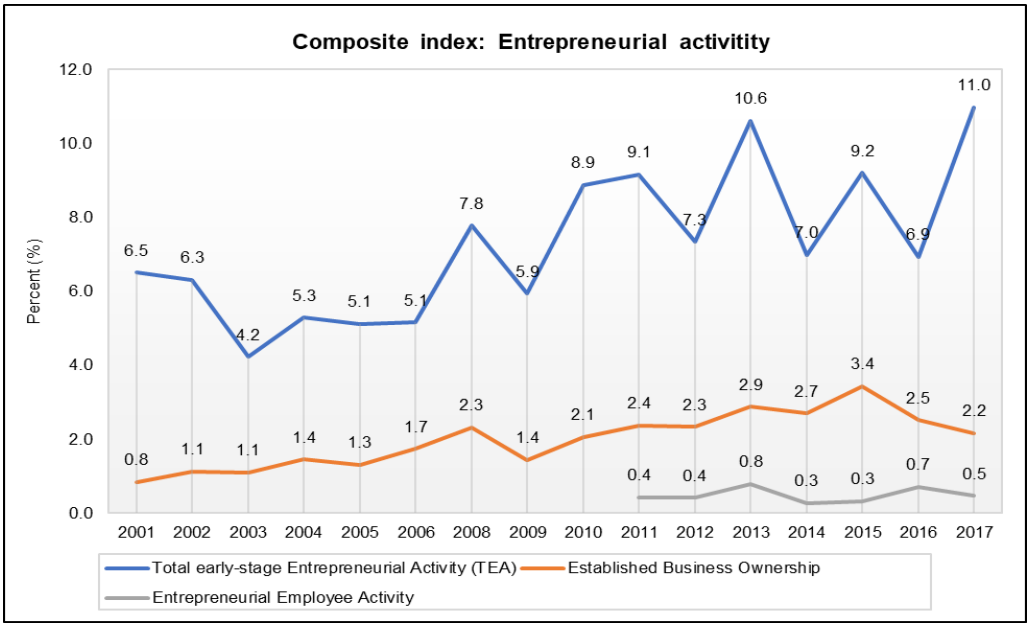

Figure 7 *Entrepreneurial activity indicator trends*

Source: Global Entrepreneurship Monitor (2018).

Figure 7 indicates the rate of total amount of early-stage entrepreneurial behaviour has increased, regardless of significant variations observed. With the whole sample time frame

from 2001 to 2011, the rates of TEA varied between a low of 4.2% in 2003 and a high of 11.0% in 2017 (Global Entrepreneurship Research Association, 2018. All through the time under analysis, the TEA rate constantly remained about twice above the rate of business organisation s' executives. The rate of developed business was generally on a rising between 2001 & 2015, the rate fluctuated between 0.8 percent in 2001 and all around 3.4%, 2.5%, as well as 2.3% in the following years. Clearly, the entrepreneurial employee activity is essential when it comes to sustainable business, given that it introduces the innovative product and the establishment of new businesses (Global Entrepreneurship Research Association, 2018:38). Besides, the EEA rates have been very low and have varied from 2014 and 2015, 0.3%and 0.8% respectively (Global Entrepreneurship Research Association, 2018).

South Africa's GEM Report (2016/2017) presents a shocking picture of the level of business continuity in South Africa. Business investment in South Africa seems unproductive. It based on GEM Mature Statistics Survey; South Africans consume a positive view of free enterprise. And 72.6% of African's adults in view of 2006 entrepreneur have good option (Herrington, Kew & Mwanga, 2017). Despite evidence of a positive attitude towards entrepreneurship, only 35.0% of South African adults in 2016 saw good business opportunities in their area. Furthermore, the TEA (Total Early-stage Entrepreneurial Activity) ratio for S.A for 2016 was 6.9% (Herrington *et al*., 2017). This is a 25% drop from the 2015 figures for the country. The TEA rate places South Africa 46th out of the 65 countries participating in the research in 2017. According to Cassim (2018) relative to South Africa's GDP per capita, the country's TEA rate should be in the order of 20% -nearly 3 times the current rate. In addition, the high discontinuance rate and the low levels of established business rates suggest that any gains from new businesses are cancelled by exits as reported in the most recent GEM Report (Herrington *et al*., 2017).

The GEM report indicates that there has been a steady decline in South Africa's established business rates in recent years. It shows that, in 2016, entrepreneurs who owned established businesses were 2.5% which reflected a 23% decline from the year 2015 and registered the lowest rate since 2011 (Herrington *et al*., 2017). This shows that small business owners face a lot of challenges to sustain the business that leads to fewer ownerships of established business and high numbers of discontinuation of businesses. Business discontinuation acts as an indicator of sustainability of entrepreneurial economic system. According to the GEM research, the rate of business discontinuation in South Africa is significantly higher than the

established company rate. In 2016, 67 percent businesses closed owing to financial challenges, either as they were not successful or just because they couldn't get the finance they needed to stay in business (Herrington *et al*., 2017).

2.10.3 SMME Policy Framework

During the research, the following instrumental policies were identified as important features of SMMEs development. They include:

- **National Strategy for Development of SMMEs**

The White Paper on Small Business Development in addition to Promotion, the Act of 1996 National Small Business, Act 26 of 2003 NSB Amendment, and the NSB Amendment Act 29 of 2004, were all used to establish a national policy on small businesses development (Department of Trade and Industry, 1996). The primary aim of this is to stimulate as well as promote business activities in the country through an integrated policy or strategy aimed at increasing investment, manufacturing, and entrepreneurship (Magoro & Toro, 2013). This policy aim is to develop and promote small business to SMMEs includes as its central focus, the development of entrepreneurs and the creation of employment and jobs, particularly focusing on previously disadvantaged communities.

- **The Framework for Preferential Procurement Policy**

The Framework for Preferential Procurement Policy (PPPFA) No. 5 of 2000 was implemented by the Minister of Finance with the objective of providing opportunities to historically disadvantaged entities when tendering for government projects. The Act provides categories of preferences in the allocation of contracts and the protection or advancement of persons disadvantaged by unfair discrimination (Department of Economic Development and Tourism, 2011:30). This Act gives effect to Section 217 (3) of the Constitution by providing a framework for the implementation of the procurement policy mentioned in Section 217 (2) of the Constitution (National Treasury, 2004:23). The Act allows contractors who meet qualifying criteria to be allocated points for price during the tender process, and also be allocated points based on their social objectives as stipulated by DTI on their B-BBEE certificates (Reddy & de Vries, 2015:245).It is imagined that the Act will enhance the participation of black businesses, contributing towards including the informal entrepreneurial sector into the mainstream of the economy and the up liftmen of disadvantaged communities.

- ## Broad-Based Black Economic Empowerment Act

The aim the Broad-Based Black Economic Empowerment Act (BBBEE) (ACT 53 OF 2003) is to expand the participation of previously disadvantaged individuals (PDI), to own and control new and current businesses, and to raise the number of Africans in decision-making positions and in the senior management caliber of business. The fundamental objective of the Act was to advance economic transformation and enhance the economic participation of black people in the South African economy. The Act in the economic empowerment definition, includes disabilities of people living, women, youth, and indigenous country areas of people alive, and it empowers them to facilitate the management of businesses and assets (Pike, *et al*., 2018). This Act provides a broad-based charter to promote Black Economic Empowerment and provides that the Minister of Trade and Industry issue codes and practices that could include "qualification criteria for preferential purposes for procurement and other economic activities" (National Treasury, 2004:23).

- ## Integrated Small Enterprise Development Strategy

The establishment of the (ISEDS) in 2005 as the framework for the government for SMME development, targets providing access to business development and support services to the disadvantaged individuals, integrating them into the mainstream economy, and enhancing their access to markets both locally and internationally. The Strategy sets out government's strategic framework for the promotion of entrepreneurship and small business development, focusing on critical areas such as job creation, equity and access to markets. The ISEDS aims to create a conducive environment that reduces disparities between rural and urban businesses and improves and increases the competitiveness of the SMME sector and provides access for entrepreneurs to local and international markets.

- **Strategy Concept of Economic Empowerment Of Women**

Empowerment & gender economic strategic framework guides strategies aimed at ensuring the emancipation of women's participation in the economy of South Africa. The framework provides SMME service providers to encourage the full participation of women in the economy by preferring the framework given to SMMEs to be controlled by women.

- **The Youth Enterprise Strategy**

The Youth Enterprise Strategy encourages public and non-public sectors and agencies in South Africa to promote businesses that are owned by women and the strategy also focuses on the promotion of the culture of entrepreneurship amongst the youth in South Africa (MacDonald & Giazitzoglu, 2019). The strategy encourages policy makers to recognise the significant value of businesses owned by the youth and women as significant future entrepreneurial resources for the SMME sector's development and sustainability. Ajibade and Khayundi (2017) note that both the private and public sectors are involved in many initiatives that aim at increasing business activity and promoting the business development of SMMEs in the country. These funding and support programs include institutions such as Khula Enterprise Finance, Nasik Enterprises Promotions Agency, and SEDA which provide both non-financial & financial support to SMMEs through the Section of trade and industrial (Ajibade and Khayundi, 2017). The other government support programs include IDC (Industrial Development Corporation), the CSBD (Centre for Small Business Development), the fund of National Empowerment, NDA (National Development Agency), the African Microfinance apex fund,

2.11 EMPIRICAL LITERATURE

2.11.1 Challenges Facing SMMEs in South Africa

SMMEs have been regarded as crucial as the heartbeat and catalyst of the economy through the creation of jobs and the growth of the economy; and the World Bank recognises this sector as a stronghold for the economy. Bhorat, Rooney and Steenkamp (2018) and Ajibade and Khayundi (2017) explain that the SMME section is responsible for the sustainable development of the economy of many emerging countries, thus solving the countries' structural and socio-economic challenges. In the South African context, Ajibade and Khayundi (2017) notice that since the democratic government in 1994, the government has been at the forefront of resolving the socio-economic imbalances caused by the impact of decades of apartheid. However, the government has been unsuccessful in solving inherent

structural challenges such as high poverty and unemployment levels, which impact entrepreneurship. The government of South Africa has not had the capacity to solve social and economic issues, poverty, and high rates of unemployment because of obstacles and challenges that discourage entrepreneurship. The government has over the years, established explicit policy regarding business in general and SMMEs, focusing on creating more opportunities through reducing the prevailing structural challenges and the economic inequalities that disadvantage entrepreneurs (Ajibade & Khayundi, 2017).

While various policy framework and strategies have been laid out by the government in support of the SMMEs, SMMEs in the country have a significantly high rates of failure which portrays a sharp a snapshot of the sector's contribution potential significantly to employment generation, equal income distribution, and economic growth (Ajibade & Khayundi, 2017). The high failure rate is attributed to challenges such as lack of efficient support structures, levels of business-related skills, creativity, and innovation. In addition, regulatory constraints have been cited to pose serious challenges and an excessive burden for SMMEs' development in the country; the high startup costs, including registration and licensing requirements (Ajibade & Khayundi, 2017). Masocha, Murwira, Magadza and Hirji (2017) identify additional challenges facing SMMEs as including corruption, poor infrastructure, inaccessible international markets, and inaccessible equipment.

Zondi (2017) identifies a lack of institutional support as some of the challenges SMMEs must contend with in the country. Zondi (2017) illustrates that the main challenge facing SMMEs to compete against established businesses is due to inaccessible finance and the absence of management skills. The SMME landscape in South Africa is hostile and uncompetitive with stringent government regulation and requirements. According to Ajibade and Khayundi (2017), legal and regulatory requirements are challenges that SMMEs are facing, as entrepreneurs often lack understanding of the regulations and requirements, which could result in fines and penalties. Zondi (2017) notes that the lack of support services negatively impacts entrepreneurs' ability to improve their management expertise. Moreover, a gap of skills still exists in the sector, despite the existence of various institutions that provide training, support, and advisory services to SMMEs. This is due to the inability of entrepreneurs to raise funds for the training costs and the inability to afford to upgrade their skills. They also are challenged in acquiring the correct information and accessing appropriate technologies. Zondi (2017) observes that SMMEs either share ownership of technology amongst themselves or utilize foreign technology. Mutula and Van Brakel (2007)

point out that factors such as load shedding in areas of urban & lack of electricity mainly in rustic areas impede the continuation of use of the internet by SMMEs. SMMEs in the Maritime sector are further constrained by limited access to communication types of machinery like fax machines and mobile phones which limit entrepreneurs' access to international markets information.

SMMEs in the maritime sector in South Africa face additional challenges which have been identified as regulatory red tape, inaccessible adequate finance, inadequate institutional aid, and inadequate infrastructure (Chikwati, 2018). In addition, sectoral challenges such as a lack of transformation have remained mentioned as single of the major tasks across the maritime and transport sector which includes unfair BBBEE practices which lead to low BBBEE contribution levels; lack of funding to assist transport-related businesses; lack of managerial capabilities and skills; and a lack of funding by cooperatives, women and youth-owned companies (Chikwati, 2018). The Department of Transport (DoT) has considered skills development as a priority in terms of fostering business development, employee productivity, employment equity, preferential procurement, and improving the contribution of the segment to South Africa socio-development efforts. The government has developed programs to target small businesses and develop related activities in transport.

The active promotion of SMMEs and their development in the maritime sector depends on the interaction of various stakeholders in offering support to provincial and national levels. Thus, support services for SMMEs ought to include the reduction of regulatory obstacles and the fostering of co-operation between established businesses and SMMEs. The major national factors that influence the performance of SMMEs also require support. The following are the major national factors: The legal framework comprising of regulatory conditions; Accessibility to finance, advice and information; Access to procurement, marketing and appropriate technology which encourages the formation of joint ventures, capacity-building, strengthening of the institution, and the acquisition of entrepreneurial skills. Physical infrastructure including industrial relations and environmental labour that capacitates management skills, differential taxation and additional financial impetus (Pooe & Mugobo, 2020).

Currently, the blue economy is the major source of social and economic development in South Africa and has thus occupied a significant place in national development (Findlay, 2018; Funke et *al*., 2016). The strategic blue economy for South Africa, Operation Phakisa, is relatively similar and linked to the country's 2030 National Development Plan, having a

goal to boost the economy's growth and create job opportunities (Findlay, 2018; Funke *et al*., 2016).

According to Funke *et al*., 2016), South Africa has not published a comprehensive oceans economy development plan, or an integrated maritime strategy. This was due to low past policy importance attached to maritime matters (Findlay, 2018:14). In the absence of maritime policy framework, Findlay (2018) advises that "South African maritime policies must instead be discerned through critically reviewing an assortment of policy frameworks" (Findlay, 2018:15).

As such the Road Map is part of the government initiatives with multiple governmental and parastatal stakeholders put in place to help create a proper governance background for the maritime sector's development of the ocean economy (Findlay, 2018; Funke *et al*., 2016). The Research, Innovation and Knowledge Management Road Map for the South African Maritime Sector: Charting a Course to Maritime Excellence by 2030. This was authored by the Council for Scientific and Industrial Research (CSIR) and produced together with the South African Maritime Safety Authority (SAMSA), the Department of Transport (DoT) and the recently formed South African International Maritime Institute (SAIMI) (Findlay, 2018; Funke *et al*., 2016). In addition, it serves to promote South Africa's blue strategy economy and the establishment of SMMEs (Funke *et al*., 2016).

The blue economy initiatives have increasingly existing opportunities available for public resources and private sectors economics and asset sources (Funke *et al*., 2016). Financing blue economy creativities requires an enormous source envelope made possible by creating new and unique approaches that draw towards the current development financial pools. It also requires the establishment and resource mobilisation of new tools (Funke *et al*., 2016).

The Regional Maritime Bank, as a project, is intended to create sectoral banks that establish a broad capital base to finance regional and national maritime projects and programmes through the mobilisation of a broad spectrum of economic resources generated from institutions at regional maritime ports (Funke *et al*., 2016). The country's government has come up with a broad spectrum of inducements for significant industries to maintenance the developing of skills and the creation of jobs to benefit SMMEs within the ocean economy (Funke *et al*., 2016).

2.12 CONCLUSION

This chapter addressed the fourth research objective which is to explore the impact of economic policy on the development and sustainability of maritime SMMEs in the KZN Province. This chapter outlines literature review relevant to the study. This chapter outlined and presented analysis of comprehensive maritime transport policy as an economic policy. The significant policy statements from the CMTP were also examined in this chapter. Additional policy and strategic framework that impact the Maritime sector in South Africa were discussed as well in this chapter.

Furthermore, the conceptual framework of the study was presented, comprising of the four theories namely entrepreneurship development theory, private-public-partnership theory, SPV theory, and ocean economy theory have been adopted in this study. The maritime sector has discovered innovative ways to support investment in the ocean economy. The paradigm shift is desirable in usage of those resources which are available and the efficient use of available resources across all sources. Opportunities also exist to expand available public and private sector financial services and investments in green economy programs aimed at assisting SMMEs in the maritime economy.

Thus, in general, this chapter examined trends and issues relating analysis of the maritime transport policy, the prospect and future of the ocean economy in years to come (2030). Other issues also examined here in this chapter was the South Africa's ocean economy strategy, as well as the different areas and aspect which make up this sector such as Oil and Gas, Ship and Rig repair, Boat building. Opportunities with regards entrepreneurial activities in the ocean economy were discussed as well. The chapter also discussed the architecture of the maritime sector in South Africa as well as the KZN maritime sector and the KZN maritime policy framework. Furthermore, this chapter also discussed the entrepreneurial and SMME landscape in South Africa and highlights that in South Africa, SMMEs have been acknowledged as a backbone of the economy & motorists of economic development. The sector is responsible for solving the country's structural and socio-economic challenges through promoting sustainable local development. Furthermore, this chapter presented the Global Perspectives on Entrepreneurship in South Africa, which indicates that despite the concerted efforts by the government, the survival rates for local start-ups in South Africa are lower in comparison to the standards of the globe. The bleak picture of SMMEs is created through high rates of failure to establish the sector's possibility to add significantly to the economy's growth, job creation, and reduction of poverty. From the review, it is clearly

obvious that the South African government consumes a daunting task and responsibility to promote the creation and sustainability of the SMME sector in the country and the policy framework for SMMEs in South Africa facing challenges of SMMEs in South Africa, including that the landscape in South Africa is hostile and uncompetitive with stringent government regulation and requirements. Legal and regulatory requirements are challenges that SMMEs are facing as SMME owners often lack understanding of the regulations and requirements. Additional challenges facing SMMEs include corruption, poor infrastructure, inaccessible international markets, and equipment. This chapter further discussed challenges facing the maritime sector which include sectoral challenges such as lack of transformation, unfair BBBEE practices which lead to low BBBEE contribution levels within companies, small access of funds by (SMMEs) and cooperatives, and by women and youth that is owned businesses. The following chapter will explain how economic policy has impacted the expansion & sustainability of ocean economy SMMEs in the KZN Province.

CHAPTER 3

THE THEORETICAL FRAMEWORK OF THE STUDY

3.1 INTRODUCTION

This chapter outlines the theoretical framework adopted within this study as well as theories adopted in supporting the objectives and research questions of this study. This chapter presents the theoretical framework of the study, comprising of discussion on historical and emerging perspectives on entrepreneurship theories as well as the role of entrepreneurship in economic development. Furthermore, the chapter discusses the conceptual framework of the study.

3.2 HISTORICAL PERSPECTIVES ON ENTREPRENEURSHIP THEORIES

There is no precise concept of entrepreneurship, which might cause confusion among academics (Renko, El Tarabishy, Carsrud & Brännbach, 2015). An entrepreneur, according to Kenton (2018), is a person who, instead of working as an employee, starts and operates a small business, taking on all the risks and profits. The entrepreneur is often thought of as a creator of new ideas, products, services, and business. An entrepreneur is a person who creates jobs, and as a response, the entrepreneur is seen as someone who needs to be challenged and has goals that are different from those of ordinary people (Skosana, 2012). In addition to starting a company, entrepreneurs seek for and explore possibilities, innovate, and provide value to organisations (McGowan, Cooper, Durkin & O'Kane, 2015). Entrepreneurs are risk-takers innovators who build business that benefit their communities (Renko *et al*., 2015).

The main aim of section is to provide a brief overview of the seminal work on classical theories of entrepreneurship as a discipline. As the field evolved, it experienced a behavioural turn, which focuses on what entrepreneurs do; particularly why and how they recognise evaluate and exploit entrepreneurial opportunities. The Neoclassical Approach, the Schumpeterian Approach, and particularly the Neo-Austrian Theory of Entrepreneurship would be explored in the following section.

The neoclassical tradition on entrepreneurship, is associated with Marshall’s 1921 view of entrepreneurship, that at the market level, the role of the entrepreneur is in the coordination

of demand and supply, whereas at the company level the entrepreneur is responsible for identifying new opportunities and innovations, taking business risk, and coordinating the production factors to minimise costs (Gelekci & Kilic, 2019). Gelekci and Kilic (2019) support Marshall's analysis of the successful entrepreneur, as a merchant and organiser who produces for the market and are knowledgeable of their trade. According to Marshall, an entrepreneur has the ability to, (i) identify market preferences and changes, (ii) explore opportunities for new services and goods that will either meet the demand or improve the production, and most importantly (iii) be able to take risks. The neoclassical economist approach advances the equilibrium theories of entrepreneurship and suggests that marketplace is combined of maximising agents (entrepreneurs), who make joint decisions about prices in the markets. The Neo-classical theory assumes equilibrium in the market and that markets operate under conditions of perfect knowledge and competition.

Over time, research on entrepreneurship shifted emphasis to person-centric approaches, which attributed people's psychological traits and characteristics as predictors of entrepreneurship and entrepreneurial success (Benrima & Agboola, 2021; Robertson, 2015). As the field evolved, the field experienced a behavioral turn, which focuses on what entrepreneurs do; particularly why and how they recognise, evaluate, and exploit entrepreneurial opportunities. There are numerous ways to entrepreneurship, and this research will concentrate on the Neoclassical Theories, the Schumpeterian perspective, and, in particular, the Neo-Austrian concepts of entrepreneurship, that will be examined in the parts below.

Most entrepreneurship studies have been carried out in the economics field, placing the individual as the component of investigation of entrepreneurship and at the heart of financial progress in addition to focuses on the role of an entrepreneur within the same system and tries to draw on the classic work of Schumpeter (1934) and entrepreneurial development that is underlies by economic growth (Hang, 2018). Lim and Fujimoto (2019) government that Schumpeter views the market as a system in equilibrium and the role of entrepreneurship is to disrupt the equilibrium through creative disruption. Schumpeter's innovative theory of entrepreneurship regards the capitalist economy as closed and in stationary equilibrium, and the entrepreneur, by introducing innovations that take the economy to the next level, disrupts the stationary circular flow of the economy. This approach regards the role of an entrepreneur as an individual who through innovation, introduces new combinations into the system, disrupting equilibrium (Cantner, Goethner & Silbereisen, 2017). Schumpeter regards

the entrepreneur's role in the economy as responsible for transforming ideas and innovations into economic opportunities for profit maximization. Schumpeter also makes a distinction between an entrepreneur and a capitalist. While the role of an entrepreneur explores and determines economic opportunities in the market, the capitalist is defined by the supply of capital in the market as capital markets force the capitalist to bear the risk in the market. Antonelli and Gehringer (2017) regard Schumpeter's entrepreneur as an agent responsible for the creative disruption.

The investigation of new economic prospects and the consequent generation of new ideas into the market, according to Schumpeter's definition of entrepreneurship. "In the carrying out of novel combinations termed "business"; the persons whose role is to carry them out are "entrepreneurs," according to Schumpeter (Schumpeter, 1934:66-78). The role of an entrepreneur, according to Schumpeter, is to instigate creative destruction via invention and to be a radical market innovator (Antonelli & Gehringer, 2017). This paradigm, according to Lim and Fujimoto (2019), emphasises the role of a creative entrepreneur as someone who is prepared to take risks by leveraging novel combinations of current production components to generate new products and things, as well as destabilises existing equilibria through innovation. This is what Schumpeter refers to as "constructive destruction." Lim and Fujimoto (2019) view the Schumpeterian entrepreneur role as commercialising entrepreneurial opportunities which impact economic growth through transforming inventions and ideas into commercialised innovations. As such, Schumpeter's economic development encompasses the process of creating new combinations of factors of production through innovation to transform Existing availability can be balanced by developing new goods and services. Cantner, Goethner and Silbereisen (2017) agree with Schumpeter's definition of entrepreneur and regards the entrepreneur as crucial in socioeconomic development through developing new business to manufacture a latest brand or to repurpose an existing product theory Schumpeter has a flaw in that it concentrates primarily on the roles of risk and uncertainty in economic growth. Entrepreneurial profitability is an outcome of inventive entrepreneurship, according to Knight (1921). As a result, there is a better grasp of profit by implication, the essence and economic importance of entrepreneurs. Knight (1921) said that entrepreneurial operations are intrinsically unpredictable since they entail the production of novel combinations, based on the principles of risk and uncertainty. As a result, the results of these activities cannot be predicted in advance. Based on this assumption, he suggested that in competitive industries, entrepreneurial gain cannot survive unless the expected value of inventive activity is likewise subjectivity, at least to some

extent, because some of it would be consumed through price changes of components in the process of innovation. As a result, in the Knightian scenario, the qualitatively difference among entrepreneurs is defined in terms of their ability to subjectively judge the potential of creative initiatives. As a result, in the Knightian tradition, entrepreneurial income refers to the specific compensation connected with incurring the risk of introducing new ideas, and he considered the pursuit of such profit opportunities as one of the major factors in explaining long-run economic progress.

Kirzner and the Austrian line of thinking have conducted essential studies on entrepreneurship, according to Ferlito (2019). In contrary to Schumpeter, Kirzner saw the entrepreneur as someone who restores equilibrium by spotting existing trade possibilities. Austrian school views the marketplace as being built on asymmetric information, and the entrepreneur as an agent exploiting market defects and economic disequilibrium. This perspective sees entrepreneurship as an outcome of innovations aimed at profiting on the opportunity afforded by economic instability. Market instability and inefficiency, according to the Austrian school, provide profit potential for entrepreneurs. Entrepreneurs can take advantage of market opportunities when they are aware of the market gap. This implies that, because of the market's knowledge gaps, anyone may be entrepreneurial if they are vigilant in seeing and exploiting market possibilities. According to Ferlito (2019), entrepreneurial awareness helps the entrepreneur to identify and exploit income chances in the maritime sector.

According to Kirzner's thesis, an entrepreneur is indeed an economic actor who becomes aware of market possibilities that were previously unnoticed by others. Entrepreneurship, according to Kirzner, is founded on awareness, which is achieved through unexpected and unplanned learning processes arising from encounters with market economic players in order to promote innovation and develop new companies (Reid, Anglin, Baur, Short & Buckley, 2018). An effective entrepreneur is defined by the development of new value and opportunity (Reid *et al*., 2018). Entrepreneurial potential is defined by Ramoglou and Tsang (2016:411) as "the tendency of market requirements to be actualized into profits through introduction of fresh products or services." As a result, an entrepreneur is an arbitrageur who seeks for and exploits market instability for profit. According to Kirzner, possibilities arise as a result of aware individuals taking advantage of market flaws and chances. In Kirzner's concept, vigilant entrepreneurs are referred as the 'arbitragers,' who benefit from market defects by recognising and exploiting opportunity (Boettke & Newman, 2016). Kirzner's

arbitrage paradigm of entrepreneurship incorporates awareness in detecting new opportunities to create new goods and product pricing differences. By maintaining vigilance, Kirznerian entrepreneurs equilibrate the market. The entrepreneur develops profitable possibilities in the market via attentiveness, which encourages entrepreneurship. Kirzner developed the notions of entrepreneurial awareness and finding of business chances as traits of Kirznerian businessmen, according to Boettke and Newman (2016). Entrepreneurial opportunities, according to Cavallo, Ghezzi, and Balocco (2018), are market defects that may be utilized by the astute individuals. Entrepreneurial possibilities arise as a result of entrepreneurs' awareness of information gaps.

3.3 EMERGING THEORIES OF ENTREPRENEURSHIP

Entrepreneurship is a complex and multi-pragmatic phenomenon with no generally accepted definition because the subject has been widely researched in different disciplines using different approaches and methods. Entrepreneurship has meant different things to different people (Diandra & Azmy, 2020). The authors ascertain that entrepreneurship has been a multifaceted phenomenon, which has been studied under various management sciences disciplines, resulting in different definitions and meanings (Szerb, Lafuente, Horváth & Páger, 2017; Desai, 2016). Traditionally, researchers have also defined entrepreneurship based on economics, traits, behavioral approaches (Estrin, Mickiewicz & Stephan, 2016). As entrepreneurship as a study subject has grown, several recent conceptual views to describe entrepreneurial behaviour have developed (Belz & Binder, 2017). Developing entrepreneurship ideas emphasise an individual’s personal characteristics, behaviours, and circumstances. In the following discussion, these perspectives are discussed.

The theory of personality traits has been well discussed and explained in the entrepreneurship literature. Based on the traits approach, entrepreneurs display distinctive and unique traits in terms of their creativity, imagination, need for achievement, and propensity to take risks (Saiz-Alvarez, 2020). The approach views individuals who are most likely to start businesses as easy to identify based on their personality traits (Frederiksen, Wennberg & Balachandran, 2016). The researchers in their study on the traits approach propose that entrepreneurs possess identified characteristics such as creativity; vision, independent thinking, determination and commitment to the risk-taking propensity; tolerance of risk; ambiguity and uncertainty; opportunity obsession; ability to adapt; such as the traits of a smart entrepreneur Six qualities of effective entrepreneurs, according to McClelland,

include tenacity, self-confidence, persuading, knowledge, and information searching, as well as the application of influence methods (Saiz-Alvarez, 2020).

Researchers have criticised the trait approach despite its great popularity. The field has been criticized on (1) definitional and methodological concerns, that few studies have the same definition and with less definitional clarity, (2) the trait approach is insufficient in explaining personality factors and their influence on an entrepreneur's behavior, (3) the approach has not succeeded in explaining how a person advances from traits/personality to entrepreneurial actions (Frederiksen *et al*. 2016). Ferreira, Fernandes, and Kraus (2019) concur with Aldrich (1999:76) personal characteristic research appears to have hit a dead-end and has caused a debate in the literature about the value of personalities as construction in the entrepreneurial study," says the author. Another problem with the trait approach is that most of the personal attributes are static in nature and therefore are not able to explain entrepreneurial behavior under different situations and that some people may possess certain personality traits, yet they do not become entrepreneurs. Ferreira *et al*. (2019:26) are of the view that "there appears to be little consensus on the entrepreneur's profile". The researchers further suggest that most differences that separate and distinguish entrepreneurs from other people, are not due to psychological factors but are attributed to demographics such as race, gender, and age. Additional problems with the trait approach have been identified as the appropriateness of various measuring instruments and oversampling design on the dependent variable and the lack of conclusive evidence, have led to criticism of the traditional trait approach (Frederiksen *et al*., 2016).

Based on the criticism of the traits approach, researchers have focused on the behavioural approach and on what the entrepreneur does instead of the attribute of the entrepreneur (Saiz-Alvarez, 2020). The approach regards the entrepreneur as crucial in a set of steps that result in the formation of a company or organisation Therefore, the behavioural approach regards the entrepreneur's role as central within the process of new venture creation. This approach regards an entrepreneur as an individual who employs strategic management practices to innovatively create and manage a business for profit and growth through innovative behaviour.

The theory and behaviours underpinning the entrepreneurs of effectuation and causality (Sarasvathy, 2008), as well as entrepreneurial daube, have been described from a variety of theoretical approaches (Baker & Nelson, 2005). By defining cause and effectuation as two unique ways to venture creation development, Sarasvathy (2008) and Baker and Nelson

(2005) identify execution and bricolage as alternate emergent theoretical viewpoints. Sarasvathy (2008:6) describes effectuation as "a logic of entrepreneurship skill, a dynamic and participatory process of generating new artefacts in the environment." When "one direct investment decides on a present objective and then chooses amongst ways to reach that goal," there is causation (Fisher 2012:1022). The foundation of effectuation theory is the recognition that rapid change has created an environment in which the future is unclear, and entrepreneurs must make judgments regarding companies, markets, and sectors which do not already exist. A systematic approach for studying the formation and expansion of new organisations and marketplaces is known as cause and effect.

Utilising effectuation reasoning and logic, an entrepreneur may realise a variety of alternative outcomes and adjust the aims when new possibilities occur. Depending just on facts and circumstances of the decisions, causal or causation methods coexist, intersect, and interweave. The unexpected character of entrepreneurial settings, according to Sarasvathy (2008), is caused by the absence of appropriate knowledge or skills required by entrepreneurs to quickly recognise and analyse possibilities prior to their utilisation. Entrepreneurs evaluate themselves rather than potential entrepreneurs in complex and unpredictable environments, according to the logic of entrepreneurial effectuation, by exploring available resources through interactions with various stakeholder groups, which allows the businessman to find new methods and set new goals, allowing for the reassessment of means and possible action plans.

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Hessels and Naudé (2019) observe that over the years, entrepreneurship studies have proposed the development of an entrepreneurship conceptual framework that includes the process of identification and exploitation of opportunities. The investigation of new economic possibilities and the eventual generation of new ideas into the market are central to Naudé's (2019) concept of entrepreneurship. The concept of entrepreneurship here is defined as a managerial practice that consistently exploits opportunities to introduce services and products in the market (Bohlmann, Rauch & Zacher, 2017). According to this approach, the entrepreneur exploits new business opportunities for profit-making and thus contributes to the economy (Mosey, Guerrero & Greenman, 2017).Hence, the authors regard entrepreneurial opportunity recognition as dependent on the individual who uses a cognitive process to explore entrepreneurial opportunities (Mosey *et al*., 2017).

Recent studies have viewed the effects of institutions on entrepreneurship and type of entrepreneurship that occurs (Williams & Vorley, 2015; Elert, Henrekson & Stenkula, 2017). The institutional factor has been identified in literature as a component which either facilitates or impedes entrepreneurial ventures (Belitski; Chowdhury & Desai, 2016; Minh & Hjorts, 2015). The institutional approach to entrepreneurship identifies the determinants of entrepreneurship as geographical context, industrial structure, and technological change (Ferreira, Fernandes & Kraus, 2019). The institutional approach emphasises the impact of formal institutions on facilitating productive activities through reducing uncertainties. Institutions regulate and incentivise exchanges and transactions in the economy, thus shaping entrepreneurial strategic processes and behavior. In emerging countries, small businesses are characterised by weak institutional voids (Manikandan & Ramachandran, 2015). These institutional voids compel entrepreneurs to depend on informal institutions, through a strategic decision that differs from those of businesses in the formal sector (Zoogah, Peng & Woldu, 2014).

Theories of entrepreneurship have begun to focus on the entrepreneurial process, its components, and their interrelationships. The process approach considers entrepreneurship as a process through which individuals pursue and exploit external opportunities (Belz & Binder, 2017). Based on this approach, the entrepreneurial process encompasses an entrepreneur who identifies external opportunities, matches them with resources at their disposal to create sustained value and entrepreneurial reward. As such, Belz and Binder (2017), regard the entrepreneurial process as involving value creation and appropriation. This viewpoint is said to fit well with entrepreneurship research because entrepreneurship is

profoundly an intervention phenomenon involving multi - dimensional procedures that merge endogenous entrepreneurship factors with external variables and investigates the interaction between the environment, the personal, the organisation, and entrepreneurial, and subjectivist understandings of the entrepreneur. Viewing an entrepreneurial phenomenon as a process therefore exposes it field not only to organisational formation but to new organisational forms experimentation (Hjorth, Holt & Steyaert, 2015). A process theoretical approach also helps academics to gain a better understanding of an interconnected collection of artistic, tactical, and operational micro-processes, according to Rondi (2016).

Some researchers view the entrepreneurship approach differently and have adopted the contextual approach (Welter, Baker & Wirsching, 2018; Welter, 2011). The contextual approach argues that entrepreneurship should provide a holistic approach that considers individuals, businesses, and the environment they operate in. Saiz-Alvarez (2020) regards the creation of a business as a contextual event, and the entrepreneur is part of a complex contextual process by which new organisations come into existence. A business venture therefore is an outcome of entrepreneurship. The proper context approach emphasises on the role of the environment in offering possibilities for entrepreneurs. The concept 'context' has been used to refer to "external circumstances, settings, events, or surroundings that permit or restrict the relevant phenomena" (Welter, 2011:167). From Welter's (2011) description of the context to entrepreneurs that now the context is not just a source of opportunity for entrepreneurs, but it also establishes the bounds for their activities. As a result, it may be considered as either an advantage or a burden for the business owner. Context analysis on national, geographic, and power sector focuses on opportunity recognition (Zahra & Wright, 2011), and the importance of frame of reference stems not only from the opportunities it presents, but also from the dynamics it presents, which can impact the various trajectories into entrepreneurial behaviour (Powell, Packalen & Whittington, 2012).The researchers looked at various factors within the national parameter such as entrepreneurship support, business finance and level of available funding; research and development, as well as networks between government and the private sector, as well as market and industry competition (Audretch, Hülsbeck & Lehmann, 2011). In addition, research on regional content has presented the core business contexts including collections, information leaks and challenges of business activities regional resources available such as talent and technology and the potential of these businesses and the activities they can create (Powell *et al.*, 2012).

Social network theory is embedded in business and focuses on the role of social media in creating and sustaining new businesses or businesses (Jayakar Pai & More, 2018). Social network theory governments that those business activities are rooted in cultural and social contexts and that communication platforms, by connecting entrepreneurs, resources, and opportunities, facilitate the business process. Interaction within networks according to Jayakar Pai *et al.* (2018), are important in building and shaping businesses as network relationships provide entrepreneurs with access to information, communication, and tangible and financial assets. Jayakar Pai *et al.* (2018) sees entrepreneurial communication network as a source of information on business activities and new opportunities. The integration of public finances and networks creates a favorable environment for information exchange and the creation of new information. It is argued that entrepreneurial communication is their most important source of new information and ideas (Jayakar Pai *et al*., 2018). Differences in network characteristics help define how information is transmitted and provide the opportunity to generate new information. Research has shown that networks are associated with a number of new opportunities that an entrepreneur sees and depending on the network they are connected to (Jayakar Pai *et al.,* 2018). Thus, different people may have more opportunities to see and see opportunities than others.

3.4 ENTREPRENEURSHIP ROLE IN ECONOMIC DEVELOPMENT

The entrepreneurial role in catalysing economic growth is a commonly discussed topic in literature (Arbaugh & Camp, 2017). Platzek and Pretorius (2020) suggest that entrepreneurship is crucial for economic growth and in essence refer to it as a catalyst growing an economy and transformation; the creation of jobs; and reducing incidences of poverty. (Platzek & Pretorius, 2020). Naudé (2013) regards business innovation as a significant economic driver and of structural transformation and economic development, and how development and entrepreneurship are connected, which has solely been investigated at the government or regional level. Bruton, Filatotchev, Steven and Wright (2015b) note that recent studies have expanded focus to emerging economies where poverty remains a critical issue. In recent years, theoretical developments on a regional level have been prominent in entrepreneurship studies.

Studies identify the entrepreneurial role in regional economic development as crucial in new venture creation, expanding innovation, employment, productivity, and as such studies

support the creation of new ventures or businesses as crucial to regional economic development (Audretch, Cunningham, Kuratko, Lehmann & Menter, 2019). According to Urbano and Turró (2013) the main propellant for economic growth according to researchers and policy makers is entrepreneurship. Arbaugh and Camp (2017) present an overview of the relationship between economic development and entrepreneurship. Studies reveal that entrepreneurial activity is a crucial element in improving productivity and economic growth in a country. Arbaugh and Camp (2017) identify a link connecting entrepreneurship, innovation, and lucrative development and an improvement in any of these components promotes a constructive transformation in the other. In response, countries have increasingly focused on the development and sustainability of entrepreneurship in their countries. The segment below will elaborate the aims of entrepreneurship in emerging countries.

The literature identifies several benefits to the function of entrepreneurship in growing and developing the economy (Ács, Autio & Szerb, 2014; Batabyal & Nijkamp, 2012). According to Ferreira *et al.* (2019) the essence of entrepreneurship in a government is conditioned by the level of developments which leads for creative destruction and the creation of new businesses, the growth of existent businesses, and the downsizing of unsuccessful businesses. Entrepreneurship creates entrepreneurs who are risk-takers who use innovation to explore entrepreneurial opportunities in the dynamic and uncertain market environment. New businesses generate new employment opportunities and contribute to innovative activities, thus creating novel companies, growing productiveness and competition, and revitalises dormant industries. According to Acs *et al.* (2014) entrepreneurs supply the knowledge dissemination which enables the transformation of knowledge into economic activities and productive entrepreneurship. Thus, entrepreneurs are the conduit to endogenous growth through the dissemination of knowledge. (Acs & Qian, 2013) suggested that one of the vital origins of entrepreneurial chances and development of those opportunities is the creation of new industries. Fritsch and Schroeder (2011) view the link connecting entrepreneurialism and regional cost-effective progress as multidimensional as entrepreneurship impacts the improvement of the region's economy. The direct impact of entrepreneurship on the regional development economy expresses itself in the number of newbies which formulates novel throughput in the economy (Fritsch & Eyh, 2006).

3.4.1 The Role of Entrepreneurship in Emerging Countries

This section presents a discussion on the role of entrepreneurship in economic development and entrepreneurship as an important tool in driving economic and structural transformation

and advancing the scale of economic development in emerging countries. Recent literature has examined that there is a link between entrepreneurship and economic development in emerging countries. However there has been little consensus about the effect of entrepreneurship on the economic growth of a country. Some studies have found a positive relationship between entrepreneurship and economic growth (Salman & Badr, 2011; Vázquez, *et al*., 2010), while other studies have argued that unless certain conditions prevail in the economy, entrepreneurship impact on economic growth would be undefined.

Entrepreneurship is considered a tool of economic growth, a panacea for economic transformation, creation of jobs, and reduction of poverty in developed countries as well as an in emerging markets (Decker, *et al*., 2014; Audretsch, Fritsch & 2003). The discussion highlights that entrepreneurship in developing countries has achieved considerable recognition due to the magical role it plays within the economies' development. Entrepreneurship in markets that are emerging is regarded as a backup stream plan for income generation. However, despite the significance of entrepreneurship to the economic development of emerging markets, entrepreneurs in these countries are faced with institutional barriers and challenges.

Entrepreneurship in emerging countries is given considerable recognition due to the key functions in adding on positively to the development of the country's economy. Entrepreneurship is regarded as an alternative stream for the generation of income in the markets that are emerging (Cesaroni, Demartini & Paoloni, 2017). Thus, entrepreneurship in emerging markets is, according to Omri (2020), uncertain and risky. Thus, Cesaroni *et al*. (2017) advocate for institutional entrepreneurship which enables entrepreneurs in emerging markets to overcome the institutional context constraints, thereby promoting structural and economic transformation through the creation of new businesses. Cesaroni *et al*. (2017) report that entrepreneurs adopt institutional strategies that enable them to navigate and overcome institutional barriers and promote the creation of new arrangements and businesses. Institutional entrepreneurship enables entrepreneurs to capitalise on institutional risks and uncertainties through innovative strategies, thus overcoming institutional barriers to bring about structural changes through creating positive externalities in the economy (Omri, 2020).

Omri (2020) identifies three strategies for entrepreneurs to overcome institutional barriers namely, institutional brokering, bridging institutional distance, and spanning institutional voids. Institutional brokering is when entrepreneurs create new risk-reducing ventures to

reduce institutional uncertainty. In these institutions, entrepreneurs become intermediaries for the sectors through leveraging resource synergies and information, which are crucial for emerging countries. In this regard, the subsequent institutional gaps encompass the establishment of novel institutions and ensuring they are accessible to the group structure (Omri, 2020). Lastly, bridging institutional distance strategies are strategies that entrepreneurs use in their internationalisation efforts to bridge challenges faced by Multinational Corporates (MNCs) in legitimising their operations in their local and international markets (Cesaroni *et al.*, 2017). However, Omri (2020) cautions that institutional legitimisation success depends on entrepreneurs' ability to create coalitions, combine existing and new institutional practices to access resources within the network.

In the informal segment socioeconomic factors and institutional context cause unfavourable conditions for entrepreneurial activity. Entrepreneurs in emerging markets have to contend with adversity due to unfavourable institutional environments (Speakman & Rysova, 2015). Entrepreneurs in emerging countries in their institutional setting face challenges of severe and overpowering commercial environments, scarce resources, inadequate chances and infrastructure, inaccessibility to markets, and intense competition (DeBerry-Spence & Elliot, 2012). These challenges create uncertainty and risky environments which impends on entrepreneurship development and sustainability. To cope with resource constraints, entrepreneurs rely on informal institutions which enable entrepreneurs' access to knowledge and technologies (Agbeko, Blok, Omta & Velde, 2017). Networks enable entrepreneurs to gain access to trial education to enable the development and change of businesses. Thus, SMMEs in emerging countries will utilize institutions and resource coping strategies to organise and incentivize entrepreneurship and entrepreneurial activities for their business' survival and growth.

3.5 RESEARCH THEORIES UNDERPINNING THE STUDY

This section presents and discusses the research theories underpinnings this study aligned to the objectives of the study. From the analysis of the theories relevant to the study, the research gap was identified and the implementation framework for the study was developed as reflected in Figure 8.

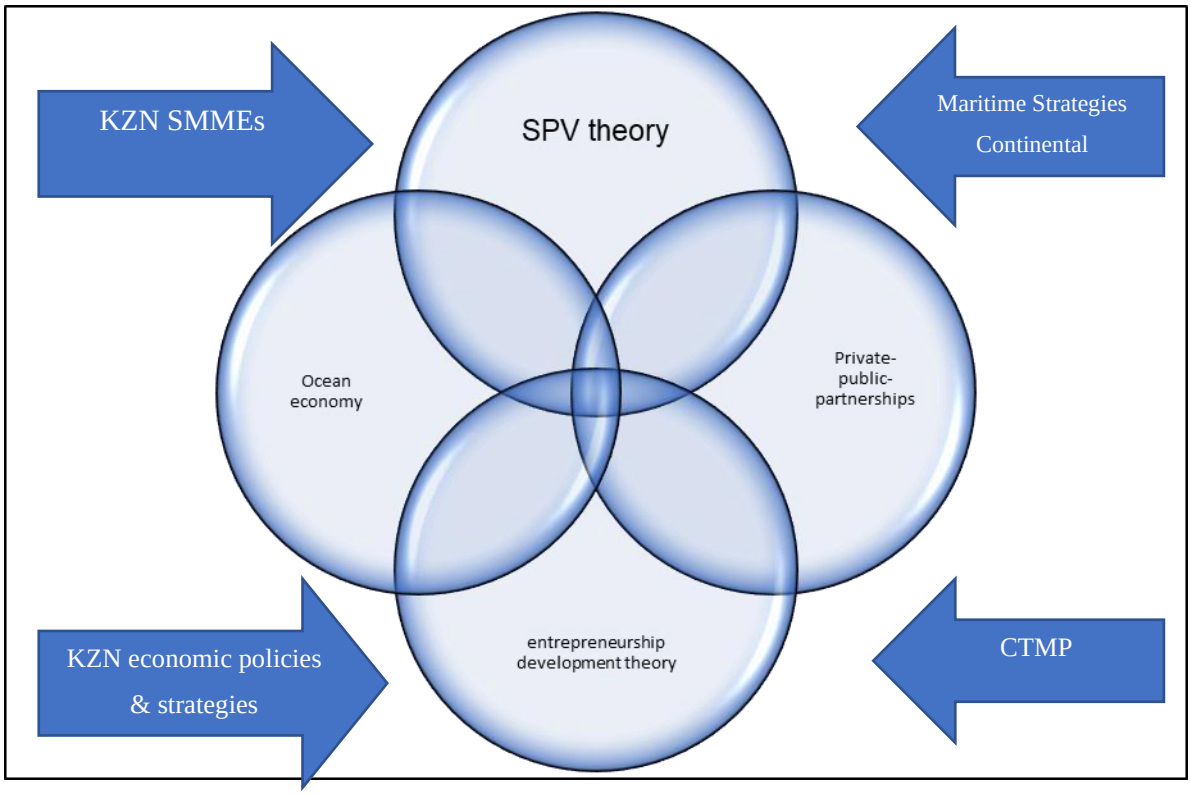

Figure 8 *Identification of the research gap and the implementation framework for the study*

Source: Researcher's own compilation, 2021

3.5.1 Comparative Analysis of the Ocean Economy Concept

This section presents the research gap identified in the study on comparative analysis of the blue economy concept. The Ocean Economy concept is more than just a particular area of study as depicted in Figure 9 below. The Ocean Economy, which is typically connected with aspects of the economic system like energy, maritime transportation, tourism as well as fishing, as the blue growth is in an emerging era so helps the maritime and marine sectors' long-term expansion, since the seas and oceans are worldwide financial drivers with immense possibility for maturation as well as creativity (Martínez-Vázquez, Milán-García & de Pablo Valenciano, 2021). Martínez-Vázquez *et al*. (2021), study took a statistical approach to various definitions of the terms such as Marine Economy (ME), Ocean Economy (OE), Blue Economy (BE), as well as Blue Growth (BG), in order to deduce theoretical gap and scientific production of the latter terms. This study aims to address the issues and predict possible research/investigation prospects, specifically in the South African context, with an emphasis on KZN. Given its range, this study also aims to provide information to approximate space across central investors (SMMEs) as well as the "Ocean Economy" in the framework of the Economic Policy Approach, and indeed the findings will

offer some major growth sectors and possible directions. Figure 9 depicts comparative analysis between authors' definitions of blue economy.

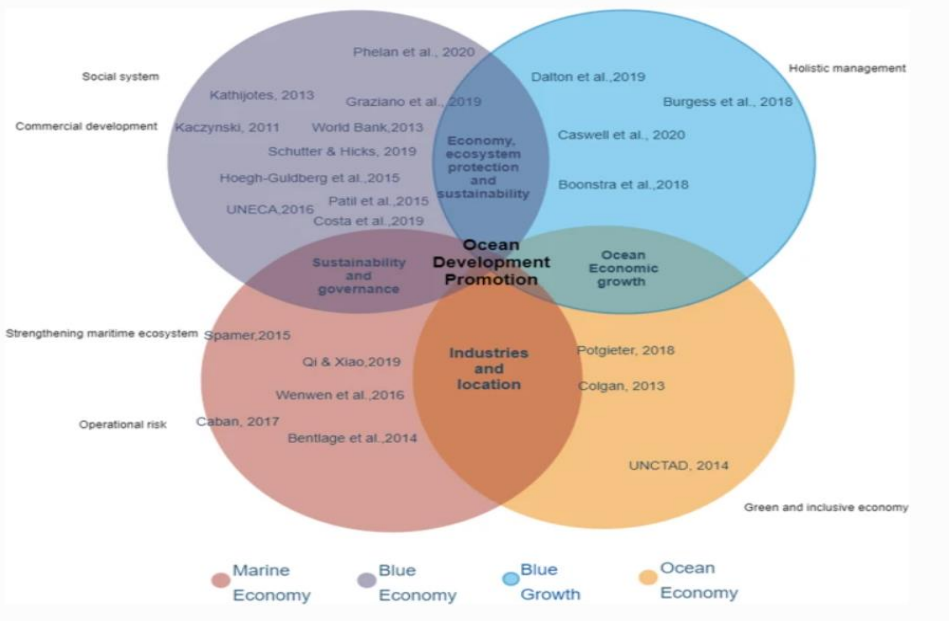

Figure 9 *Depicts the comparative analysis between authors' definitions of blue economy*

Source: Martínez-Vázquez *et al*. (2021)

In the literature analysis of the different authors that have attempted to contribute to this recent field of study, the definitions of Blue Economy (BE), Blue Growth (BG), Marine Economy (ME) and Ocean Economy (OE), provide interesting relationships between these terminologies that are anchored and divided into governance and sustainability, ecosystem protection and economics, localization and industrial development and centrifugal force is the development as well as marine economy growth, as the leading association that covers them (Martínez-Vázquez *et al*., 2021). Spammer (2015) further governments that looking at several papers about BE, this was discovered that such terms blue growth (BG), marine economy (ME), ocean economy (OE), were all used as alternatives. Every shade of the circle indicates an idea (OE, BG, BE, ME), and inside it, each of the writers' diversification is set (Martínez-Vázquez *et al*., 2021). The intersections are the most intriguing to secure the economics and the conservation of maritime ecosystems sustainability being shared by BG and BE, whereas OE and ME measure improvement as well as position; governance along with sustainability is found in ME and BE; and finally, the ocean-related economy is developed by the collaboration of OE and BE (Martínez-Vázquez *et al*., 2021). In terms of

various contrasts, they are beyond the quadrant, with certain elements pointing to cultural as well as analysable arrangement, greenish along with the comprehensive economic system, and the existence of functional hazards.

Oceans and seas have always been a part of all civilisations' economic activity as a mode of transportation, food supply, and commercial activity. The phrase "Blue Economy" has gained popularity in recent years as a word that refers to marine resources and advanced economies in the sea. It strives to foster economic growth, social inclusion, and better people's lives without jeopardising the oceans' natural integrity, as mentioned in its description (Martínez-Vázquez *et al*., 2021). According to Pauli (2010), the term "Blue Economy" first appeared in 2009 at a meeting of the Senate Commission on Commerce Department, Scientific research, as well as U.S Shipping, where even the Blue Economy value for U.S total economy, the entrepreneurship options it offers, and issues regarding changing climate recognised opportunity for future blue job positions in alternative electricity were discussed. The Global Conference on Blue Economy Movement for Korea's green development was held that same year (2009). Pauli (2010), a foremost supporter of the Blue Economy's economic system, wrote a book entitled "The Blue Economy" inside which he suggested it as a framework regarding technological advancement to provide low-cost items, support local employment generation, and be environmentally friendly while remaining competitive in the global market.

According to Ki-Hoon, Junsung, and Jong (2020), the phrase "Blue Economy" is being used in various contexts, even related concepts like "maritime economy" or "ocean economy" we're being utilised lacking meaning. In some kind of a research proposal, the U.S described the "Blue Economy" as sea economic system that target to "develop individual well-being and rights with regards whereas dramatically reducing environmental consequences and ecosystem scarcities," as it was formally accepted at the 3rd World Summit on Environmental Sustainability in Rio de Janeiro (Rio+20). Verma (2018) asserts that now the Blue Economy might be defined as the combination of ocean economy with the framework for social involvement, ecological sustainability, and creative evolving business models," in the lack of a worldwide concept.

Further basis in the research gap of the blue ocean economy, are clearly articulated by the more recent definition of the World Bank in 2017, the "Blue Economy" is described as "the ecological usage marine resources for growth in the economy, enhance progress, and employment with maintaining the integrity of the ocean ecosystem," according to the report.

The World Bank's interpretation, as according to Ki-Hoon *et al* (2020), is a broad term that encompasses several aspects of marine stability, from ecological sustainability to ecosystem condition as well as impurity management. The World Bank emphasis 'managing the third lowermost economic development system as an important factor of blue economy when it comes to seas. More importantly, the term itself necessitates cross-border and cross-sector participation through numerous partnerships and partners (Martínez-Vázquez *et al*., 2021). Multiple organisations, on the other hand, will select specific focuses or meanings of the term to suit individual needs. Such assessment merely means that diverse participants' views or objectives might cause some possible areas of disagreement. This phrase is being co-opted by many actors and writers in conflicting and often contradictory ways. The four (4) theoretical perceptions of the Blue Economy listed above would be identified and studied using dominant ideology found in international Blue Economy policy documents and major publications (Martínez-Vázquez *et al*., 2021). An investigation of the Blue Economy in practise, is used to thoroughly investigate how the Blue Economy is implemented (Martínez-Vázquez *et al*., 2021).

The Blue Economy's focus is particularly concerned with whether maritime businesses are included or eliminated from various conceptualisations. The foregoing conceptual analysis identified areas of agreement and disagreement, with levels of agreement showing the expanding tendency of commercialisation, the categorisation and definition of territorial borders in the seas, and the expanding securitisation of maritime borders (Martínez-Vázquez *et al*., 2021). The main points of contention are on differing viewpoints on the validity of players or particular areas as component of the 'Blue Economy,' particularly carbon-intensive overseas businesses like oil and gas, as well as the emerging diamond and deep-sea mineral extraction industries (Martínez-Vázquez *et al*., 2021). In the framework of the Sustainable Development Goals (SDGs), the blue economy indicates that economic progress is both inclusive and ecologically responsible, and emphasises a need to harmonise the sociological, economical, as well as ecological aspects of property improvement related to sea. The 'Decade of Marine Sciences Toward Environmental Sustainability,' as declared by the United Nations, extends from 2021 to 2030, with the goal of reversing the descending direction in water system wellbeing as well as uniting sea economy partners just close to the globe behind such a familiar system to ensure that sea science can completely support governments in improving the situation for long-term ocean advancement (Martínez-Vázquez *et al.*, 2021). The blue economy is a concept that sprang from the Green Economy, however with

distinct regulatory frameworks, providing distinct features and an economic arena for nations whose prospects are dependent on ocean resources (Martínez-Vázquez *et al*., 2021).

It is also clear that the "Blue Economy" foundation is tied to the UN's SDGs, along particular goals (SDG 14, 15, 16 and 17). According to Ki-Hoon *et al* (2020), much research reveal that just a few SDGs are strongly related to the blue economy, it is still unclear whether the remainder of the SDGs remain related to BE. Whenever people realise that BE's attention is on sustainable planning and multi-aspects of SDGs that seek to control over industries as well as regional dimensions, the scope and bounds of BE are still undeveloped, but they are very likely to be significant challenges for future expansion. To that aim, relevant parties including organisations may show a crucial part to determinate the requirements and limitations of BE, as well as applying and improving the technologies and tools that are relevant to the UN's SDGs (Ki-Hoon *et al*., 2020).

Additionally, the South African maritime sector has an important impact in the economy of the country and with its sizeable impact, the maritime sector has an opportunity to ramp up its contribution to economic growth by sustainably leveraging its rich marine resources to boost the country's economic development (SAMSA, 2012; SAMIC, 2012). The sector's deficiencies impede the sector's ability to meaningfully contribute to sustainable economic development (SAMSA, 2012; SAMIC, 2012). To address the identified deficiencies, the South African government has focused on strengthening the ocean economy's potential to meaningfully contribute to the economy in 2014 through establishing Operation Phakisa. Operation Phakisa intends to establish a suitable condition for the creation of entrepreneurial possibilities in the transportation sub-sector and SMME sector in the country. The SMME sector has been recognised as large industry only with ability to solve the government's socio-economic problems (SAMSA, 2012; SAMIC, 2012). As such, SMMEs have been identified as crucial to the sector's ocean economy strategic execution.

Studies indicate that the SMMEs contribution increases the country's economic growth and serves as a propeller for innovation and entrepreneurship growth (Rungani & Potgieter, 2018; Lose, Tengeh, Maziriri & Madinga, 2016). Numerous policies, like the NDP (National Development Plan) have been initiated by the government. By 2030, the NDP wants to boost the country's GDP by 5.4 percent and expand employment between 13 to 24 million through generating 11 million new jobs as per DSBD (Department of Small Business Development, 2018). According to the SBP (Business Environment Analysis, 2014), the SMME sector in the country continues to experience a difficult environment and a high failure rate. Based on

the SBI (2020), estimate, the SMMEs in the country are not growing fast enough to meet the envisaged NDP targets and would have to grow at a rate of at least 20% a year to achieve the NDP goals. Lampadarios (2015) and Nkonge (2013) note that the systemic and continued failure rate of SMMEs has an adverse effect in the short as well as long-run economic situation of the country. From these studies, it is concluded that the government of South Africa takes commitment and responsibilities to support the creation and sustainability of the country's SMME sector.

As a macroeconomic idea, the blue economy encompasses all aspects of international and domestic administration, infrastructure prosperity, preservation of natural resources and conservation groups (Lee *et al*., 2020; Wenhai *et al*., 2019; UNECA, 2016; UNEP, 2015). The blue economy idea aims to achieve growth in the economy, social integration, and economic maintenance or enhancement along guaranteeing environmental protection. At its foundation, the notion relates to the detachment of socioeconomic development from environmental and ecological deterioration by ocean-related industry sector (Lee et al., 2020; Wenhai *et al*., 2019; UNECA, 2016; UNEP, 2015).

Advancing ocean economy as well as entrepreneurial development and sustainability requires investments in areas such as institutional and human capacity development, knowledge-building, infrastructure, and information-sharing (Funke *et al*., 2016; SAMIC, 2012). However, these investments are controlled by the absence of financial resources in the sector as well as limited awareness of opportunities and investments within the ocean economy sector (Funke *et al*., 2016; SAMIC, 2012). The pipeline of investment-ready activities remains limited within the ocean economy. Thus, considering the extent of investments required to enhance the development of the ocean economy, both the government and the sector need to explore innovative financing options and investments within the ocean economy such as private-public-partnerships (PPP).

However, Mabuza's (2018) findings highlight that the traditional PPP model currently applied in most emerging countries, including South Africa, discourages the SMMEs involvement in the plans of PPP. The majority of PPP contracts are packaged into large plans that SMMEs are unable to complete. The South African SMMEs' experience within PPP is according to Chan, Lam, Chan, Cheung, and Ke (2010), consistent with several findings that the framework underpinning the development of projects impedes the success of the projects and slows them down. Evidently, the finding reveals that the deficiency of the capabilities of institutions to handle as well as maximise the effectiveness of PPP undermines their

effectiveness, resulting in low SMME participation. Mabuza (2018) is of the view that the lack of institutional capacity has been attributed to the inability of the government to create a conducive environment for PPPs to involve SMMEs in the plans of PPP, leading cause of such initiatives fail. Notably, linking the SMMEs with PPP projects such as those in the ocean economy, is not sufficient for the SMME sector's development. Developing a sustainable SMME sector in the ocean economy requires alternative financing and investment interventions.

The researcher argues that there is an imperative need for a paradigm shift in exploring optimal and available sources of finance and investments for ocean economy initiatives from the country both private as well as public companies. Expanding finance and investments for ocean economy initiatives and projects require the exploration of new approaches drawn from improved finance surviving pool. This might need the creation and testing of novel instruments, such as the special purpose vehicle (SPV). The exploration of an SPV model could fill this gap through governmental and institutional collaboration aimed within the sector of ocean economy for enhancing entrance of business chances and finance. This will be discussed in the following section.

3.5.2 Special Purpose Vehicle

A special purpose trust (SPT), special purpose entity (SPE), or special purpose business are all terms used to describe an SPV. An SPV can be used in this investigation as the preferable word. "A formal company formed with the help of corporation (famous as originator or sponsor) through transportation of funds as well as to SPV, to draw certain particular project and limited action, as a payments sequence," according to Gorton and Souleles (2017:1). Some, also including Sainati *et al.* (2020), have characterised it as an organisation with some specified functions that is commonly founded by a commercial bank to acquire and ease the sale of assets, without too many differing opinions. A private corporation, a foundation, or a company are all examples of SPVs. The legal form chosen is determined by tax and accounting considerations. An SPV's other functions include keeping a defined pool of resources and releasing assets against them, which can be separated into hazard instalments (Sainati *et al*., 2020). The service is in charge of the SPVs. The creator and provider are in charge of the SPV's operational and strategic choices. They also lack a specific presence, as well as separate supervision and personnel.

According to Mabuza (2018), not all SMMEs problems can be resolved by PPPs. PPPs, on the other hand, PPPs can help SMMEs stay afloat by subcontracting them to deliver products and services. PPPs can be built using a special purpose vehicle (SPV), which serves as the proposal's controlling and running company and also the legal entity that ensures discounts from the government. The administration as well as the SPV enter into a contractual arrangement for the design, building, and administration of certain projects.

In a PPP, the private company or consortium of private companies undertaking the project typically establishes a specific project company, called a special purpose vehicle (SPV) (Colverson & Perera, 2012). The SPV "independently signs the PPP contract with a public entity in order to build, own and operate a specific infrastructure project" (Colverson & Perera, 2012:3) On the one hand, establishing an SPV is a practical mechanism to delegate a specific entity to undertake negotiations and operations; on the other, it is also a form of security An SPV owns and maintains the infrastructure as part of the contract, collecting taxes that is needed to cover the investments and financial expenses, manage and control the capacity, and create profit target. Because finance is obtained through the SPV, it is regarded as the program's core (Colverson & Perera, 2012).

The SPV offers convenient structure for generating finances, officially connecting partners, including ensuring supply of products, manufacturing, and advertising. Bankers, investment companies, government sector including external financial institutions, providers, as well as offtakes are all members of the SPV. A method for sustaining projects and boosting their financial viability is offered in this part, by an SPV (Mabuza, 2018).

After that, the SPV might hire SMMEs to perform the services as required by the PPP projects (Mabuza, 2018). Furthermore, existing PPP market practice in South Africa dictates that now the SPV must fulfil the country's Broad-Based Black Economic Empowerment (BBBEE) standards. Whereas the Treasury PPP Guidelines mentions micro businesses engaging in PPP projects, the major focus is on African control of the SPV (Mabuza, 2018). A public-private-partnership (PPP) which brings together government, commercial, and SMME sectors has a greater possibility of being really successful in poverty eradication, illiteracy, and inequality, which are among the most pressing concerns in many underdeveloped countries (Mabuza, 2018). An SPV privatisation has a lot of potentials to help with the progressive economic transformation program, especially inequalities programs generally involve large multinational organisations with privatisation as well as business administration expertise.

3.5.3 Private Public Partnership

Governments are turning to PPPs (public-private partnerships) to develop current infrastructure networks and provide quality service to host citizens (Sumaila, Zeller, Hood, Palomares, Li & Pauly, 2020). They hope that by sharing responsibility and risk for commercial businesses but maintaining ownership of assets, this development financing model can improve service and avoid some of the downsides of privatisation, such as job losses, increased pricing, and bribery (Sumaila *et al*., 2019). PPPs have the ability to bring commercial effectiveness in government service thus minimising some highly controversial aspects in complete privatisation (Sumaila *et al*., 2019). PPPs allow organisations to claim control during allowing personal industry to dispatch specific project like construction, repairing, as well asinfrastructure like highways plus ports, and providing critical infrastructure like power and water (Sumaila *et al*., 2019). The use of public-private partnerships to manage historically government-run services and infrastructure seems to have become common practise. Generally, community collaborations have been used in property investment, banking, utility services, infrastructure, and wastewater control. Public-private partnerships have started expanding to additional sectors in order to solve ineffective public services, budgetary constraints (Sumaila *et al*., 2019).

South Africa's PFMA legislation went into effect in 1999, and PPPs are governed by it. This policy is influenced by public procurement activities with private entities that is accessible (Ibid). When the administration undertakes business deals for the public benefit, this framework encourages mutually advantageous ties between both the federal and government governments (Sumaila *et al*., 2020).

PPPs seem to be business-to-consumer agreements among both government as well as private and public company assumes financial support, construction, and implementation of a project in exchange for designated advantages, according to a restricted legal term restriction (Scholtz, 2014). The first one is a PPP in which a private business executes a government job, and the other is a PPP in which a private party is granted permission to utilise government property for business reasons within specific restrictions (Scholtz, 2014). Figure 10 presents a generic structure of a public-private partnership.

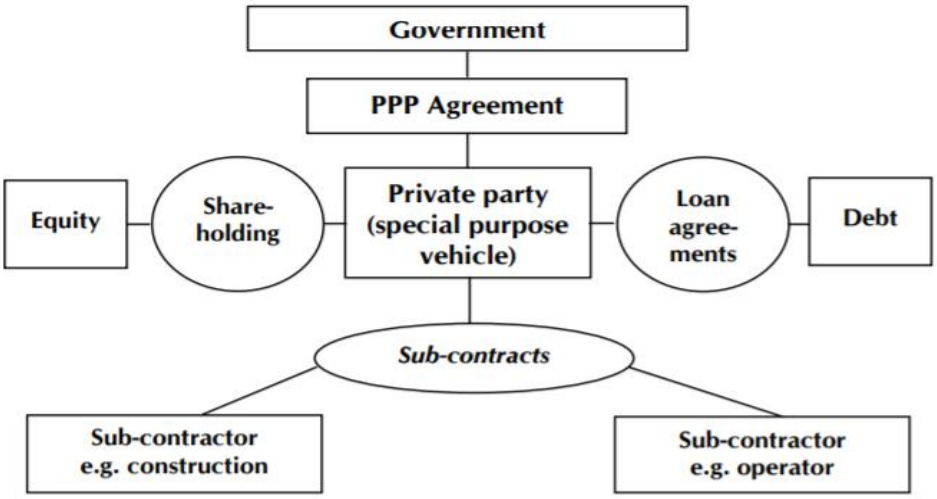

Figure 10 *Generic structure of public-private partnership*

Source: National Treasury (2004)

3.5.3.1 Public Private Partnership Description

There is no single description that encompasses all aspects of the Private Public Partnership (PPP) that can be put forth as a standard definition (Mashwama, Aigbaboa & Thwala, 2017; Hall, 2015; Bekka, 2012). PPP is defined by Legislation as "a business arrangement between someone organisation as well as a private institution where the third individual (1) Accomplishes an organisation al purpose on behalf of an individual; (2) Attains all use of government land for commercial reasons; as well as (3) Supposes considerable economic, specialised, or reputation risk in connection with the operation of the organisational activity from such institution's income; (ii) payments and expenses to also be collected by consumers of a care provided to them through the privately owned company; (iii) any combination of all these payments as well as costs and payments."

Sumaila *et al*. (2020), suggested that PPPs may be procured by the three levels of government in South Africa: national, provincial, and municipal. PPPs, according to Sumaila *et al*. (2020), are longer-term partnerships involving legal relationships in between government and industry. A partnership can be defined as a legally binding arrangement in government as well as private enterprises for supplying intention of statutory infrastructure and managing public infrastructure. The partnership has the following characteristics: it is a formal transaction with a longer-term, the infrastructure supplied can be leased, sold, refurbished, or new, and the service given is often provided by the public sector. The cross-

sector collaborations bridge the gap between typically acquired government projects and partnership of private and public (Sumaila *et al*., 2020).

PPPs transfer aspects of project plans toward public to private businesses in an organised manner, as well as primarily for service delivery (Scholtz, 2019). If a private company accepts to run as well as operate an organisation/project on behalf of the government, a lengthy contract is generally negotiated. When a contract expires, the government assumes control of the entity. Several issues, such as urbanisation and population growth, made it clear that government resources were no longer enough. As a result of this realisation by governments all over the world, a crucial role that a private-sector sector organisation may play through public-private partnerships have emerged (Scholtz, 2019). PPPs stand out because they disrupt the traditional ways of doing government business, and they appear in a variety of situations and personalities. PPPs serve a key and important role in the financing of infrastructure projects. The available information from diverse student as well as scientist majority agrees about the value of public-private collaborations, although they take care to approach this issue from different viewpoints, highlighting multiple vantage points as a consequence (Scholtz, 2019). Public-private partnerships are clearly significant for several reasons, and their contributions vary each nation, due to the type of project, political concerns, and other current elements.

The goal of public and private collaboration (Petkovi, Djedovi-Nègre & Luki, 2015) is to combine members' greatest talents and free resources to focus on core competencies. The goal of public and private collaboration is to benefit from economies of scale, which refers to specialization, as well as economies of scope, which refers to reciprocal learning. From this viewpoint, the various partners may concentrate on their core skills while learning from the other partners. A public and private collaboration, according to Petkovic *et al*. (2015), provides various advantages over a regular partnership. The first benefit is the synergy effects, which allows the diverse partners to accomplish more than they could alone.

Competitive tendering, sharing of risks, private sector invention, and experience, and enhanced public services are among the primary characteristics of the public-private partnership, according to Scholtz (2019). A public and private collaboration varies from typical types of cooperation in that the members do not have identical organisational structures (Petkovic *et al*., 2015). As a result, various industries have different motivations for forming cooperation. According to Scholtz (2019), access to greater management knowledge, more successful organisation effort times, financial capabilities,

many of these factors indicate causes for the civil service to collaborate also with the financial industry. Several of the reasons for such commercial company's' cooperation also with government organisation s is really the potential to interact with new organisation possibilities that would not have been available even without government (Scholtz, 2019). The business sector is also enticed to interact with the public sector because of its enormous size and substantial profit.

3.5.3.2 Types of Public and Private Partnerships in South Africa

According to Petkovic *et al.* (2015), design-build, finance, and build operate own and transfer to government layout and transfer operations, are the most often utilized public as well as private collaboration types in Southern Africa. A typical approach towards formulation and crafting of an envisaged SPV for ocean economy, would mimic any or a hybrid of the models outlined below.

- Design-build finance and operation: This is also a popular approach in South Africa. The private public partnership designs, develops, finances, as well as operates the institution under that same model (Palsat, Riessner, Johnston & Galsworthy, 2018). The alternative term for such an approach is Develop, Construct, Monitor, and Funding (DCMF) which is widely used in certain countries. For a set amount of time, the program of a public company is managed by the private sector. It is vital to note that the private company does not own the company throughout the management time. The project is then handed over to the public partner. This strategy appears to be beneficial towards the public sector since the private sector bears all of the risks as well as all of the costs connected with the project's design, construction, administration, and finances (Palsat *et al*., 2018).

- Build, operate, own, and transfer to government: In this instance the finance, building, as well as management of the government investor's program, are all handled by private company. During this phase, the private company has the management of such business for just a set period of time. The private sector hands over the project to the government after a set length of time (Petkovic *et al*., 2015). Other emerging countries use this model as well. It is clear that under this sort of model, the facility is successfully managed during the private sector's reign, but after ownership is passed to the public sector, the quality of service offered frequently suffers. When this strategy is used, the government frequently acquires the super facility.

- Design-build operate and transfer: These are also frequent types of strategic partnerships in South Africa (Petkovic *et al*., 2015). Through the same technique, the private partner creates, constructs, maintains, as well as ultimately offers the work to the government sector. The general party is in charge of the program's financial and operational aspects. In this case, however, the private partner claimed ownership of the process and carries all of the organisation's risks. Regardless, when a set length of time has passed, the project's ownership is handed to a public partner.

- Build own operate: This is an additional prevalent concept is to build-your-own-operate model. The project of the public partner is operated by private partner (Petkovic *et al*., 2015). The private partner also remains intact with the procedure of projects regarding public property, project designs as well as constructions. Ownership is claimed by the private partner. As a result, the project is a privately owned company, which bears all of the business risks associated with operating the project. The private partner retains control of but does not sell that to the government (Petkovic *et al*., 2015). It appears in those organisations where the facility is just a public-private partnership only in name, since it runs as a private company in most cases, with tariffs and expenses that are generally out of reach for the general public. Generally, the quality of the service and the standards are excellent. However, they are costly and often unattainable to the general public.

- Build, operate, and transfer: In this cooperation, the private entity is responsible for all aspects of the public project of the entity including finance, design, construction, and operation. These are done for just a particular time frame without any control, and after that, the property is handed back to the government. As a result, the private organisation bears the commercial risk of maintaining the facility (Palsat *et al*., 2018). The change of property occurs at a specified or current market price. The facility is normally in excellent shape and standard, and the government profits since the private sector partner bear all of the risks. However, once the service is returned to the government sector, the rates are usually exorbitant since it is determined mostly by the current value.

- Design, build, and operate: Throughout South Africa, it's also a common method. The private company that is in charge of funding, planning, constructing, and operating the project for the public entity. The private company takes ownership entity at the same time. The private sector bears the commercial risk of maintaining the facility, and as a result, the project is owned by the private sector. The government may purchase the

project from the provider for a pre-determined sum (KZN PPP Benchmarking Study, 2005:25). This concept might work well in the public sector, however, the cost may be a disadvantage, as in certain models, the government just takes the project on such a silver platter from the private sector.

3.5.3.3 Challenges with the Public-Private-Partnerships

According to Mabuza (2018), several public-private partnership designs for third-world countries do not really emphasise the use of SMMEs as potential public-private partnership in demand and supply suppliers, and thus do not include SMMEs in their projects. The same explanation could be that SMMEs lacked the technological, economic, and technical capabilities needed to supply required services by which that may be required on a bigger scale. If the services required by PPPs are packaged, this may be true. SMMEs have the potential to respond favourably to PPP requirements if these services are unbundled. The additional objection would be that incorporating an SMME into a Public and private partnership takes a bit of time as well as, in a result, raises PPP investment costs since might need project portfolio design. The difficulty with incorporating just so many stakeholders in the process is that it can make determining who is doing what, what role government authorities, SMMEs, and the private sector partners in a PPP play more difficult (Palsat *et al*., 2018).

PPPs might be the primary consumers of SMME products and services. According to Palsat *et al*. (2018), expanding market benefits through with variety of SMME development, instruction, and set of companies' initiatives is among the most evident and surprisingly largely unexplored structure that an organisation can assist project goals in nations as well as people where they operate. Whereas using SMMEs as subcontractors in big PPP projects is seen as a potential source of economic growth in third world countries, Palsat *et al.* (2018) argue that in many countries, there is still little conversation regarding SMME inclusion in PPP projects. For PPPs to assist to the growth of the SMME sector, a strategy that enforces strong relationships between both the government, PPPs, and SMMEs for the mutual satisfaction of all involved is required.

Another issue with several developing countries'' existing practice would be that they base their PPP projects models after developed countries' PPP models. The socio-economic problems of underdeveloped nations are not considered in these models. The conventional PPP model used by most developing nations has disregarded the growth of a

SMME sector through PPP projects. PPPs, according to Palsat *et al*. (2018), is indeed a source of growing business in developing countries. They can be utilised to solve the socio-economic issues that emerging countries face. For this to happen, Mabuza (2018) claims that there has to be a shift in how developing countries see PPP projects, since the public frequently does not feel or believe they profit much from them, and the existing PPP model favours its private sector partner above the public as a significant stakeholder. To guarantee that PPPs benefit a larger variety of people, developing countries must create their PPP framework that addresses or reacts to its financial, legal, as well as cultural concerns (Mabuza, 2018). Even when it is widely accepted that the concept of public-private partnerships (PPPs) is feasible and should work, the fact is that PPPs are not achieving their full potential as a service or development option. A broader, more innovative, and more versatile strategy, such as SPV, is the future for partnerships. The following paragraph will go through this in detail

3.6 THE BLUE ECONOMY LANDSCAPE

The long-established industries in the maritime sector have experienced many transformations. Changes are due to the international growth of the economy and an increase in the demand for maritime commodities. According to OECD (2016), the demand for maritime commodities by 2035 is predicted to triple. The growth of seaborne dealings is likely to increase at 3% to 4% annually up to 2030. International tourism, mainly ocean and coastal tourism, is expected to grow annually at four percent from 2025 (OECD, 2016). Many governments view the ocean as a very profitable sector. The areas for investment include oil and gas, seabed mining, shipping, fisheries, tourism, renewable energy, and bioprospecting. The blue economy has contributed to global trade and economic growth (OECD, 2016).

The blue economy concept is still new. The concept gained popularity after being used in the Rio de Janeiro National Conference on Sustainable Development in June 2012 (UNCTAD, 2014). According to Attri and Bohler Muller (2018), the blue economy contributes to environmental, economic, and social gain and is viewed as a model for development. The blue economy identifies the requirement to increase the vast economic prospect of the oceans in the world and the desire to maintain vital natural resources. A management framework was developed by Sarker, Bhuyan, and Rhaman (2018), stressing that joint effort is essential in promoting the development of the blue economy and attaining Sustainable Development Goals (SDGs).

The blue economy is clearly defined as a feasible ocean economy, evidenced by the ocean ecosystem's lasting resilience and well-being balanced by the economic benefits (Economic Intelligence Unit, 2015). The blue economy is considered a combination of feasible development, focusing on synchronising, and organising development between the ocean and the ocean ecosystem, promoting development in the coastal regions (World Bank, 2021). The blue economy as a macroeconomic concept which comprises environmental preservation, globalisation and, economic growth (Wenhai e*t al*., 2019)

The concept of a blue economy aims to encourage economic development, social involvement, improved welfare, and environmental preservation (Wenhai *et al*., 2019). The principal notion refers promotion of socio-economic growth through marine sectors and the sustainability of the environment (UNEP, 2015). Therefore, the ocean economy includes trade and economic activities that incorporate protection and the justifiable administration of ocean resources, including genetic assets as well as ecosystem of maritime according to the social-economic affairs department of The World Bank (2017). The blue economy aims to reduce negative environmental consequences of ocean economies such as acidification of sea water and a rise in the sea level (UNEP, 2015).

The blue economy's potential impact on developing countries' economies, has gained recognition from policymakers and the public (Lee *et al*., 2020; Wenhai *et al*., 2019; UNECA, 2016; UNEP, 2015). According to Voyer, Quirk, Mcilgorm and Azmi (2018), there are different interpretations of the blue economy, hence it is still flexible and blurred. According to Eikeset *et al*. (2018), the phrase "blue economy" is used in a variety of ways throughout the world and the most generally used phrases are in marine and sea industrial activities, the maritime sector, and maritime economy. According to Silver, Gray, Campbell, Fairbanks and Gruby (2015), no specific definition is recognised globally. The World Bank (2017) regards the blue economy or marine economy as still budding and yet to have a clear definition from an operative view.

The new emerging development paradigm of the Blue Economy which is inclusive of the Ocean Economy, Green Economy, Coastal Economy and Marine Economy (Attri, 2018; Voyer, 2018). The ocean economy in the world is estimated to contribute around 1.5 trillion dollars annually in the economy, translating to 2%-3% of the global GDP. Around 350 million jobs are connected to the blue economy: research activities, aquaculture, marine and coastal tourism, and fishing (Attri, 2018; Voyer, 2018; OECD, 2016). This century according to Attri (2018:1) is known as the "Maritime Century". The upcoming new technologies are

paving the way for human interaction with the oceans. They drive economic growth and bring benefits to society (Attri, 2018).

According to Economist Intelligence Unit (EIU, 2015), the government contributes significantly to the blue economy's growth through plans that promote ocean development. The United Nations Ocean Conference in 2017 showed how small-scale artisanal fishers benefited from the blue economy. According to UNCTAD (2014), to maximise the opportunities associated with the ocean-based economy, it is necessary to incorporate a multi-task shareholder attitude with fisheries, tourism, finance, transport and trade, environment, and other institutions contributing to sustainable growth development. Innovation can aid grow the blue economy to instigate the creation of jobs and development and support the public and commercial use of resources from the marine sector while conserving nature (European Commission, 2014).The Commonwealth Secretariat (2016) has recommended transformations in the way marine resources are controlled. The secretariat suggests that countries incorporate novel marine-based areas that include biotechnology, ocean-based renewable energy, and aquaculture while encouraging improvement in the government's operations to maintain the endurance of coastal tourism, maritime transport, and global fishing.

3.6.1 The Future of the Ocean Economy Towards 2030

There are expected development in the ocean’s economy and the possibility of creating jobs and innovations in the future (OECD, 2016). According to OECD (2016) figure 11 below, emerging ocean-based industries e require more attention due to their increased potential for innovation and growth and attention to difficulties that include climate change, environmental energy, and food security. The World Bank (2013) and OECD (2016) project that in 2030, more than 40 million individuals that is more than one percent of the global workforce of about 380 billion will be employed in the ocean-based industries. As depicted in Figure 11, the main sectors would mainly include maritime and coastal tourism (26%), offshore oil and gas (21%), followed by port activities at (16 %) , maritime equipment (10%) and fish processing (9%).

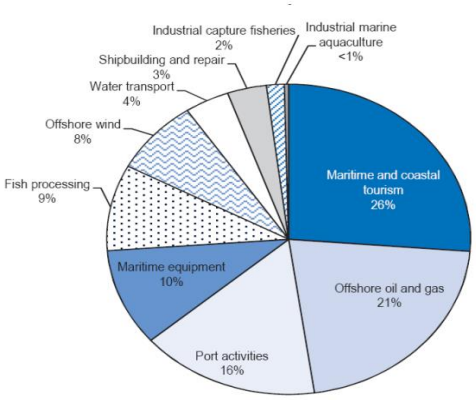

Figure 11 *Ocean economy in 2030*

Source OECD (2016)

Economic activity in the ocean is expanding rapidly, driven primarily by developments in global population, economic growth, trade and rising income levels, climate and environment, and technology (Attri, 2018; OECD, 2016). Looking to 2030, many ocean-based industries have the potential to outperform the growth of the global economy as a whole, both in terms of value added and employment. The projections suggest that between 2010 and 2030 on a "business-as-usual" scenario basis, the Blue Economy could more than double its contribution to global value added, reaching over USD 3 trillion. Particularly strong growth is expected in marine aquaculture, offshore wind energy, shipbuilding and repairs, port activities and seafood processing (Attri, 2018; OECD, 2016). Table 3.1 depicts summary of evaluations of industry-related growth rates and employment during the year 2010 and 2030.

Table 5 *Summary of evaluations of industry-related growth rates and employment*

Industry	Compound annual growth rate for GVA between 2010 and 2030	Total change in GVA between 2010 and 2030	Total change in employment between 2010 and 2030
Industrial marine aquaculture	5.69%	303%	152%
Industrial capture fisheries	4.10%	223%	94%
Fish processing	6.26%	337%	206%
Maritime and coastal tourism	3.51%	199%	122%
Offshore oil and gas	1.17%	126%	126%
Offshore wind	24.52%	8 037%	1 257%
Port activities	4.58%	245%	245%
Shipbuilding and repair	2.93%	178%	124%
Maritime equipment	2.93%	178%	124%
Shipping	1.80%	143%	130%
Average of the total ocean-based industries	3.45%	197%	130%
Global economy between 2010 and 2030	3.64%	204%	120%[1]

Source: OECD (2016)

Apart from capture fisheries, other ocean industries expect growth in global employment at a higher rate than the workforce globally. Maritime, capture fisheries, and coastal tourism would contribute to most jobs (Attri, 2018; OECD, 2016). Coastal and marine areas support a wide variety of established industries, such as shipping, fisheries and coastal tourism, and advancing technology is allowing us to access new resources through emerging industries, such as renewable energy, marine aquaculture, offshore wind energy, marine biotechnology and seabed mining (Attri, 2018; OECD, 2016). The industries mentioned above contribute roughly USD 1.5 trillion (2.5%) to global gross value added. Calculations on the basis of the OECD‟s Ocean Economy Database value the ocean economy's output in 2030 at USD 1.5 trillion in value added, or approximately 2.5% of world gross value added (GVA) (Attri, 2018; OECD, 2016). Employment growth is projected to grow at around 30% over the 20-year time frame, outstripping the workforce globally by around 19% (OECD, 2016). The Blue Economy of the next 20 years is being driven primarily by developments in the global population growth, urbanisation, and coastal development (Attri, 2018; OECD, 2016). Along with the population growth is the economy which is one of the most dynamic drivers for development within the Blue Economy industries (Attri, 2018; OECD, 2016).

The above literature advocates for stringent policy implementation as a driving force behind business opportunities in a sustainable ocean economy by 2030. Another key enabler of a sustainable ocean economy is ocean science, boosting better data, technology, and innovation (The Economist Group, 2020). The UN Decade of Ocean Science for Sustainable Development (2021-30) offers a framework for renewed emphasis on ocean science to facilitate many of the business opportunities identified. As such there needs to be alliances for ocean sustainability that wield some influence on business opportunities in the ocean, beyond the UN frameworks (The Economist Group, 2020). UN and other international policy frameworks will provide the context, however, national governments such as South African government, also need to be a driving force behind business opportunities in a sustainable ocean economy by 2030 (The Economist Group, 2020). Political willingness and the related need to create better policy frameworks for the ocean economy will be important enablers for many of the opportunities discussed.

3.6.2 The Blue Economy in the African Context

Africa imports and exports 90 percent of its products through the sea; therefore, the continent's growth relies on land-ocean connectivity, which is not fully developed in various areas, according to Bollman *et al.* (2010). The resources in the African waters are immense,

from energy to fishing and minerals, proving great opportunities for development and reduced over-reliance on already over-exploited resources on the land. The blue economy has gained a vital role in the national and regional agendas for development, according to Qu, Li, Wang, Zhang, and Li (2020).

In the African context, the ocean economy incorporates marine and aquatic sectors: coasts, lakes, rivers, underground waters, and the sea, encompassing various productive areas such as shipbuilding, fisheries, bioprospecting, tourism transport, energy, underwater mining, and aquaculture (UN, 2020). According to the African Union (2012), the ocean economy in the continent includes 13 million kilometres squared of combined EEZs (exclusive economic zones), 38 islands as well as coastal governments, and above 47000 kms of the coastline. Also, according to African Union (2012), coastal countries out of the 54 are 38 from African continent. Globally recognised islands such as Madagascar, Comoros, Mauritius, and Seychelles are in Africa. Cargo carried in the ports of Africa is estimated to increase to 2 billion tons in 2040 from 256 million tons in 2009 (World Bank, 2017). Currently, African maritime sector is valued at around 1 trillion US dollars annually, according to World Bank (2017). According to Kenya (2018), the entire economic worth for maritime activities in 2018 was 1.5 trillion dollars and in 2020 contributed an annual value of US$1 trillion to Africa's economy (UN, 2020). The fisheries sector makes a significant contribution to the food and income security of millions of Africans (De Coning & Witbooi, 2015). The sector contributed $US24 billion, or 1.26% of the GDP of all African countries, in 2011 (de Graaf & Garibaldi, 2014).

The maritime transport and shipping is another promising sector in the continent. The maritime transportation and shipping sector continues to play a vital role in the continent's trade such that over 90% of Africa's imports and exports are conducted by sea (AU, 2012). Despite the large volume of trade via the sea, the continent only accounts for 2.7% of global trade value, 7% of global seaborne trade and 5% of maritime import and export by volume (UNCTAD, 2018). The continent's diverse marine ecosystems, consisting of beaches, coral reefs, and wildlife among others, presents untapped tourism opportunities that would support local economies while advancing conservation (AU, 2012). Finally, marine renewable energy is increasingly growing on the continent. The presence of the Indian and Atlantic Oceans provide an opportunity to exploit enough energy to meet the demand for electricity on the continent (UNEP, 2011).According to Shimbun (2019), incorporating favourable

economic policies, projections show that the ocean industry is likely to triple in a span of two years.

African Union promotes sustainable economic growth in Africa. The institutions associated with the African Union are the main structures for promoting an ocean or blue economy. Recognising the significance of blue economy as the "next frontier" for Africa's development in its Agenda 2063 of the "Africa we want," the African Union (AU) declared that the Blue Economy is "Africa's Future" (UNECA, 2016).The African Union recognised the immense economic welfare associated with the blue economy. It, therefore, came up with a deliberate long-term plan for the growth of the blue economy in 2014 according to the 2050 AIM Strategy (2050 Africa Integrated Maritime Strategy). According to the direction of Qu *et al.* (2020), the plan consists of three intervals, beginning with the creation phase from 2010 to 2018 that will pay attention to the growth of an effective prioritization scheme. As shown in Figure 12, depicts the 2050 AIMS Strategy from 2010 to 2050.

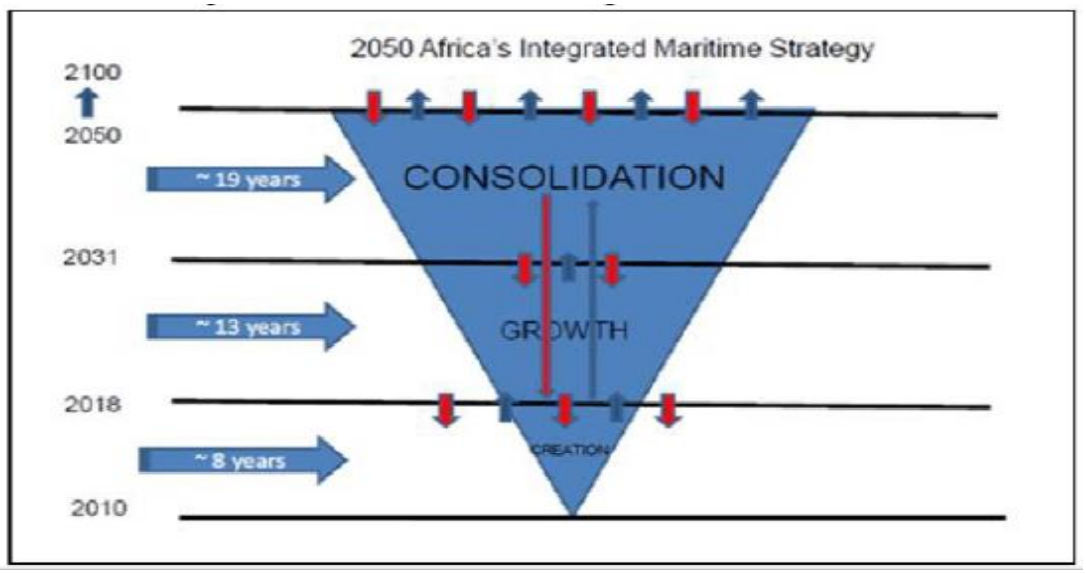

Figure 12 *2050 AIMS Strategy*

Source: United Nations (2016)

The AIM Strategy 2050 plan suggests building an administrative framework for promoting maritime safety, transnational cooperation, integrated continent-wide plans, a combination of maritime safety, and regional maritime operation centres to promote the growth of human resources for the African blue economy (UN, 2016). By developing a successful BE, Africa's coastal and island nations will be a step closer to achieving SDG 14, which is strongly connected to other SDGs (Obura, 2020; Okafor-Yarwood, 2019).

Furthermore, the primary agenda of AU 2063 is the blue economy which was recognised as the future of Africa and a significant factor for socio-economic change. The African Union adopted the 2063 schedule in 2015, proving how the continent wants to promote sustainable and inclusive development. Key flagships projects, development programs, and leading activities to be incorporated during the 10-year execution strategy for 2014-2023 are identified by agenda 2063. According to Qu *et al*. (2020), the implementation plan consists of a sixth goal which will incorporate economic growth, and essential areas of concern are port operations, marine transport, marine energy, and resources.

According to the UN (2016), the incorporation of the (Lomé Charter) African Contract on Maritime Development & Security in Lomé, Togo, in 2016 marked a significant step forward for the continent. The Lomé Chapter, supported by more than thirty countries in Africa, suggests that the whole continent should work together to promote the protection of marine resources to enable the growth of the blue or ocean economy. The charter includes ways to promote sustainable marine resource exploitation and maximize opportunities for development for sea-related sectors (AU, 2018). According to article 5, under chapter II, opportunities for job creation would be immense, incorporating the processing of fishery products locally and artisanal fishery. The fishery products will be marketed internationally, nationally, and regionally, according to African Union (2018). The fourth chapter aims to promote the growth of the ocean economy and has documentations on creating jobs and wealth, integrated human resource strategy, exploitation of marine products, and increased competitive advantage aquaculture and fisheries and enabling their marketing at the international, sub-regional, and national levels (AU, 2018). According to article 21, to promote jobs and wealth creation, each country must promote the development of maritime and coastal tourism as the central agenda. There is increased revenue and creating jobs promoting the development of the associated sectors considering the dimensions of the environment. The agreement between the Lomé Charter and 2050 Africa joined Maritime policy shows goodwill for the African government to grow the blue economy. According to African Union (2018), The Lomé Charter encourages political and government support in promoting the strategy's provisions.

Seychelles, Mauritius, and South Africa are the frontline nations in encouraging the blue economy development (Spamer, 2018). Through implementations of the policies related to the economy, these countries have achieved encouraging results which Other African countries can incorporate the practices. Mauritius has collaborated the National Development

Program to the blue economy, establishing a Ministry that concentrates on the blue economy and a consultative body, the National Ocean Council, to encourage expert input. According to Mauritius Prime Minister's Office (2013), Mauritius has developed a roadmap for blue economy development has been developed by Mauritius. Mauritius has achieved an increase in trained individuals for cruise ship and shipping industries, increased aquaculture development, and new vital measures to promote the growth of the blue economy sector, according to Mauritius Republic (2017). The blue economy accounts for eleven percent of the GDP of the country; therefore, there are strategies to double the percentage by 2025, achieved through improved information communication technology, marine energy development, sustainable aquaculture, lagoon ecosystem management, seafood hub, and maritime ports (Mauritius Republic, 2017).

Seychelles has 1.4 million kms squared of EEZ, the second largest in Africa. The country has made significant progress in the development and care of the ocean, which was a policy in Seychelles' Sustainable Development Strategy 2012-2020 and the National Development Strategy for 2015-2019 (AU, 2018). The country has a clear 2018-2030 roadmap to promote the blue economy. The initial phase of a clear maritime spatial plan has been completed. The plan covers 16 percent of the maritime organisation that protects thirty percent of the maritime domain in the country by 2020 (AU, 2018). According to AU (2018), Seychelles has focused on financing global innovation in the blue economy. Seychelles developed the Climate Adaptation Fund to promote marine conservation and initiatives for climate adjustments (AU, 2018).

Whereas Kenya’s blue ocean programme’s main aim is to substitute the import of fish with local consumption, costing 135 million US dollars in 2016, according to AU (2018). The new programmes promote reduced pollution in the marine sector by 2025 through promoting proper waste disposal. Kenya has formed the Presidential Blue Economic Implementation Committee done the Blue Economy as well as National Fisheries Department (AU, 2018). The Fisheries Development and Management Bill as well as the Kenya Coast Guard Agency Act were both adopted by the commission to lay out the legal and regulatory framework to improve maritime enforcement capabilities. The plan of socioeconomic development in addition to the Kenya Marine Fisheries mission focuses on the blue economy as an essential sector in the economy, according to AU (2018).

There are limitations to the development of a consolidated blue economy despite the numerous benefits, thus the protection of the ecosystem and marine sector is vital (AU,

2018). The negative impacts of poor management of the environment are worsened by the effects of climate change, according to AU (2018). Maritime disasters, sea accidents, transnational organised crimes, and environmental problems are prominent issues hindering the growth of the blue economy, according to AU (2018).

3.6.3 South Africa's Ocean Economy Strategy

Operation Phakisa is a strategy for the ocean economy in South Africa. It means "hurry up" in Sesotho (Findlay, 2018; SAIMI, 2017; van Wyk, 2015). The government initiated and launched this programme in July 2014 with a targeted programme that is suitable across multiple sectors. The government had the goal of creating employment and enhancing economic growth. According to Findlay (2018), South Africa is a maritime nation with not less than 3,000 km of coastline (Findlay, 2018; SAIMI, 2017; van Wyk, 2015). The NDP realised the benefit of developing the ocean economy of South Africa, something that translated to be the most strategic shipping route. South Africa is in a suitable position to exploit the potential of the sea since, over 80% of trade at the coastline since it is done by sea (SAMSA, 2012). In addition, the ocean economy was projected by the NDP as a critical player in poverty eradication and reduction of inequality in South Africa by 2030.

Operation Phakisa strategy is connected in a detailed manner to the National Development Plan 2030 and the achievement of an International Maritime Centre (IMC) status by 2030 (Findlay, 2018, Walker, 2018). Operation Phakisa focuses on multiple first concern maritime niches such as services of marine protection and aquaculture, ocean governance, manufacturing, and marine transport. The top concern development niches also described as the four sectors were selected to be the following: Aquaculture, Marine Transport and Manufacturing (MTM), Marine Protection and Governance (MPG), and Oil and Gas (O&G) (Findlay, 2018). Studies by Findlay (2018) elaborate further that the four sectors were stretched to six by adding two more sectors, namely DPME (Department of planning, monitoring and evaluation) and small port development, and seaside and Marine Tourism. Other two potential areas were identified to take care of education, vocational skills, and the gaps that derailed efforts to expand an ocean's economy (Walker, 2018). For that reason, Operation Phakisa is a results-oriented approach comprised of formulating precise targets and plans, monitoring progress, and highlighting these results to the public domain (DEA, 2017). Operation Phakisa's purpose is to bring together critical stakeholders from academia, private and public sectors, and civil society to work as a unit in elaborate problem solving, setting priorities, interceding in planning, and the executions of the latter plans (DEA, 2017).

This Operation Phakisa approach has given priority to education and maritime skills and taken advantage of the growth targets in the sector to woo private investors from international and even public-private partnerships (DEA, 2017).

Studies by Walker (2018) show that ocean-affiliated economic activities in 2010 added almost R56 billion to the GDP of South Africa (Walker, 2018). Employment opportunities created by these activities were estimated to have benefitted 316,000 individuals in different sectors, including renewable energy and fisheries that were not categorised as potential niches of growth (Department of Environmental Affairs (DEA, 2019). In Durban in October 2014 during the launch of the Oceans Economy Initiative, according to short-term predictions, South Africa's Ocean business had likely to add up to R20 billion to the country's GDP and create more jobs to the tune of 22,000 positions in 2019 (DEA, 2019). Studies by Walker (2018) and DEA (2019) forecast that in the long term, around 2023, there would be a GDP of between R129 billion and R177 billion, with a million jobs newly created (2018). From when Operation Phakisa was established, the ocean economy has managed to pull investments worth 2 billion dollars from government and private sectors put together (DEA, 2019; Walker, 2018).The majority of the latest investments have been in ports' infrastructure, manufacturing sector such as the building of boats and yachts, aquaculture and oil and gas sector (DEA, 2019; Walker, 2018).Findlay and Bohler-Muller's (2018) studies show that Operation Phakisa has notably created not less than 437,694 jobs across the ocean economy with direct jobs at the tune of 6,637. Figure 3.6 depicts the overview of Operation Phakisa.

Figure 13 *Operation Phakisa*

Source: Findlay and Bohler-Muller's (2018)

South Africa has a Zones Act 16 of 2014, as a dedicated legislative framework in the form of the Special Economic Act that focuses on SEZs. In addition, there are a number of licensed Special Economic Zones (SEZs) in South Africa, and interchangeable being referred to, as Industrial Development Zones (IDZs). Some of the well-established Industrial Development Zones are at Port Elizabeth, Richards Bay, East London, Coega, and Saldanha and in Gauteng (DEA, 2019). Due to the strategic location of the above areas and the favourable economic environment as a function of specific legislation concerning tax deductions, tariffs, and grants, the above Industrial Development Zones are at the centre of the Oceans economy strategy and play very vital roles. The Tshwane Automotive Special Economic Zone (TASEZ), as a typical governments SPV, is one of the key SEZ with a core focus on the

Automotive Sector as Economic driver, creation of Automotive Sector SMMEs and Job Creation. According to Export Manual (2022), the automotive industry still remains critically important to catalytically spur domestic economic development, and this is premised on its empirically evidential contribution to export earnings, employment, and GDP growth. The African Continental Free Trade Area (AfCFTA), that has endorsed on 1 January 2021 is expected to significantly contribute to the increase traffic flows on all transport modes, including road (Export Manual 2022).

3.6.3.1 Oil and Gas

Studies by Findlay and Bohler-Muller (2018) show that nearly all ports giving support services to the industry of oil and gas have the capacity to take in supply vessels, tugs, pipe layers, rigs, drill ships, anchor handlers, dive support vessels, and seismic survey vessels. The Industrial Development Zone at the Saldanha Bay is to serve as the complex for engineering focused on marine repair, oil, gas, among numerous services in relation to logistics in Africa. It will basically be in service of the requirements of the industry for exploration of oil, and companies dealing with manufacturing services in the sector for oil and gas away from the African coastline (Findlay & Bohler-Muller, 2018). The Industrial Development Zone at Saldanha Bay will comprise logistics such as fabrication activities, repair, and maintenance. Saldanha Bay IDZ will also comprise a free port to fasten and reduce the cost of repairs and maintenance logistics. This translates to overly experienced repairs and maintenance potential conveniently situated in proximity to shipping routes, oil and gas production, and exploration activities (Findlay & Bohler-Muller, 2018). This translates to investors as low labour costs and a ready market for users by experienced vendors. In a single year, approximately 134,000 vessels sail through the ports of South Africa, whereas 17,000 vessels pass along its coastline (Findlay& Bohler-Muller (2018).

3.6.3.2 Ship and Rig Repair

South Africa's ship repair and maintenance business is one of the best in the world, with plenty of advanced planning. According to studies by Findlay and Bohler-Muller (2018), South Africa contribution in the international market falls between $1.5 to 2 billion, which translates to between R30 to R40 billion. South Africa has the capacity to carry out complex services and has the capacity of executing varied types of repairs such as repairs in the engine, offshore servicing for oil and gas rigs, removal of built-up marine fouling, dry-docking of large vessels, and electronic system repairs (Findlay & Bohler-Muller, 2018). In the recently developed facilities at East London and Richards Bay, there are several investment gaps. With a recently established repair and maintenance facility for ships and boats at Richards Bay, investors from the private sector are welcomed to give proposals of different options for capital phasing with reference from the market demands for vessel building and ship repair facilities whereby the latter can be a fixed dock repair, or a floating dock fastened to the Repair Quay. This project will be a private-public partnership project built on the basis of DBFMO (Design, Build, Finance, Maintain & Operate), as well as an estimated capital of approximately US$ 57M is required (Findlay & Bohler-Muller, 2018).

3.6.3.3 Boat and Ship Building

The reputation of the quality of the locally built ships is the reason for the superiority of the ship and boat building industry of South Africa (DEA, 2016). This good standing goes into South Africa's competitive costs of labour in relation to the ones in developed economies and countries with an upper hand in labour-intensive processes such as hull construction (DEA, 2016). Due to increased demands from the expanding shipping markets in Africa, a lot of orders are created for ferry boats, patrol vessels, and other military support vessels. The expanding oil and gas sector in Africa is also an opportunity due to the need for pollution control vessels, firefighting, and other multi-purpose supply vessels. According to a report, DEA (2016) Cape Town is the centre for boatbuilding and repair with approximately 40 boatyards with over a thousand specialist personnel.

From a competitive environment where boat and shipbuilding activities are labour-intensive, South Africa builds ships and boats of equal quality and standards as those of specialists in America, Europe, and Australia (DEA, 2016). The users of these crafts receive top-notch advanced and economically built vessels with the support of designers, manufacturers, and vendors in the supply chain of these crafts. Moreover, any new investors that get into this niche will find support from a skilled team of manufacturers and other vendors in this chain.

Consequently, such potential sees the industry exporting 90% of its products and attracting an annual positive trade balance of approximately US$73M (DEA, 2016). A report by DEA, (2016) confirms that the boat and shipbuilders offer turnkey solutions in all respects from the artistic design work and production to repair and services - such as skills development and training the crew attendants. Such exemplary aspects simplify work for their clients and gives full potential returns with regards to their client's investment. When partnerships with funding from private sectors are realised, then different projects can be provided, including build-own-operate, buy-back schemes, customer financing, and build-operate-transfer.

In addition, the recently launched ship and boat building facility in East London has several investment opportunities to offer since the old dry dock is under refurbishment. Investors, too, will be at liberty to give proposals for either dry dock or slipway or even both. According to DEA (2016), it is notable that the project will translate to the development of skills, creation of jobs, and development of supplier network. Approximately US$ 32M is required for this East London investment, and it will take the format of the DBFMO (Design, Build, Finance, and Maintain & Operate) plan (DEA, 2016).

3.7 ENTREPRENEURIAL OPPORTUNITIES WITHIN OCEAN ECONOMY

The economic growth outlook of the maritime sector in South Africa is hugely traditional, is highly divided with a tendency of reluctance in sharing information and does not have a substantial entrepreneurial spirit within the context of SMMEs (Mokhele, 2013). Furthermore, financing of the maritime sector only focuses on shipping without including maritime sub-sectors like aquaculture and tourism (Baruah, 2018). According to Baruah (2018), competition with the South African shipyards is another challenge facing the maritime sector, influenced by the low costs of building ships in foreign shipyards due to readily available government support and financial aid, lack of regulation, and lower wages (Baruah, 2018). It has led recently to the closure of many companies that built yachts due to financial problems. On the other hand, the South African maritime sector has low investment capital compared to other countries due to banks' lack of knowledge about the sector (Baruah, 2018). Also, bank warrants for maritime projects, is extremely expensive compared to other competing countries, impacting the cost of project delivery (Baruah, 2018).

Funke, Claassen, Nortje, and Meissner (2016) note that the country has set up initiatives that aid the establishment of a favourable governing outline to guide the maritime sector of the

ocean economy, which includes the Road Map. Through the support of SAMSA and SAIMI, the CSIR (Council for Scientific & Industrial Research) developed a Road Map to create a coherent plan for research, innovative and technological development required to promote the sustainable long-lasting vision of the country that will globally be recognised as a maritime nation in 2030 (Funke *et al*., 2016). According to Funke *et al*., (2016), the road map aligns the vision and objectives of Operation Phakisa in the ocean's economy. It amalgamates both the research and innovation needs of the wide-ranging maritime economy. Clearly, it outlines the eight key objectives that will plan a way for South Africa maritime excellence since each objective will have a conventional set for innovation, data management-based activities, and central investigation. Moreover, the maritime road map initiative supports the country's Operation Phakisa Oceans Economy strategy and SMMEs development relating specifically to objective six of the Road Map that aims to create the structural financing avenues and sustainable economic growth of the maritime sector Funke *et al*., 2016). There is a need to establish government subsidies and financial impetus for the sector. The financial incentives and subsidies are innovative means that stimulate economic growth, and thus maritime economic growth.

The fifth action of the Road Map establishes promotion initiatives that catalyse the economic growth of the maritime sector (Funke *et al*., 2016). The catalytic economic initiatives have policies that regulate the growth of the maritime economic sector, for example, the maritime shipping policy that regulates business promotion in the maritime transport industry. Catalysing economic growth requires that the maritime sector collaborates with financial bodies and non-governmental organisation s to fund the sector to maximise its growth (Baruah, 2018). The seventh action targets encouraging investment from both government and private sectors to strengthen financial sustainability. Balancing these perspectives requires providence from the emergence of PPPs. When different funding investments, sources, and potential benefits to investors are appropriately analysed, a solid framework foundation is created which implements innovative solutions that ensure sectoral financial sustainability (Baruah, 2018).

Apart from the KZN strategic government objectives being an avenue of investment in achieving the oceans economy, there is a need for the sector to explore sustainable ventures into unique and innovative avenues that finance entrepreneurial ventures and SMMEs in the ocean economy. According to Sumaila *et al*. (2020), there is a need for a paradigm shift that will maximise the usage of available funding and optimise the usage of available resources

from all support areas. Leveraging domestic resources is opportunistic because the cohesion between the official concessional funds with international resources makes up the blue economy (Funke *et al*., 2016). As such, the actions of oceans economy are to pursue various initiatives aligning with the Road Map. They include Regional Maritime Bank, financial institutions in the Ocean Economy, and structural funding initiatives (Funke *et al.*, 2016). On this note, the country's national and provincial governments should come up with a broad spectrum of enticements on behalf of significant businesses for the help of developmental skills, as well as the formation of jobs with the aim to benefit SMMEs within the context of the ocean economy.

The Critical Infrastructure Programme is one of the South African government's cost-sharing incentives available to approved applicants and infrastructural projects. In this context, infrastructure is very critical because there can never be investments without infrastructures or infrastructures without investments. Therefore, this incentive offers 30% of the approved sector-specific infrastructure development costs grant, depending on the possible resultant economic benefit (DTI, 2020). The grant increases up to 50% for the candidates of Agro processing as well as plans that mimic the dependence of electricity and water from the general grid system. This incentive offers a maximum of R50 million grants (DTI, 2020).

The Black Industrialists Scheme is the second of the country's government incentives that promotes industrial revolution, economic growth sustainability, and transformation by supporting African owned entities in manufacturing. This incentive offers at most a grant of 50 million (DTI, 2020). That is given to qualified applicants who have a project that requires a minimum of R30 million, from which they can be given a grant of 30% to 50% of the total grant (DTI, 2020). As a result, the grant contributes to capital investment, studies for developing feasible skills, business development services, and provides post-investment support (DTI, 2020).

The Capital Projects Feasibility Programme is the third incentive from the government that aims to cater to the cost of feasibility studies that can control projects that promote local exports, thus stimulating a broader market for the country's capital products (DTI, 2020). The grant is usually R8 million, from which a maximum of 50% caters to feasibility studies for projects outside Africa. In comparison, a maximum of 55% caters to feasibility studies for projects inside Africa (DTI, 2020).

The scheme of investment assistance and trade marketing is 4th incentive designed to assist companies in South Africa export their products and services together with the attraction of direct foreign investment (DTI, 2020). This incentive supports participation in main market research as well as provides potential support for the investors and customers in case of foreign visits. The Industrial Development Zones (IDZs) programs provide and offer access to world-class infrastructure and international ports with affordable costs and the most efficient logistic services. The current IDZs have created a pool in which a $60 million value investment is produced by 60 stakeholders and consequently creating 73 000 jobs (Scholtz, 2019). According to DTI (2020), recent legislation aims to convert IDZs into SEZs (Special Economic Zones) by means of extra powerful enticements on behalf of accepted projects, thus maximizing its strength (DTI, 2020).

According to Funke *et al*., (2016) these initiatives have increasingly existing opportunities available for public resources and private sector finance and investment sources for example, SMMEs in the maritime sector. Financing blue economy initiatives requires an enormous resource envelope made possible by creating new and unique approaches that draw towards the current development financial pools. It also requires the establishment and resource mobilisation of new tools (Funke *et al*., 2016). The Regional Maritime Bank, as a project, is intended to create sectoral banks that establish a broad capital base to finance regional and national maritime projects and programmes through the mobilization of a broad spectrum of economic resources generated from institutions at regional maritime and ports (Funke *et al*., 2016).

Sumaila *et al*. (2020) note that banks have diverse functions, and within this context, they function to provide equity and working capital in the form of loans to citizens, companies, and institutions for long-term and short-term investments in the maritime sector at competitive rates according to the terms and conditions of the board. Banks also provide financial and technical initiation assistance, funding, developmental project implementation, as well as specific proposals of project design (Sumaila *et al*., 2020). Banks were established through the approval of the 25 member governments of maritime organisations in Central and West Africa. An exploratory study was carried out throughout the region, which reportedly showed the massive support for establishing banks to help African banks. (Sumaila *et al*., 2020).

3.8 CONCLUSION

The study's theoretical framework was described in this chapter. The chapter presented the traditional and emerging theories of entrepreneurship and discussed several approaches to entrepreneurship. This chapter presented that a discussion of the part of entrepreneurship in economic progress and entrepreneurship as an important tool in driving economic and structural transformation and advancing the scale of economic development. Recent literature has examined that there is correlation among development in both entrepreneurship and economic in emerging countries. This chapter also presented the theoretical framework underpinning this study.

The following chapter presents an overview on how this study was designed and executed. In this regard the chapter provides, among other things, the design and methodology elements underpinning this study.

CHAPTER 4

RESEARCH DESIGN AND METHODOLOGY

4.1 INTRODUCTION

The aim of this study is to provide an overview on how this study was designed and executed. In this regard the chapter provides, among other things, the design and methodology elements underpinning this study. Furthermore, the chapter indicates who constituted the population of the study, the size of the sample, and how the sample was obtained. The chapter goes further to indicate how the data was collected and analysed. Issues of validity, reliability, and ethical considerations are also provided in this chapter.

4.2 RESEARCH PARADIGMS

Kumar (2019) explains that the research methodology is a systematic outline researcher's decision making relating to the research process the collection and analysis of data in order to answer the research questions. Flick (2015) holds that the research methodology is a blueprint of the entire research process and encompasses the research methodology and research methods used by the researcher in addressing the research problem and is aligned to the specific research problem that is being addressed by the researcher. Kumar (2019) explains that the type of research methodology used in the study, depends on the research phenomena being studied, the familiarity of the researcher with the methodology and the ability of the adopted approach to produce the desired results. Novikov (2013), however, argues that research methodology, depending on its appropriateness can positively or negatively impact the results of the study. As such, a researcher ought to ensure that an appropriate research method is used in ensuring the validity and reliability of the research findings.

The elements of a research methodology include the research philosophy adopted, the research methods and strategies used, the research population and sampling technique used, justification for external and internal validity, the reliability measured and procedures, the data collection instruments, and finally the analysis and interpretation of the collected data. Kumar (2019) explains that in developing the various elements of the research methodology, a fundamental question that the researcher must answer is whether the study will take a quantitative approach, a qualitative approach or it will be a mixed-methods design. The

applicability of each of the approaches depends on the type of data that will be collected, the type of research phenomena and the ability of the approach to answering the research questions satisfactorily. This section outlines the research methodology that was followed and presented a justification for every major decision made and the anticipated impact on the study.

According to Leedey and Ormrod (2015), a research design provides the structure or plan used to collect and analyse data. In addition, the research design is the general plan for the research. (Saunders, Lewis and Thornhill, 2016). Creswell (2014) proposed that when considering the design of a research strategy, three significant components must be explored, namely philosophical assumptions concerning methodological paradigms, research strategies and data collection techniques.

4.2.1 Underlying assumptions about philosophical research paradigms

Any scientific knowledge generated in various scientific fields is informed by philosophical research paradigms. Creswell et al. (2011) contend that a philosophical framework helps to position and articulate how the design fits with the study. Thus, the research philosophy consists of the rationale and the philosophical assumptions within which research is carried out (Saunders et al., 2016). Creswell et al. (2011) argue that the researcher should articulate the philosophical assumptions that provide the foundation for the research. The philosophical assumptions provide the paradigms (worldviews) that shape the development of the research.

According to Kuhn (1977), the term paradigm refers to a research culture with a set of beliefs, values, and assumptions that a community of researchers has in common regarding the nature and conduct of research. Babbie (2011) says a paradigm is a frame of reference or model that is used to organise how reality is observed. Neuman, (2011) describes a paradigm as a whole system of thinking. Research paradigms, therefore, are the foundation of theoretical, ontological and epistemological assumptions. In this sense, a paradigm refers to the established research traditions in a particular discipline, or a philosophical framework, and includes the body of research and methodologies; and it could be seen as a model or framework for observation and understanding research (Mouton, 1996, Babbie, 2010; Rubin & Babbie, 2010; Babbie, 2011).

A paradigm, also known as a worldview, refers to a set of assumptions and beliefs that constitute how one perceives the world (Kivunja & Kuyini, 2017). Creswell et al. (2011) defines a paradigm as the tradition of research regarded as authoritative by a particular community. Paradigms are sets of ideas, assumptions and beliefs that shape and guide a community's way of seeing things Bryman (2016). According to Khan (2014, 21), a paradigm is "a set of values and techniques which is shared by members of a scientific community, which act as a guide or map, dictating the kinds of problems scientists should address and the types of explanations that are acceptable to them". In this sense, a paradigm refers to the established research traditions in a particular discipline, or a philosophical framework, and includes accepted theories, traditions, approaches, models, frame of reference, body of research and methodologies; and it could be seen as a model or framework for observation and understanding (Park, Konge & Artino, 2020).

Gringeri, Barusch and Cambron (2013) argue that since paradigms influence the research method, the instruments used, and interpretations, it is, therefore, essential to state the research paradigm. Makombe (2017) cites that a research paradigm's significance lies in the fact that it's a researcher's word view that determines and outlines the research design of the study.

The paradigms according to Denzin and Lincoln (2017, 22) "serve as a net that contains the researcher's epistemological, ontological and methodological premises." Denzin and Lincoln (2017) establish epistemology as the study of the nature of knowledge and ways of knowing, ontology as the nature of reality and methodology as the theoretical principles which influence the approach the researcher adopts in research investigation.

Research paradigms are regarded as the philosophies of science which are governed by the following core underlying assumptions: ontological, epistemological, axiological and methodological assumptions (Aliyu & Adamu, 2015; Guba & Lincoln, 1994; Kivunja & Kuyini, 2017; Moon & Blackman, 2014; Park, Konge, & Artino, 2020). This implies that ontology depicts the researcher‘s view of the nature of reality or being on the phenomenon studied. Ontological assumptions are deeply embedded in human beliefs because they attempt to figure out whether knowledge exists in the human mind or it is independent of the mind waiting to be discovered (Berryman, 2019). Two broad ontological paradigms, realism and relativism, have been identified in the literature (Easterby-Smith, et al., 2012).

Denzin and Lincoln (2017) regard epistemology as the study of nature of knowledge and ways of knowing. Epistemology is about the assumption of valid knowledge and on how the researcher gathers the knowledge (Eriksson & Kovalainen, 2015; Creswell et al., 2011). The said philosophical assumptions in turn influences methodology and research methods of the study (Teddlie & Tashakkori, 2009).On the other hand, epistemology denotes the theory of obtaining knowledge (Irene, 2014; Kant, 2014). Epistemology has substantial focus on how researchers undertake their research endeavours by ensuring that knowledge is created through adequate and legitimate means (Bryman, 2012; Easterby-Smith, et al., 2012)..Epistemology focuses on how reality can be known. Thus, epistemology is significant to scientific inquiry because it shapes how researchers structure their research in their endeavour to discover knowledge (Moon & Blackman, 2014). Epistemology approaches include objectivism, subjectivism, and relativism. Epistemologically, scientific knowledge can be obtained based on any of the four dimensions: objectively, subjectively (Willig, 2019; Onwuegbuzie & Turner, 2007); constructional (Moon & Blackman, 2014); and relativism (Aghapour, 2012; Danermark, 2019a; Mingers & Standing, 2017; Ononiwu et al., 2018; Isaksen, 2016).

Ontology and epistemology reach intensely into the research process, shaping not only the research questions to be asked but also how the researcher will find answers to the questions asked (Berryman, 2019). In consequence, ontological and epistemological assumptions determine the choice of the research paradigms and methodology; thus, making researchers be more clearly positioned in studying a particular phenomenon. Axiology which represents the theory of value is concerned with the individual values or ethics of the researcher (Brown & Dueñas, 2020; Heeks & Wall, 2018). Distinctively, axiology is occupied with the judgment of the role of the researcher's value in the study of a phenomenon. The researcher‘s beliefs about reality (ontology), knowledge (epistemology), and values (axiology) form the research paradigm or methodological trinity, which guides the selection of research design and methods. In order for a researcher to justify the adoption of a particular philosophical stance, researchers need to have a broader understanding of various philosophical research paradigms used in scientific investigations. Creswell (2014) identifies four main paradigms as positivism, interpretivism, pragmatism and transformative. Accordingly, the positivism, interpretivism and pragmatism paradigms are presented before providing an in-depth discussion of the chosen philosophical stance of the study is presented.

To justify the adoption of a particular philosophical stance, researchers need to have a broader understanding of various philosophical research paradigms used in scientific investigations (Wynn & Williams, 2012; Ryan, 2018); hence, the researcher embarked on a journey to gain knowledge about philosophical research paradigms.

Accordingly, the positivism, interpretivism, pragmatism and critical theory paradigms are presented before providing an in-depth discussion of critical realism, which is the chosen philosophical stance of the study.

4.3 RESEARCH DESIGN

According to Leedey and Ormrod (2015), a research design provides the structure or plan used to collect and analyse data. In addition, the research design is the general plan for the research (Saunders, Lewis &Thornhill, 2016). Authors such as Saunders *et al.*, (2016), Sekaran & Bougie (2017) argue that there are generally six types of research designs namely explanatory research design, explanatory research design, exploratory research design, causal research design, correlational research design, and descriptive research design. The researcher considered all the six-research design before choosing the one that was deemed most appropriate. These six designs are briefly discussed below.

4.3.1 Explanatory Research Design

According to Sekaran and Bougie (2019), Kumar (2019), and Bryman and Bell (2017) describe an explanatory research design, as research design explains why a phenomenon occurs in that fashion. The authors further argue that this research design provides a broader clarity on a phenomenon being studied, especially when the available information is limited.

4.3.2 Exploratory Research Design

According to Sekaran and Bougie (2016:103), “an exploratory study is undertaken when not much is known about the situation at hand, or no information is available on how similar problems or research issues have been solved in the past”. In other words, an exploratory research design is more like a fact-finding mission when there is limited information.

4.3.3 Causal Research Design

Sekaran and Bougie (2017) and Bryman and Bell (2017) describe a causal research design as, describing the cause and effect of variables. In other words what the authors are saying that this type of research design, seeks to establish where or not, there is a causal relationship between variables.

4.3.4 Correlational Research Design

According to authors such as Sekaran and Bougie (2017) and Bryman and Bell (2017), Correlational design is similar to a causal research design, however this design goes further to indicate, the direction of the relationship between the variables. The direction of the relationship can either be negative or positives**.**

4.3.5 Descriptive Research Design.

According to Creswell and Creswell (2017), Bryman and Bell (2017), this type of the research design seeks to provide a description of a phenomenon being studied by focusing on its characteristics, in terms of what is, where it is, and why it occurs. In other words, the questions what, how, when, and where are crucial in this type of this design.

4.3.6 Research Design Chosen and Justification

The research design chosen for this study was the exploratory research design. The reason why this research design was adopted is that there is limited information about the SMMEs in the ocean economy in KZN in general, and Durban in particular. Furthermore, these SMMEs are not operating in the broader economic space of the ocean economy.

4.4 RESEARCH METHODOLOGY

Kumar (2019) explains that the research method is a systematic framework for a researcher's decision related to the research process for the collection and analyses of data to answer research questions. Flick (2015) argues that the research methodology is the framework of the entire research process and integrates the research method and are used by the researcher to solve the research problem and is consistent with the specific research problem discussed by the researcher. Kumar (2019) explains that the type of research method used in the study depends on the material of the study being studied, the scholar's understanding with the

method of operation as well as the ability of the approved method to produce the desired results. Novikov (2013), however, argues that the method of research, depending on its relevance. It has an optimistic or undesirable impression on research results. Therefore, the researcher must ensure that the appropriate research method is used to ensure the accuracy and reliability of the research findings.

4.4.1 Qualitative Approach

The qualitative research methodology is part of the translation/construction research paradigm (Denzin & Lincoln 2011). The advanced research method uses a teaching method and is often filled with constructivist speculation. The qualitative approach, according to Creswell (2013), is used to find the meaning of this situation, by exploring the construction of social reality through the definitions and interpretations of respondents. Denzin and Lincoln (2011) and Bryman (2012) consider the qualitative approach as focused on natural context, inductive logic, and definitions of the research context. The qualitative approach uses flexible, non-structural tools for data collection and relies on high-quality information or data in the form of objects, words, and images (Makombe, 2017).

4.4.2 Quantitative Approach

In contrast, quantitative research methods are based on positivist theory and include research projects that focus on numerical estimates and objectives that include the relationship of assumptions and causal considerations between variables (Swart, Kramer, Ratele & Seedat, 2019; Rahi, 2017; Sarantakos, 2005). The measurement method uses quantitative measurement tools and systematic data collection processes, which include a list of questions, ratings, and assessments (Makombe, 2017; Saunders, Lewis, *et al*., 2009). The quantitative research methods approach utilises hypothesis analysis methods in addition to mathematical investigation methods to approve or refuse concepts (Makombe, 2017; Saunders *et al*., 2009).

4.4.3 Mixed Method Approach

This study adopted a mixed case study to achieve its stated goals. This approach was considered appropriate as it provided a complete and in-depth understanding of research events. Creswell (2014) suggests that a mixed research approach and integration of research methods provides a comprehensive thoughtfulness of the investigation difficulty. Creswell,

Plano Clark (2011) argues that linking research paradigms enhances the methodological triangle, which increases the reliability and validity of the data collected.

The mixed-method tactic is based on a pragmatic paradigm and integrates data collection using a combination of quality and several methods to address research problems (Creswell & Plano Clark, 2018; Creswell, 2014). Williams (2007) views the mixed research approach as an extension of both qualitative and mathematical approaches. Creswell (2014) views a mixed approach as a research method that combines quality data with value in a study or study. In a mixed way, researchers use a qualitative approach to test research questions, to evaluate textual data; and the measurement method is used to assess questions that require numerical and quantitative data (Williams, 2007).

4.4.4 Research Approach Chosen for This Study

This part of the research utilises the mixed research technique. According to Antwi and Hamza (2015) the integrated approach strategy gives the researcher the ability to combine quantity and quality methods into a single study. The multidisciplinary research approach enables researchers to choose between different types of research and gives them the ability to choose the best way to address the research question (Morgan, 2007). This approach means that certain research questions are best answered in quantitative or qualitative ways, combining research methods that best meet research objectives to achieve the desired results in answering research questions. Alise and Teddlie (2010) argue that pragmatism provides a worldview that provides a research perspective worthy of investigation. Creswell, Plano Clark (2011) argues that the integration approach allows for a methodological triangle in research, by combining two approaches, to provide a comprehensive analysis of the research problem. Methodological triangulation increases the reliability of research and the validity of data collected.

4.5 RESEARCH PHILOSOPHY

Creswell (2014) suggested that when considering the design of a research strategy, three key areas should be considered, namely philosophical ideas about methodological paradigms, research strategies, and data collection strategies. The methodological paradigm contains philosophical speculation and the reason for the research (Sarantakos, 2005). By Kuhn (1977), model mentions an investigation philosophy consisting of a set of views, principles, as well as expectations that the research community has in mutual in relation to the nature as

well as method of investigation. Babbie, (2011) argues that paradigm is a reference framework or model used to determine how reality is perceived. Neuman, (2011 defines paradigm as a whole system of thought. Thus, research paradigms are the basis for theoretical, ontological, and epistemological assumptions. Research theme and methods; and can be seen as a model or outline for exploring and understanding research (Babbie, 2011; Babbie, 2010; Rubin & Babbie, 2010; Mouton, 1996).

Makombe (2017) points out that the importance of research lies in the fact that it sets out the research framework and worldview of the researcher. Paradigms according to Denzin and Lincoln (2017:22) "act as a net containing the epistemological, ontological and methodological premises of the researcher". Denzin and Lincoln (2017) developed epistemology as a natural study of knowledge and methods of knowledge, ontology as a form of fact, and methodology as theoretical principles that influence the research method used by the researcher in research.

4.5.1 Interpretivist Paradigm

The interpretivist epistemology believes that all reality and knowledge attached to the social context, are products of social interaction and are created as humans interact with the outside world (Green, 2017). Cohen *et al.* (2003) government that the interpretivist approach explores and understands the phenomenon inductively, as interpretivism believes that the social world can only be understood from the standpoint of the individuals who are part of the ongoing activities being investigated. Interpretivism argues that simple fundamental laws cannot explain the complexity of social phenomena (Blumberg *et al*., 2011). Interpretivism claims that an objective observation of the social world is impossible, as it has meaning for humans only, and is constructed by intentional behaviour and actions. Interpretivism believes that social reality is subjective and nuanced because it is shaped by the perceptions of the participants, as well as the values and aims of the researcher. Ethnography, grounded theory, hermeneutics, empirical phenomenological research, and participatory research are some of the research methods used in the interpretivist paradigm.

4.5.2 Positivist Paradigm

The origins of the positivist research paradigm can be traced back to the natural sciences (Blumberg et al., 2008). Research-based on positivist speculation explores social phenomena using scientific methods to assess and understand causal relationships. Positivists hold that

true nature is intentional, "out there", and maybe better explored as a single definition that does not include the influence of social actors. So, they use a mitigation approach that uses available ideas to develop testable experiments. Nudzor (2011) defines positivism as a framework for social research using the use of natural science research models to investigate social phenomena and explore facts and hypotheses about specific relationships and correlations between variables. Positivism is based on the belief that reality is independent of the individual and aims to obtain ideas based on evaluation and evaluation (Collis & Hussey, 2009). Therefore, positivism can be seen as a method of social research that seeks to use natural science models of research as a starting point for the investigation of social phenomena and interpretations of the social world. Positive thinking is recommended by providing very important data useful to policy makers and making research faster and more affordable. It is the belief of Grattan and Jones (2010), that the positivist approach has its strengths, especially its accuracy and purpose. This naturally stems from its shift to mathematical analysis, thus eliminating the focus on individual interpretations and ideas. Because under the positivist paradigm the data are produced simultaneously, and the analysis takes place at the same time, this makes positivist research generally more precise about editing.

The positivist paradigm has been criticized for differing views. According to Easterly-Smith *et al.* (2008), the methods it encourages are coherent, non-practical, highly effective in understanding processes, the importance of the people who follow their actions, and extremely helpful in forming opinions.

4.5.3 Pragmatism Paradigm

Pragmatism is another branch of a research paradigm that provides a philosophical concept that forces the integration of high-level research and volume models into a single study. The pragmatist paradigm is considered appropriate for this study because it usually incorporates high-quality and quantitative research, providing a complete understanding of the research problem and an in-depth understanding of the conditions and various analytical methods combined with the ongoing cycle of kidnapping thinking. Mitchell (2018:108) quotes that “pragmatism is an attractive philosophical partner of mixed methods” and provides superior research results (Rahi, 2017; Makombe, 2017). According to Creswell and Clark (2017), there is a growing complexity of research problems in the social sciences that need to be addressed. The mixed-method study is considered the “third-way movement” (Venkatesh, Brown & Bala, 2013:22). According to Antwi & Hamza, (2015), the integrated approach is

both a numerical method based on the positivist paradigm and a qualitative methodology, based on the translator's paradigm.

4.5.4 Research Philosophy Employed in this Study

A pragmatic philosophical approach and a mixed case design were used in the research process. The pragmatist paradigm was selected as it provides a comprehensive assessment of the research problem by combining quality methods and statistics. Mitchell (2018:108) considers "pragmatism to be an attractive philosophical partner of mixed methods". According to Antwi and Hamza (2015), the mixed-strategy strategy incorporates both the positivist paradigms and the interpreter in a single study. Creswell and Creswell (2018) conclude that a mixed approach and integration of research methods provide a comprehensive assessment of the research problem.

4.6 RESEARCH STRATEGY

Saunders et al. (2009:600) described the research strategy as a "general process of how a researcher will respond to research questions." Sekaran and Bougie (2016) state that there are several different research strategies that can be used in research depending on the research methodology and research philosophy employed by the study.

4.6.1 Research Strategies Aligned to Quantitative Methods and Positivist Philosophies

According to Sekaran and Bougie (2017) and Bryman and Bell (2017) research strategies aligned to quantitative research methods must also be aligned to the positivist paradigm. These research strategies include surveys and experiments.

4.6.2 Research Strategies Aligned to Qualitative Methods and Interpretivist Philosophies

According to Saunders *et al*. (2017) and Creswell (2018) research strategies aligned to qualitative studies and interpretivist philosophies include focus groups, case studies and interviews.

4.6.3 Research Strategy Employed in the Study

The research strategies used in this study were the survey and interviews considering the fact that the study employed a combination of a qualitative and a quantitative research method meaning both positivist and interpretivist philosophies were employed in this study. The literature reviews in chapter 2 and 3 addressed the first objective of the study. Whereas both the questionnaire and semi-interviews addressed objectives 2, 3 and 4.

The following subsections provide a brief description of these two research strategies and their justification for adoption in this study.

4.6.3.1 Case Study

A case study is a research strategy that is used to investigate a contemporary phenomenon in its natural setting using multiple methods to collect empirical data from single or few entities such as people, groups or organisations (Yin, 2012). Case study research may adopt single case or multiple case designs depending on the research objectives and there is no ideal number of cases (Eisenhardt & Graebner, 2007). Case study research embraces multiple research paradigms which is the use of quantitative and qualitative data in a single study (Eisenhardt & Graebner, 2007).

A case study research strategy has been widely used within the philosophy of critical realism in information systems research most importantly to develop a new theory (Wynn & Williams, 2012; Papachristos & Adamides, 2016; Mukumbang et al., 2018; Flynn et al., 2019), a purpose that is similar to this study. This is because the case study research strategy enables researchers to gain an in-depth understanding of the complex phenomenon by employing multiple methods such as interviews, observations and questionnaires, documents and focus groups on a given context (Anisimova & Thomson, 2012; Astalin, 2013).

Yin (2003) maintains that a single case may involve more than one unit of analysis; thereof, it becomes a multiple case study. The primary unit of analysis in this study is SMMEs in the ocean economy in KZN Province. The case study research method has been criticized for lack of rigour due to lack of systematic procedures. The inferiority of case study research can also be due to its being mistakenly associated with case study teaching (Yin, 2009). Case study research has been also criticized for lack of scientific generalization. Yin (2009) points out that the goal of case study research is not statistical generalization but analytical generalisation. Case studies can be generalised to theoretical propositions and not to

populations or universe (Yin, 2009). Researchers have been advised to evaluate case study research based on its fundamental tenets as opposed to using criteria for other methods (Myers, 2009). Case study research provides an opportunity to bridge paradigms through the use of multiple sources of evidence and realities (Lalor et al., 2013).The study has been delimited as SMMEs in the ocean economy in KZN.

As indicated above, the researcher in this study used a mixed method approach, hence this study adopted a two-phase exploratory sequential approach research and data collection approach. The exploratory sequential design was used because it is easier to implement, as the different methods are used in separate steps and are complementary. This separation into two distinct stages according to Creswell (2014) makes it easy to describe and report on the study. Data collection instruments will include the interview protocol (Annexure A) and the completed questionnaires (Annexure B). The use of the questionnaire and the qualitative data from both interviews is consistent with the pragmatism approach and allows the application of mixed methods, and it permits the researcher to solicit quantitative data using questionnaires, qualitative data using interviews and statistically analysing the data.

4.6.3.2 Survey strategy

When conducting a study, researchers can develop their own instrument, modify existing instruments, or use a pre-developed tool (Creswell, 2014). This study used a survey research strategy, which refers to a system for gathering data about or from individuals to explain, compare or describe their behaviour, attitudes and knowledge (Creswell & Creswell, 2017). The purpose of the survey approach is to generalise the findings from the study sample to the entire population (Creswell, 2014; Cohen, Manion, & Morrison, 2013.Thus, the inferences in this study context can be generalised.

The survey strategy enables the researcher to gather quantitative data which can be analysed quantitatively by means of inferential and descriptive statistics (Saunders et al., 2016; Cohen, Manion, & Morrison, 2013). In addition, a survey enables the researcher to gather a huge data quantity from a considerable target population in a standardized and systematic with the purpose of generalizing the findings to the entire population (Creswell & Creswell, 2017). Online surveys are less expensive compared with mail surveys, telephone interviews, and personal interviews in terms of both cost and time (Bryman & Bell, 2015; Sekaran & Bougie, 2016). Unlike other survey methods, online surveys have the potential to accomplish a high response rate within a short period with no extra cost (Sue & Ritter, 2012). With

automated processes, the researcher does not need to enter and encode the collected data; thus, online surveys save time and energy (Sekaran & Bougie, 2016).

The research strategies used in this study were the survey and interviews considering the fact that the study employed a combination of a qualitative and a quantitative research method meaning both positivist and interpretivist philosophies were employed in this study.

4.7 TIME DIMENSION OF THE STUDY

This study used a cross-sectional time dimension. Authors such as Setia (2016) and Sekaran and Bougie (2017) describe a cross sectional study as one in which data is collected at one point in time.

4.8 SAMPLING

Sampling is described by authors such as Creswell (2018) and Sekaran and Bougie (2017) as the process of selecting a certain number of elements from the total with the aim of using the selected elements as participants in the study. This means that it is crucial for the researcher to start with identifying the population of the study before sampling can be done hence the population of the study is briefly discussed below.

4.8.1 Population and Sample of the Study

According to Sekaran and Bougie (2013:262) the population includes "the whole group of people, objects, events, objects or significant events that are explored in the course of research." Babbie and Mouton (2011:100) describe the population as "the group (usually with people) we want to end with." The population in the study comprised 200 SMME's that were involved in the ocean economy and registered on the Moses Kotane Institute database.

4.8.2 Sample of the Study

Newman (2011:240) describes the sample as "a small set of cases the researcher chooses in a large pool and integrates into people." To determine the sample, the researcher used the guidelines of Sekaran and Bougie (2016). Based on the Sample Table provided by (2016:50), a population size of 200 elements requires a sample size of approximately 132 elements. The researcher therefore chose 132 SMME's, involved in the ocean economy and registered on the Moses Kotane Database, as the sample of the study.

4.8.3 Sampling Strategy

According to Creswell (2014), Bryman and Bell (2017), Sekaran and Bougie (2017) the sampling methods are divided into two categories namely probability sampling and non-probability sampling. According to these authors, in probability sampling the chances of the elements of the population being choses as part of the sample are known whereas in the case of non-probability sampling are not known. There are different types of sampling methods that fall under each of the two categories. For example, sampling methods that fall under probability sampling include simple random sampling, stratified random sampling, and systematic sampling and non-probability sampling methods include but not limited to purposive sampling, snowballing, convenience sampling, and judgemental sampling.

4.8.4 Sampling Strategy Chosen and Sample Size for this Study

In this study both probability and non-probability sampling methods were used. In the quantitative aspect of the study, the researcher decided to give all members of the population an equal chance to participate in the study. In other words, the researcher used simple random sampling strategy in the quantitative aspect of the study. The plan was that the researcher would take the first 132 SMME's to respond as the sample of the study. In the qualitative aspect of the study, the researcher used judgemental sampling method which is a non-probability sampling method. Experience in the ocean economy was the main determinant and affiliation with the maritime professional association.

4.9 DATA COLLECTION

In the quantitative aspect of the study, the data was collected using a structured close ended questionnaire, comprising of 31 questions that relate to objectives of the study. Whereas, in the qualitative aspect of the study, the data collected using the interview guide, meaning that the nature of interviews were structured. The interview guide had 15 questions.

4.9.1 Questionnaire

The questionnaire sought to understand the challenges SMME owners face in the maritime economy sector.

- **Section A**: Challenges faced by SMME's within the Ocean Economy in KZN Province. This section was in response to the study's first research question that sought to understand the challenges faced by SMME owners in the ocean economy.
- **Section B:** Impact of economic policy on the development and sustainability of maritime SMMEs in the KZN Province. A set of questions in the questionnaire were designed to examine the impact of economic policies developed in the country on the development and sustainability of maritime SMMEs in the KZN Province.
- **Section C:** Effectiveness of the Public-Private-Partnerships within the ocean economy. A set of questions in the questionnaire were designed to examine this.
- **Section D:** The need to explore the concept for a sector specific SPV for the development and sustainability of ocean economy SMMEs in KZN Province. A set of questions in the questionnaire were designed to examine whether the respondents understood the SPV model and whether they supported its importance in supporting economic development in the KZN ocean economy.

4.9.2 Interview Guide

The interview sought to explore the respondents' perceptions regarding challenges SMME owners face in the maritime economy sector .The questions were aimed to explore the impact of economic policy on the development and sustainability of maritime SMMEs in the KZN Province. In addition, a set of questions in the questionnaire were designed to examine effectiveness of the Public-Private-Partnerships within the ocean economy. Finally, questions were asked to explore the need to explore the concept for a sector specific SPV for the development and sustainability of ocean economy SMMEs in KZN Province.

4.9.3 Administration of the Questionnaire

The questionnaire was distributed electronically, and it was self-administered, and respondents responded during their own spare time.

4.9.4 Administration of the Interview Guide

The interview guide was administered by the researcher. In other words, the interviews were conducted in person by the researcher.

4.10 THE PILOT STUDY

According to Babbie and Mouton (2011) and Creswell (2018), a pilot study is test study conducted before the main study is conducted. Its aim is to pre-test the research instrument in order to identify any shortcomings that the research instrument might have.

The questionnaire was piloted to 10 SMMEs that are involved in the ocean economy in Durban, that are not listed on the Moses Kotane Institute database. The results of the pilot study revealed that some of the questions, in the questionnaire were double barrelled. As a remedy to this shortcoming, the researcher split all the double-barrelled questions, into separate questions. Other that, the questionnaire was viewed by the participants in the pilot study as unambiguous. Furthermore, the participants in the pilot study, indicated that the questionnaire was not too long.

The interview guide was piloted to the same people to whom the questionnaire was piloted. All the questions were deemed acceptable and no amended was made to the interview guide.

4.11 DATA ANALYSIS

Given the fact the study employed, a mixed method, different data analysis processes were used and are discussed below.

4.11.1 Quantitative Data Analysis

The collected data was collected using both descriptive and inferential statistics descriptive statistics. Descriptive statistics was provided in the form of pie charts and bar graphs.

After having collected the data from the sample, it was processed sequentially by the researchers, meaning that the gathered data from the questionnaires was edited, coded and stored in Microsoft Office Excel spreadsheets in order to import it to the statistical analysis software of IBM SPSS Statistics 24 for further testing and analysis of the established research hypotheses. With the help of descriptive statistics' measures of central tendency and dispersion, general respondent demographics of the sample

To check for the validity and reliability of the applied scales in the questionnaire the researchers used Cronbach's alpha, a statistical measure to assess the internal consistency of responses within each multi-item concept. According to Saunders et al. (2016) alpha coefficients can vary between 1 and 0, whereby alpha scores ≥ 0.7 indicate a high internal

consistency and suggest that the applied scale questions measure the same concept, while other authors such as Garson (as cited in Johnsen, 2008) argue that alpha-levels ≥ 0,6 are acceptable and indicate consistency.

In terms of questionnaire design and face validity, to stimulate (complete) responses, demographic questions were asked in the beginning of the questionnaire to help respondents find an easy introduction to the survey. Furthermore, the researchers guaranteed that respondents will easily understand the questions' wording by not using jargon and keeping the questionnaire simplistic, unambiguous and self-explanatory, which was checked with a pilot study conducted with seven respondents (Saunders et al., 2016). The construct validity was ensured by only adopting scales for the questionnaire that were already proven to be valid for corresponding concepts in similar studies with a Cronbach's alpha higher than 0.7 as already mentioned.

Lastly, to assess the intensity and direction of relationships between two investigated variables more advanced analysis techniques in terms of statistical significance tests are needed, Saunders et al. (2016) explain. Hence, the researchers' focal statistical analysis tool to examine the potential relationship between the identified independent variables and dependent variables. The researchers tested the null hypotheses. This means that it was first assumed that there are no relationships, differences or associations between the separate independent and dependent variables (Saunders et al., 2016). These assumptions were then tested and consequently the researchers either rejected or failed to reject the null hypotheses resulting in confirming respectively not confirming the stated hypotheses.

4.11.2 Qualitative Data Analysis

The interviews were able to capture the general meaning of the participants' views and responses. Data analysis was conducted under guidance from a statistician. Once the data was interpreted, the entire process was reviewed exhaustively, and the errors were systematically eliminated. A thematic assessment technique of data analysis was adopted to evaluate the data provided by the forty-six participants as asserted by Braun and Clarke's (2006) thematic analysis. Thematic analysis is a thorough and inductive conventional procedure orchestrated to determine and evaluate themes from textual information with transparency and reliability (Guest, MacQueen & Namey, 2011). Using the thematic analysis approach, the information was sorted, coded, and classified once the audio interviews were transcribed, followed by construction, processing, and winding up of themes. The analysis

ensured that the information derived from the process is sensible and the coded data provides the most appropriate themes that address the research questions and aims of the study.

According to Schreier (2012), thematic analysis is amongst the qualitative methods of systematically analysing, interpreting data, and describing phenomena by reducing data to concepts. The construction of meaning from collected data should be the result of the progressive data coding process. In order for researchers to generate theory, researchers need to evidence employing an analytic approach and rationale methodological decisions. Open, axial and selective coding of collected data results in the creation of theory, leading the researcher to construct deeper theoretical meaning. This method of coding provides researchers with nuanced access to study informants' thoughts, perspectives, and reactions to study topics. Coding enables informant data to be gathered and analysed relative to "what they do, how they do it, and why they do it interacting in the research setting" (Charmaz, 2008:408). The open, axial, and selective coding strategy enables a cyclical and evolving data loop in which the researcher interacts, is constantly comparing data and applying data reduction, and consolidation techniques. As the coding process progresses, its dynamic function and nonlinear directionality enables essential themes to be identified, codified, and interpreted in the service of a research study's focus and contributes to the associated literature.

Qualitative research generally is an inductive, not a deductive, approach to qualitative research and requires the researcher to be present and be aware of the dynamic nature of the data, its thematic connectivity, intersectionality, and emergence toward theory creation. It" requires a constant interplay between the researcher and the data" (Charmaz, 2008:47). For the purpose of this study and in the analysis of the data received during the course of the research through the semi-structured interviews, a qualitative method of data analysis was utilised to analyse the information and data gathered. In conducting the interviews with the participants, the researcher utilised video interviews using Teams Microsoft, a video call application capable of including multiple participants, video recording, transcription and several other features. Interviews carried out via the Teams meetings were recorded in video format (mp4) while others were recorded via transcription.

Data was then analysed inductively. Data was first examined for broad categories that were related to the research questions. These categories were then further refined and coded. Open, axial and selective coding was used. The data was firstly examined, named and then categorised into phenomena using open coding. Open coding is the first level of coding the

researcher utilised. In open coding, the researcher is identifying distinct concepts and themes for categorization. Open coding was used which involved organisation of the raw data so as to familiarise and make sense of them. Open coding aims at expressing data and phenomena in the form of concepts. Axial coding is the second level of coding undertaken by the researcher. In contrast to open coding, which focuses on identifying emergent themes, axial coding further refines, aligns, and categorizes the themes. With the completion of open coding and transition to axial coding, collected data can be sifted, refined, and categorized with the goal of creating distinct thematic categories in preparation for selective coding. "Axial coding identifies relationships between open codes, for the purpose of developing core codes (Strauss, 1998:109). Core categories were then created through selective coding (Strauss and Corbin, 1998). Selective coding is the third level of coding undertaken. It enables the researcher to select and integrate categories of organized data from axial coding in cohesive and meaning-filled expressions. "Selective coding continues the axial coding at a higher level of abstraction [through] actions that lead to an elaboration or formulation of the story of the case" (Flick, 2009:310). The technique allows further refinement of the data, selecting the main thematic category, and then in a systematic manner aligning the main theme to other categories that have been selectively coded. The researcher can move toward developing theory and ultimately constructing meaning

4.12 VALIDITY AND RELIABILITY

This section aimed to discuss the validity and reliability of the study starting with the quantitative study and followed by the qualitative study.

4.12.1 Quantitative Validity and Reliability

This section presented a discussion on the Quantitative study related issues of validity and reliability, which are discussed below.

Validation of quantitative research instruments has become significant for collecting data that represent the real-world (Bolarinwa, 2015).The pilot study was used in the research process to pre-test the research instrument, determine the time it would take for the respondents to complete the survey, and provide feedback in order to identify ambiguous questions (Sekaran & Bougie, 2016; Bryman, 2016; Bryman & Bell, 2015).According to Sekaran and Bougie (2016), the pre-testing and validation of the research instrument are crucial processes in the research study. According to Sekaran and Bougie (2016), the pilot

study is used to correct any lack of the required quality, to ensure the clarity of the questionnaire items, and to eliminate wording problems. In this study, piloting occurred in two phases, namely, the first survey draft was piloted on academic experts such as the supervisor and a statistician for critical evaluation, and feedback from this piloting was used to revise the survey instrument and amend content, wording and measurement scales.

Validity in research regards whether research instrument in measuring what it is supposed to measure (Robson, 2011). It is the degree to which the results are truthful, and the research instrument correctly measure the concepts under the study (Pallant, 2011). Validity of research is an extent at which requirements of scientific research method have been followed during the process of generating research findings. The validity of this study was achieved through seeking expert opinions on the research instruments and pre-testing and piloting the questionnaire instrument. Experts in the field were asked to assess the questionnaire instrument to assess whether it looked valid. Structural validity evidence was achieved through piloting the questionnaire and to ensure content validity of the instrument, a provisional draft was emailed to various academics and entrepreneurs for their input and critique prior to the finalisation of the questionnaire instrument.

To ensure reliability in the quantitative study, the study employed a pre-test to achieve to ensure that the instruments measure appropriately. Pre-test results was subjected to Cronbach's Alpha coefficient measurement and analysed using SPSS software.

4.12.2 Qualitative Study Related Issues of Validity and Reliability

This section presented a discussion on the Qualitative study related issues of validity and reliability, which are discussed below.

4.12.2.1 Credibility

Credibility is how confident the qualitative researcher is in the truth of the research study's findings, that is, the certainty that can be set in the reality of the research findings (Williams, Raffo, & Clark, 2018; Metzger & Flanagin, 2013). Credibility is characterised by how reliable, trustworthy and consistent the behaviour of an individual is perceived to be (Jiang & Probst, 2015).To achieve credibility this study utilised credible techniques of data collection

and analysis to ensure that the participants' views and expressions are accurately represented in the researcher's meaning.

4.12.2.2 Transferability

Transferability is how the qualitative researcher demonstrates that the research study's findings are applicable to other contexts, that is, research findings are transferable or generalisable just in the event that they fit into new settings outside the actual study context. German, Kalagiros, Kanakakis, Nasser, Stalla-Bourdillon, van der Graaf & Vanobberghen (2015) advocate that transferability is accomplished by providing a detailed, rich description of the settings studied to provide the reader with adequate data to have the capacity to pass judgment on the relevance of the discoveries to different settings that they know.

4.12.2.3 Dependability

Dependability is practically equivalent to reliability, which is, the consistency of observing the same finding under similar circumstances. As indicated by Merriam (2015), it alludes to the degree to which research findings can be duplicated with comparative participants in a comparative setting. It stresses the significance of the researcher representing or depicting the changing context and conditions that are fundamental to the consistency of the research result.

4.12.2.4 Confirmability

Confirmability is the degree to which the research findings can be confirmed by others. Triangulation of findings with data from different sources and methods can help confirm the validity of the interpretation (Moser & Korstjens, 2018). To achieve conformability in this study, the researcher archived all collected data in a well-organised, retrievable form so that it can be made available to the reader or participants if the findings are challenged

4.13 ETHICAL CONDUCT

The study was conducted in accordance with the ethical standards set by the Research Ethics Committee of University of KwaZulu-Natal. The study was conducted after the researcher had applied and was granted the ethical clearance certificate. Amongst others, the following are the ethical consideration that the researcher observed:

- **Informed Consent:** All study participants were fully informed of the nature, and purpose of the study. It was clarified to participants that all have right to exit the investigation at any stage should they so wish without any adverse effects. In this regards the participants, we asked to sign consent forms for both quantitative and qualitative research as evidence by Appendix 3 and Appendix 4.
- **Voluntary participation**: the participants were informed that their participation was voluntary.
- **Confidentiality:** the participants were informed
- **Privacy and anonymity:** The ethical principles pertaining to privacy, confidentiality, and anonymity were upheld in this study and all information gathered was treated as private, confidential, and the identity of participants was protected.

4.14 ELIMINATION OF BIAS

Holmes (2020) points out that researchers and students in social sciences ought to articulate their potential positionality and influence on the study. Rowe (2014) defines positionality as a researcher's worldview and position they adopt in the research process within a political and social context. Foote and Bartell (2011) point out that researchers bring their personal experiences into the research which shapes positionality which could influence their orientations and research outcomes. A researcher, therefore, must ensure that their positional bias is reduced, declared, and tested in the study and analysis. To eliminate bias, the researcher has observed all ethical practises as determined by the UKZN Research Ethics Committee and used suitable sampling techniques that ensured a representation of the population.

4.15 CONCLUSION

This chapter presented the overall research design and methodology and framework for the study. In this regard the chapter outlined the research design and methodology elements underpinning this study to address this study's research aim and objectives. This chapter began by discussing the research design, followed by a discussion of research methodology and philosophy. Furthermore, the sampling techniques, the population and data collection methods and data analysis techniques employed in this study were presented In addition, the validity and reliability, trustworthiness and credibility followed by triangulation, ethical considerations and researcher bias were also discussed.

In doing so, the philosophical foundations of a research framework were discussed. This study adopted a sequential mixed method case study approach which focused on the SMMEs in the maritime sector in the KZN Province as the unit of analysis. The non-probability technique in the form of purposive sampling was selected as the sampling technique. The purposive sampling technique was deemed a suitable technique as it enabled the selection of participants based on the characteristics the participants possessed, which were suitable for the study. However, due to constraints imposed by conducting the research during Covid-19 pandemic, the researcher had to, in addition to purposive sampling, use convenience sampling which was deemed suitable for a study such as this. The methodological triangulation increases the study's reliability and validity of the collected data. Triangulation in the study was achieved as the data was collected iteratively and sequentially through the quantitative and qualitative phases and the data collected complemented each other as the first phase was linked to the second phase. The findings of the study will be presented in the next chapter.

CHAPTER 5

PRESENTATION AND ANALYSIS OF DATA

5.1 INTRODUCTION

This chapter presents the quantitative analysis and presentation of the findings. It presents the qualitative and quantitative study findings and discussion. Lastly, the chapter presents the quantitative study analysis and the qualitative data presentation.

Rossman and Rallis (2017) regard the analysis of findings as a procedure that structures and brings order and meaning to the research findings from collected data. The data collected through the questionnaire were condensed and presented in various forms including charts, figures and Tables.

5.2 PRESENTATION OF QUANTITATIVE DATA

The result of the data analysis and the interpretation of the results are outlined and presented here. The data set is based on Economic development policy. The aim of the analytical procedure is to analyse, test and examine the perception of the respondents who participated that is the distribution of the respondents with respect to significant questions raised in the survey carried out. Primarily, the aim of the study is to assess the impact of economic policy on the development and sustainability of ocean economy SMMEs in the KZN Province. There are also some specified objectives of the study which the analysis of the data will help examine and achieve.

The data analysis was carried out using SPSS 26 statistical package with specific analytical procedures being carried out; descriptive analysis; preliminary analysis which comprises of the Reliability test and the Normality test, and other further tests such as Correlation analysis, ANOVA and so on.

The survey instrument is comprised of four parts. The first part included eliciting biographical information of the participants namely age, gender, level of education, type of organisations. In the second part, the participants were requested to reflect on their knowledge of the ocean economy, SMME challenges, and policy framework relating to the ocean economy, private-public partnership, and special purpose vehicle models, more

specifically, to gauge their importance relative to a sustainable ocean economy and SMME development in the KZN Province.

5.2.1 Response Rate

The study purposively identified 132 SMME owners within the ocean economy in KZN. Of the 132 entrepreneurs who were invited to participate in the study, only 111 returned the questionnaire yielding a 72% participation rate.

5.2.2 Descriptive Analysis

When the quantitative data were collected, and the questionnaire was rated on a five-point Likert-type rating scale. The quantitative data are presented and analysed through descriptive and inferential statistics approaches using tables and graphs with a special focus on a Likert-type scale. Descriptive statistics were used to analyse the questionnaire to describe the main features of the data assisted in interpreting the relationship and distribution patterns among the variables (Ngulube, Mathipa & Gumbo, 2015).

5.2.2.1 Demographic Variables

The descriptive statistics provide the description of the observations in the variables of the data set that is how the observations are relatively distributed using frequencies and percentages. Also, graphs and charts have been provided to visualize the data especially the demographic information of the respondents who participated in the survey. The descriptive statistics were used to present the socio-demographic characteristics of the respondents in the study which included the age, gender, highest qualification, and type of organisation the employees worked in.

5.2.2.2 Gender Profile

From the Table 6 and Figure 14 below the distribution of the gender of the respondents is provided. It can be observed that there are 58 females (51.3%) and 55 males (48.7%). The percentage distribution of gender profile is presented in Table 6 and Figure 14.

Table 6 *Gender Profile*

What is your gender?					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Female	58	51.3	51.3	51.3
	Male	55	48.7	48.7	100.0
	Total	113	100.0	100.0	

The high percentage of women in the study is in line with the recent study findings that SMMEs in South Africa have approximately three times more female owners than large businesses (Bhorat *et al*., 2018).

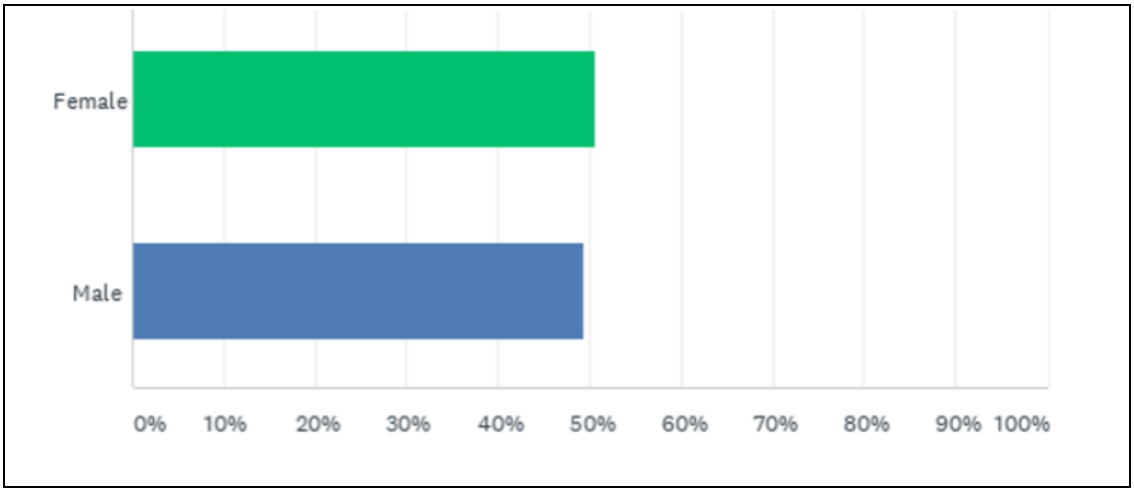

Figure 14 *The gender profile of the participants*

5.2.2.3 Age of Respondents

The age of respondents has been grouped into 6 categories as seen in the Table 7 and Figure 15 below. It can be observed that there are 39 respondents (34.5%) within the age of 35 to 44, 36; (31.9%) respondents are between the ages of 45 and 54 years; 22 respondents (19.5%) are between 25 and 34 years old; 7 of them are between 18 to 24 years; 6 respondents (5.3%) are between 55 and 64 years old and the remaining 3 respondents (2.7%) are the age of 65 years and above. Table 7 and Figure 15 depict age profile of the respondents.

Table 7 *Age profile of the respondents*

What is your age?					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	18 to 24	7	6.2	6.2	6.2
	25 to 34	22	19.5	19.5	25.7
	35 to 44	39	34.5	34.5	60.2
	45 to 54	36	31.9	31.9	92.0
	55 to 64	6	5.3	5.3	97.3
	65 or older	3	2.7	2.7	100.0
	Total	113	100.0	100.0	

Details of the age profile of the respondents are summarised in Figure 15

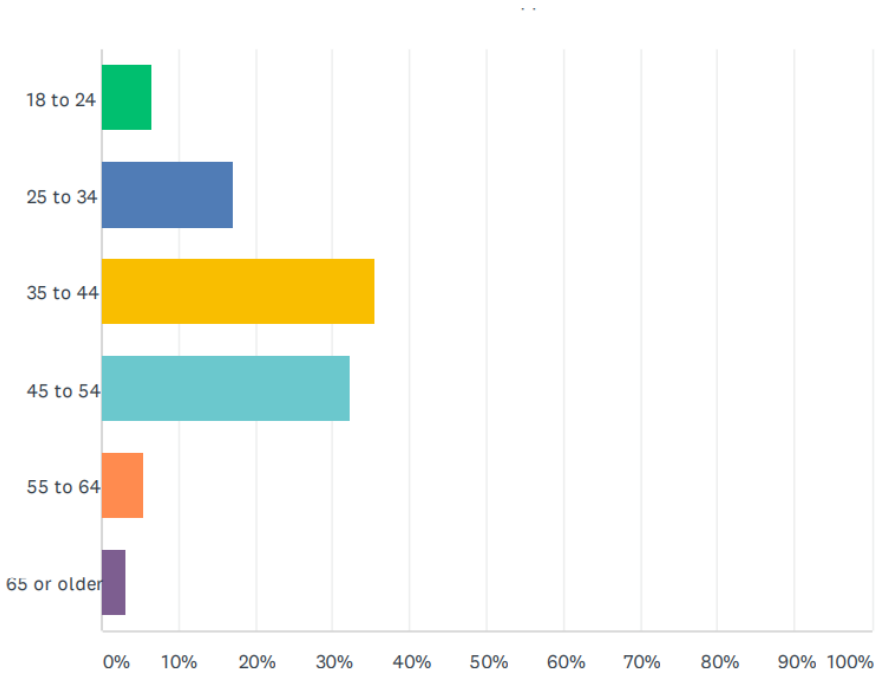

Figure 15 *Summary of the age profile of the participants*

Figure 15 depicts that 34.9% of the respondents were between ages 35 and 44 years old, while another 34% of the respondents were within the age 45-54 years old. A very small proportion of the research participants was aged 65 years old and more. Given the high number of respondents that are over 35 years of age, it is fair enough to government that entrepreneurs need to have knowledge and experience on how to run businesses. SMMEs also have a higher proportion of young owners, and this is in line with the recent study findings in South Africa (Bhorat *et al*., 2018).

5.3.2.4 Education Level

From the Table 8 and Figure 16 below, it can be observed that 53 of the respondents (46.9%) have postgraduate studies as their highest educational qualification, 37 respondents (32.7%) have a diploma, 18 of them (15.9%) have a degree, and the remaining 5 have matric or lower educational qualifications.

Table 8 *Highest level of qualification of the respondents*

What is your highest qualification?					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Degree	18	15.9	15.9	15.9
	Diploma	37	32.7	32.7	32.7
	Matric/Below	5	4.5	4.5	4.5
	Postgraduate studies	53	46.9	46.9	46.9
	Total	113	100.0	100.0	100.0

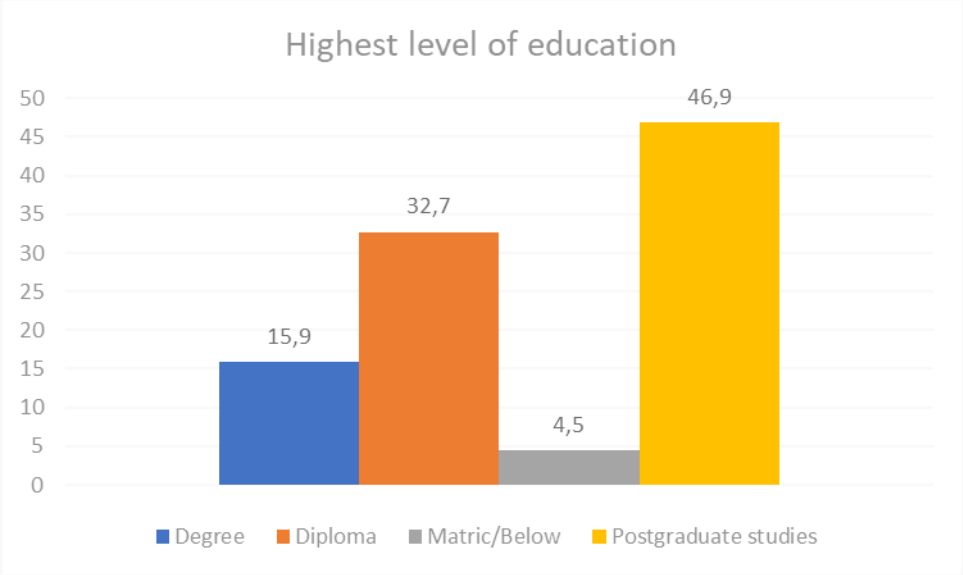

Figure 16 *Highest level of qualification of the respondents*

As summarised in Figure 16, 4.5% have matric or below as the level of education while 15.9% % had achieved degree. From the results only 46.9% of the respondents had a postgraduate level of education.

From the Table 8 and Figure 16 above, it can be observed that 53 of the respondents (46.9%) have postgraduate studies as their highest educational qualification, 37 respondents (32.7%) have a diploma, 18 of them (15.9%) have a degree, and the remaining 5 (4.5%) have matric or lower educational qualifications.

5.2.2.5 Type of Organisation

Since the ocean economy is comprised of people working in different sectors, the study also collected information on the type of organisation from which the research participants worked. The different organisations which respondents worked at or belonged to is provided in Table 9 and Figure 17 It can be observed that 39 of the respondents (34.5%) worked with the government/regulatory body, 35 of the respondents (31%) work in maritime companies or organisations, 20 work as entrepreneurs, and 14 of them (12.4%) are business owners.

Table 9 *Type of Organisation*

Type of your organisation					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid		5	4.4	4.4	4.4
	Business owner	14	12.4	12.4	16.8
	Entrepreneur	20	17.7	17.7	34.5
	Government/regulatory body	39	34.5	34.5	69.0
	Maritime company/organisation	35	31.0	31.0	100.0
	Total	113	100.0	100.0	

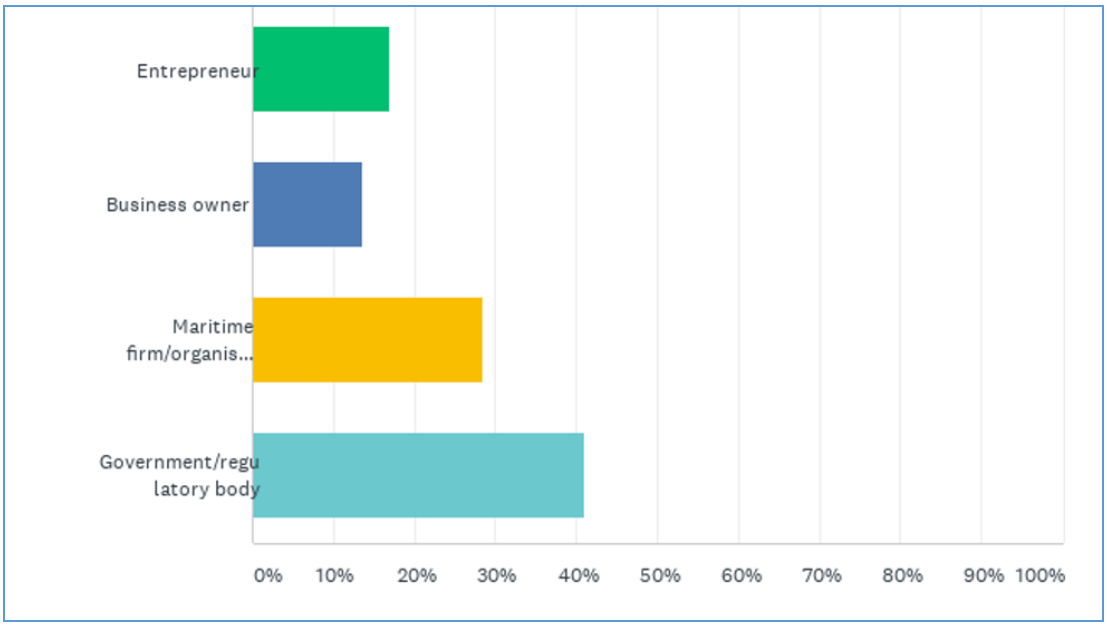

Figure 17 *Type of organisation*

A detailed summary of the type of organisation is shown in Figure 5.4. Most of the respondents (37.6%) worked in a government agency or regulatory body. 28.7% of the respondents worked in a maritime organisation or company, while 19.8% of the participants are entrepreneurs. Meanwhile, 13.9% of the participants were business owners.

5.3 QUESTIONNAIRE STATISTICAL ANALYSIS

The questionnaire survey was distributed over a period of 3 (three) months. The participants had to indicate their responses on a scale of 1-5 on each item. Only 111 questionnaires were returned. Teddlie and Takkashori (2009) contend that the descriptive statistics approach is not sufficient to estimate hypothesis testing as such inferential statistical methods were adopted to support descriptive methods. Survey data were analysed using SPSS version 21.

5.3.1 Challenges faced by SMME's within the Ocean Economy in KZN Province

The study sought to gain an in-depth understanding of challenges faced by SMME's within in the KZN Province. The majority of respondents agree that the SMMEs operating within the KZN are faced with various challenges that compromise their ability to become successful in conducting business in their specific areas of business.

5.3.1.1 Government Regulation

Figure 18 depicts government regulation as a major challenge faced by SMMEs in KZN Province.

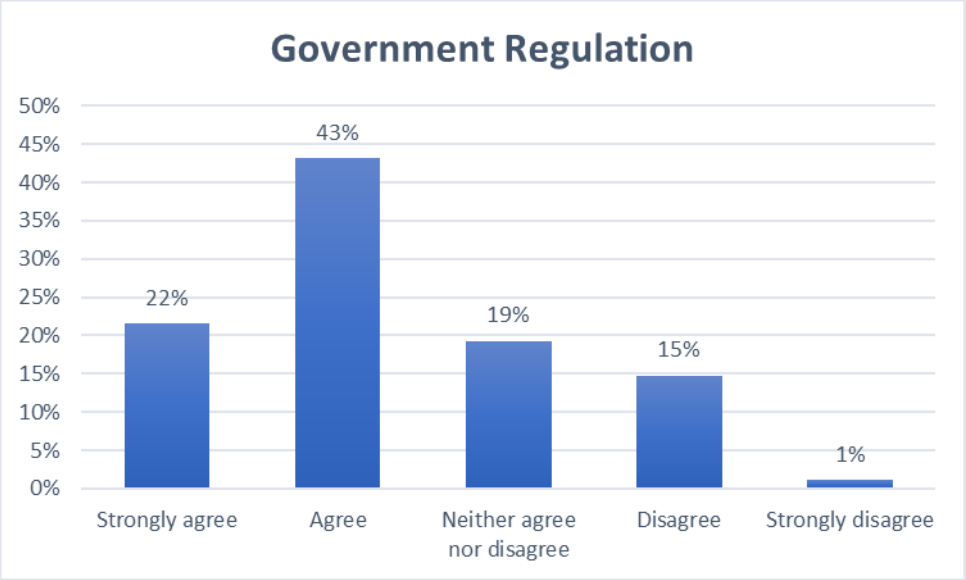

Figure 18 *Government regulation as a major challenge faced by SMMEs in KZN Province*

Figure 18 indicates that 65% of the entrepreneurs believe that government regulation is a major challenge in conducting business within the ocean economy, whereas 19% neither agree or disagree and 16% agree with the statement Figure 5.5 indicate that challenges facing SMMEs include factors such as the regulatory landscape in South Africa which has been found to be hostile and uncompetitive with stringent government regulation and requirements. According to Ajibade and Khayundi (2017), legal and regulatory requirements are challenges that SMMEs are facing as entrepreneurs often lack understanding of the regulations and requirements, which could result in fines and penalties. Chimucheka and Mandipaka (2015) and Lampadarios (2016) have studied the policy awareness and institutionalisation effect on SMMEs growth.

5.3.1.2 Start-up Capital

Figure 19 indicates that collectively 93% of entrepreneurs are of the view that the lack of startup capital is a major challenge for them and 3% neither agree nor disagree and 3% disagree with the statement.

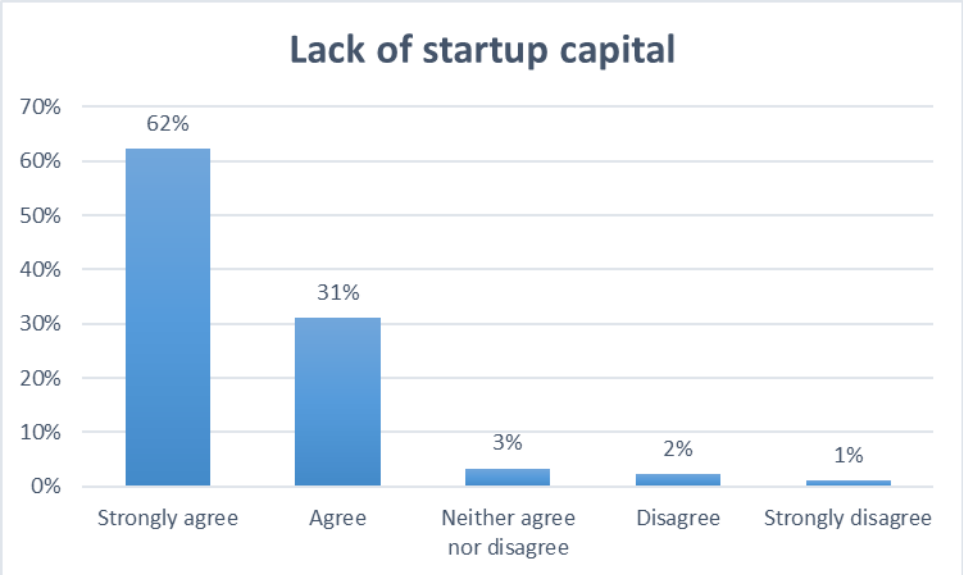

Figure 19 *Lack of startup capital*

The results indicate that SMMEs in the ocean economy also identified lack the access to startup capital and entrepreneurs (Ayandibu & Houghton, 2017). The general availability of finances is another challenge they are faced with. Banks do not provide SMMEs with adequate capital due to complex and complicated requirements. One of the major challenges

pointed out as hindering the growth and survival of start-up SMMEs in SA is access to finance (Musara, Mazanai & Fatoki, 2012). The lack of access to capital and finance impacts the business growth and survival and hampers the ability of SMMEs to fully realise their potential and their contribution to the economy and job creation (Musara *et al.*, 2012).

5.3.1.3 Lack of Managerial Experience

Figure 20 indicates that collectively 55% of respondents believed that there was a lack of managerial experience, whereas 22% neither agree nor disagree and 22% disagree with the statement.

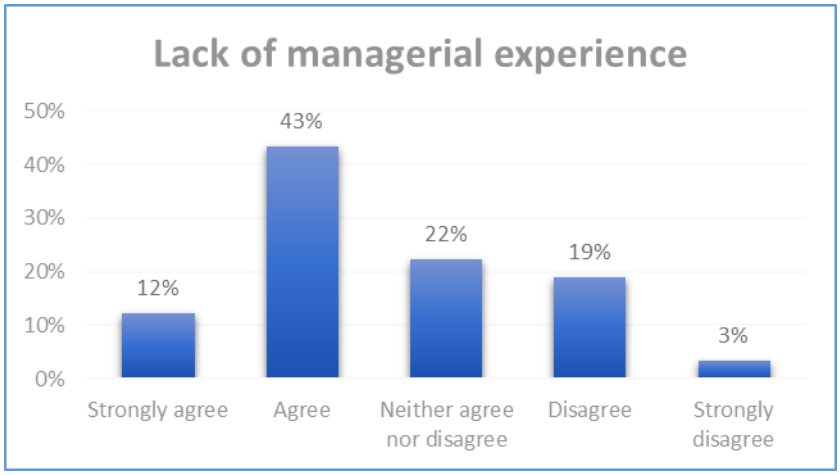

Figure 20 *Entrepreneurs' lack of managerial experience*

In order for businesses to thrive, the right management skills and experience are needed (Eresia-Eke, 2013). Mazzarol (2015) and Cacciotti and Hayton (2015) have shown that inadequate managerial experience and skills, and low entrepreneurial culture, and obstacles to market access are some notable reasons responsible for the failure of SMMEs.

5.3.1.4 Lack of Financial Management Skills

Figure 21 indicates that a collective 68% of entrepreneurs have indicated that lack of financial management skills is a challenge in their businesses. Meanwhile, 16% neither agree nor disagree and 15% disagree with the statement

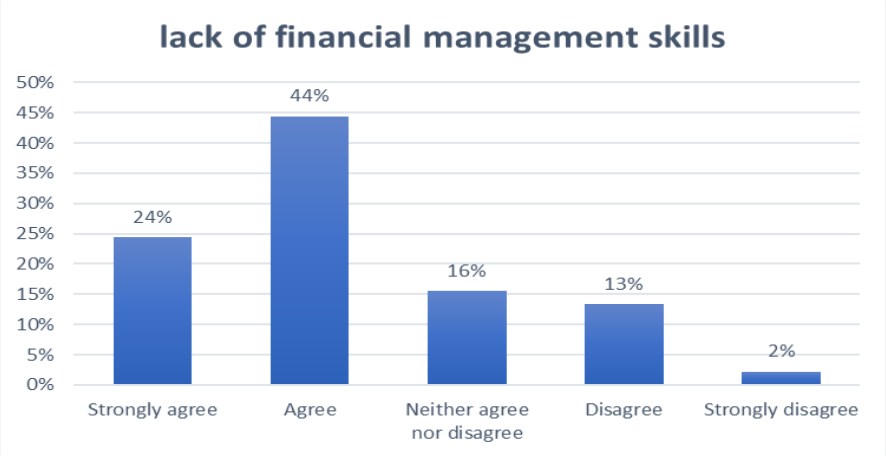

Figure 21 *Entrepreneurs' lack of financial management skills*

From the data presented it is evident that entrepreneurs within the ocean economy experience lack of financial management skills. A large percentage of respondents (68%) perceived lack of financial management skills as a challenge in their businesses. Several studies in literature have cited poor financial management as a reason entrepreneurs fail to manage business finance and cash flow in their businesses.

5.3.1.5 Policies and Strategies for Financial Access

Figure 22 indicates that almost 42% of entrepreneurs believe that the policies and strategies for financial access for SMMEs are not effective, while 28% neither agree nor disagree and 29% agree with the statement. The banks in South Africa are conservative when it comes to extending credit to entrepreneurs and small businesses.

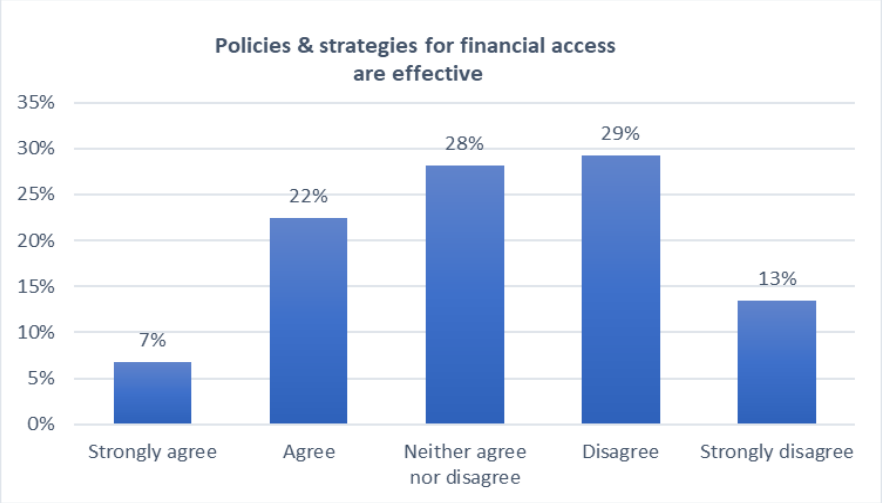

Figure 22 *Policies and strategies for financial access for SMMEs are effective*

The majority of the entrepreneurs have cited that they encounter problems with accessing funding. Lack of access to finance has been cited as one of the major reasons for business failure. (Makina, Fanta, Mutsonziwa, Khumalo & Maposa, 2015). Christensen (2013) articulates that lack of micro-finance institutions, venture capitalist in developing countries compounded the problem of financial support for entrepreneurs.

5.3.1.6 Business Environment

Figure 23 indicates that 86% of respondents find the business environment competitive, 9% disagree and 4% neither agree nor disagree with the statement. SMMEs have to contend with the competitive business environment in order to survive.

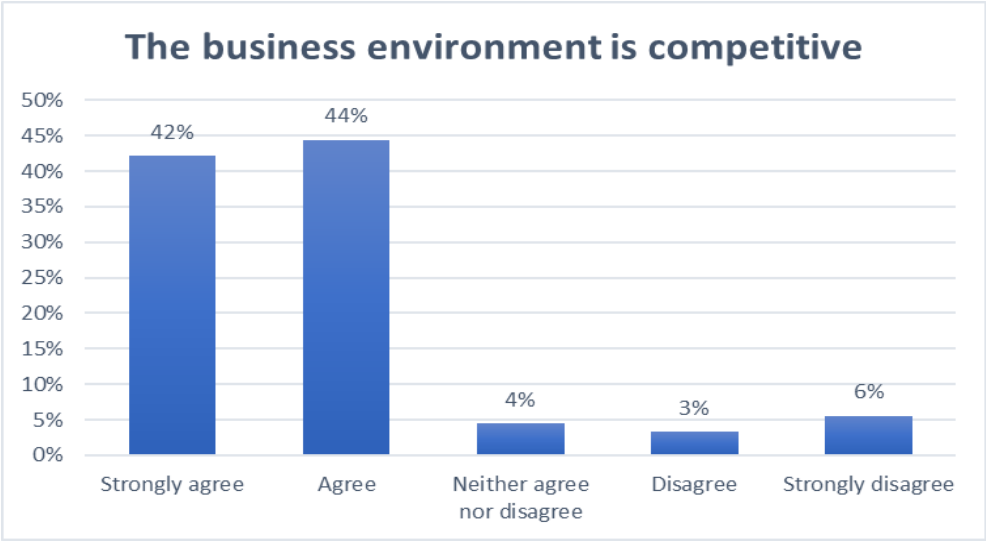

Figure 23 *Competitive business environment*

5.3.1.7 Labour Laws

Figure 24 indicates that 47% of entrepreneurs are undecided, and 35% entrepreneurs do not believe that stringent labour laws impact them. These findings contrast with recent research finding which have found labour laws restrictive for SMMEs (Bhorat *et al.*, 2018).

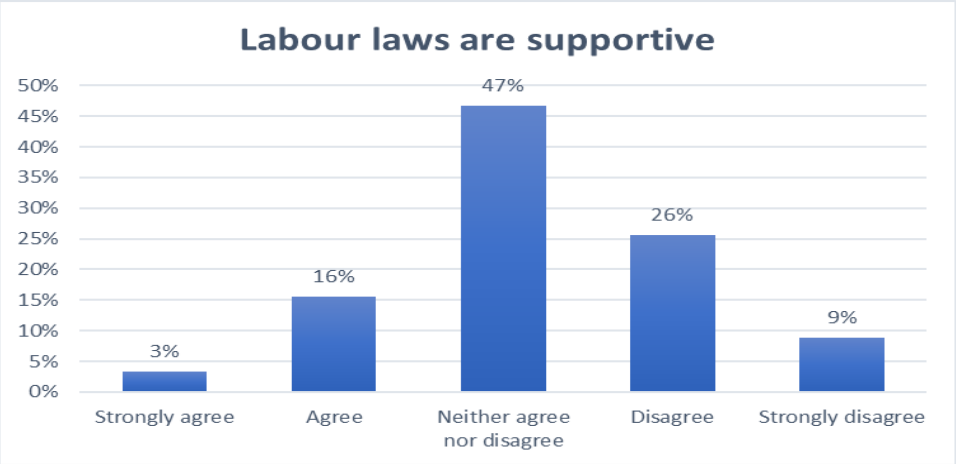

Figure 24 *Graph showing how supportive labour laws are*

Furthermore, the study explored the challenges faced by SMME owners in the ocean economy in KwaZulu-Natal Province.

- **Challenges faced by SMME Owners in the Ocean Economy**

This section addressed the second research question that sought to understand the challenges faced by SMME owners in the ocean economy. The following section will discuss the industry challenges faced by SMMEs in the ocean economy. The respondents cited challenges linked to conducting business in the ocean industry such as lack of ocean economy knowledge which was cited to be a contributing challenge to the business followed by difficulties in understanding new developments in the ocean economy and of respondents believed that there are not enough investment opportunities within the ocean economy. The resultant findings are discussed in the following section.

5.3.1.8 Lack of Ocean Economy Knowledge

Figure 25 indicates that 69% of respondents also cited challenges linked to conducting business in the maritime sector: a lack of ocean economy knowledge was cited to be a contributing challenge to the business. In addition, 16% neither agreed nor disagreed and 14% agreed with the statement.

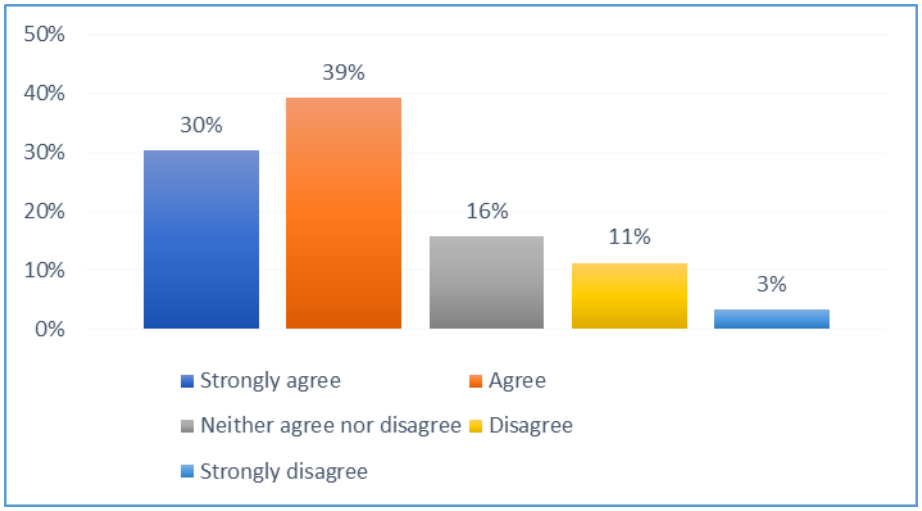

Figure 25 *Lack of ocean economy knowledge*

Industry experience relates to either the business or its founders' knowledge of the industry in which the business operates, and understanding the dynamics, factors and determinants of success in that particular industry (Bushe, 2019). An entrepreneur is likely to succeed in a business if he or she has considerable knowledge and experience in it. However, the concept of the blue economy as an economic resource is an emerging idea that has yet to be well understood. Comprehensive understanding of the ocean economy concept is key for entrepreneurs to fully participate in the industry. A study by Cant & Wiid (2013), revealed that one of the market-related factors responsible for the performance of SMMEs in South Africa is knowledge of the industry. The impact of lack of industry experience as a factor on SMME performance cannot be underestimated or overemphasized within the ocean economy.

5.3.1.9 Lack of Understanding Developments in the Ocean Economy

Figure 26 indicates that almost 69% of respondents cited lack of understanding developments in the ocean economy which is associated with the ability or inability to conduct industry analysis for competitive purposes. In addition, 20% neither agree nor disagree and 10% disagree with the statement.

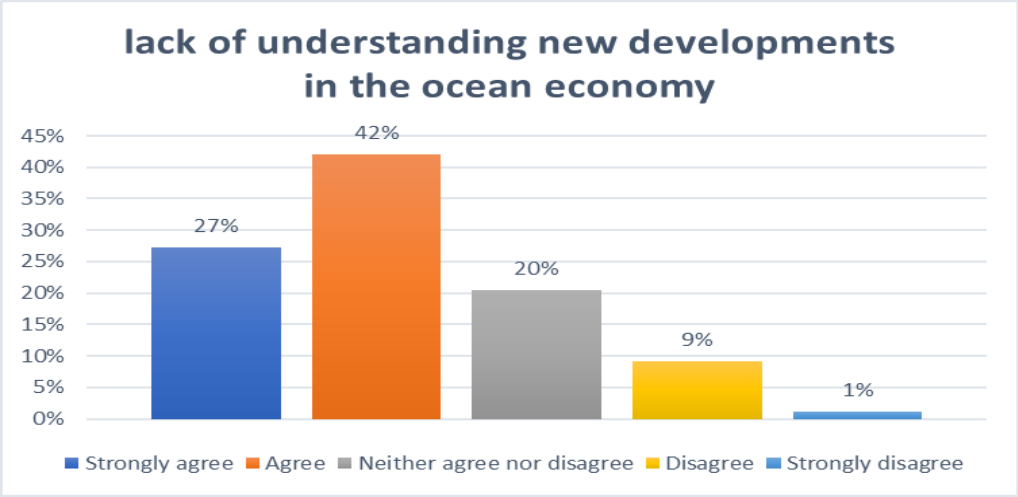

Figure 26 *Lack of understanding developments in the ocean economy*

Industry analysis is a deliberate process of scanning the business environment keeping in mind the objective of developing competitive strategy. This implies that an SMME that does not conduct sufficient industry analysis may be overtaken by events in their business environments that may impact their ability to compete (Bushe, 2019).

5.3.1.10 Investment Opportunities within the Ocean Economy

Figure 27 indicates that 47% of respondents did not believe that there were sufficient investment opportunities within the ocean economy. Meanwhile, 34% agreed and 19% neither agreed nor disagreed with the statement.

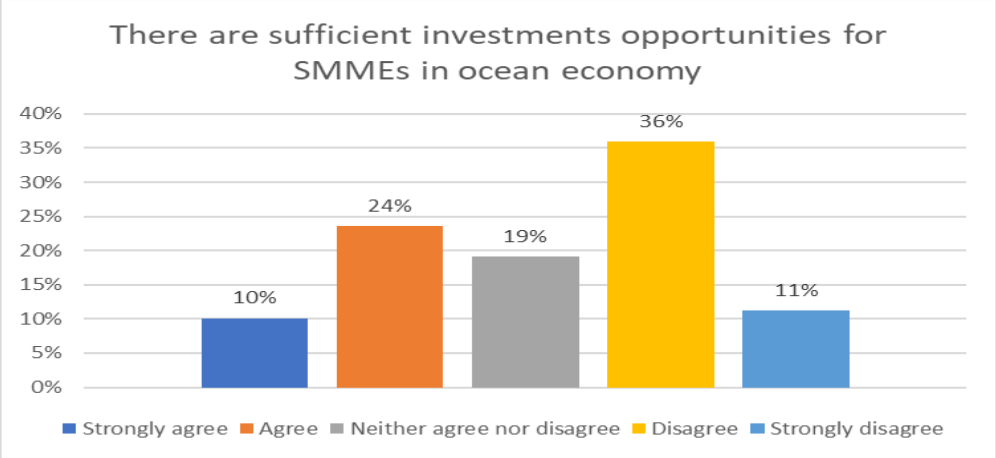

Figure 27 *Sufficient investment opportunities within the ocean economy*

The World Investment Report (2017), Baby and Joseph (2016), and Haven (2015) indicate that formal financial institutions in developing countries, such as South Africa, face a number of challenges that prevent them from pulling financial resources together and lending to SMMEs.

This study also explored the impact of economic policy on the development and sustainability of maritime SMMEs in the KZN Province. This study's findings will be explored in the next section below.

5.3.2 Impact of Economic Policy on the Development and Sustainability of Maritime SMMEs in the KZN Province

A set of questions in the questionnaire were designed to examine the impact of economic policies developed in the country on the development and sustainability of maritime SMMEs in KZN Province. The questions were addressing the third question and objective of the study exploring the impact of economic policies and interventions aimed at the development and sustainability of maritime SMMEs in the KZN Province.

Most of the respondents also agreed that the economic policies developed by the government for the development and sustainability of maritime SMMEs in the KZN ocean economy, were effective. Results show that 40% of the respondents agreed with the statement and an equal number 40% of respondents were uncertain/indifferent that ocean economy policies are effective. On the statement on whether the KZN government supports entrepreneurship in the ocean economy, 32% agreed with the statement and 35% neither agreed nor disagreed

and 32% collectively disagreed. On the statement whether the KZN government supports entrepreneurship in the province, 33% of respondents agreed and 40% neither agreed nor disagreed and 35% disagreed with the statement. Meanwhile, 35% of respondents believe that the provincial government policy framework does not seem to be actively promoting entrepreneurial opportunities and 36% neither agreed nor disagreed and 31% disagreed with the statement.

On the statement whether the existing incentives provided by the KZN government assisted with the development of SMMEs within the ocean economy, 48% respondents neither agreed nor disagreed. In addition, 27% agreed and 26% disagreed with the statement. On the statement whether the KZN government is seen to be collaborating closely with the maritime sector in devising strategies for SMME development and sustainability, 39% neither agreed nor disagreed and 31% agreed and 29% disagreed with the statement. Furthermore, 41% do not believe that the KZN government provides sufficient support for SMMEs and 33% respondents respectively. On the statement whether the existing incentives provided by the KZN government assisted with the development of SMMEs within the ocean economy, 48% of respondents neither agreed nor disagreed, 27% agreed and 26% disagreed with the statement. On whether the KZN government collaborates closely with the Maritime sector in devising new strategies for SMMEs, 39% respondents neither agreed nor disagreed and 33% disagreed and 29% agreed with the statement. The results are discussed below in the next section.

5.3.2.1 Ocean Economy Policies

Figure 28 indicates that 40% of the respondents agreed with the statement and an equal number 40% respondents were uncertain/indifferent and 20% agreed with the statement that ocean economy policies are effective. The mixed results indicate that currently the majority of respondents are not sure whether ocean economy policies are effective.

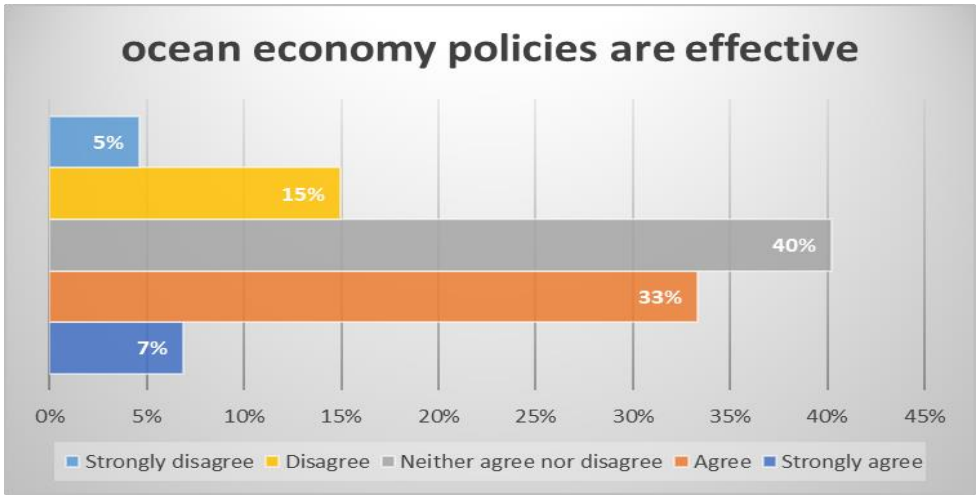

Figure 28 *Graph showing effectiveness of ocean economy policies*

Most of the respondents were not aware of the effectiveness of Operation Phakisa or the ocean economy. They were aware that such a drive was there, being driven by government, but they were not aware of how it could be of great help in their businesses and in the oceans' economy. In recent times, owing to its large multiplier effect, the maritime sector and ocean economy have increasingly been widely recognised as a major catalyst to economic development of the country (Department of Planning, Monitoring and Evaluation (DPME, 2015). However, Operation Phakisa has not yet been transformed into the policies since Operation Phakisa is still unfolding and some plans are still in the pipeline. (DPME, 2015).Vague procedures, bureaucracy, delays in project funding, skills shortages, lack of infrastructure are being done away with or improved, (DPME, 2015).

5.3.2.2 KZN Government Supports for Entrepreneurship in the Ocean Economy

Figure 29 indicates the results of the statement on whether the KZN government supports entrepreneurship in the ocean economy. It shows that 33% agreed with the statement and 35% neither agreed nor disagreed and 32% collectively disagreed with the statement.

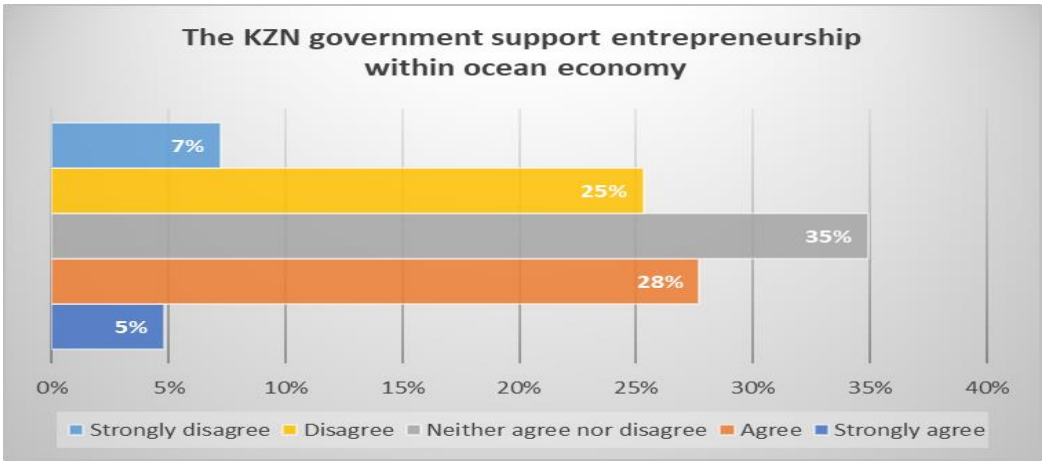

Figure 29 *Graph showing the support by KZN government for entrepreneurship in the Ocean Economy*

The KZN Provincial Integrated Maritime Strategy goal is to direct the province with respect to the priorities to broaden the developmental scope of the ocean economy. KZN is currently aspiring to be South Africa's biggest economic contributor. Currently, massive opportunities exist across the value chain of the economy to contribute significantly to economic development. However, opportunities for the youth and people from previously disadvantaged communities to participate in the economy need to be created in order to develop a sustainable and inclusive economy and society (Adlam, 2016).

5.3.2.3 The KZN Government Promotes Entrepreneurial Opportunities within The Ocean Economy

Figure 30 indicates that 25% agreed with the statement and 40% neither agreed nor disagreed and 35% collectively disagreed with the statement.

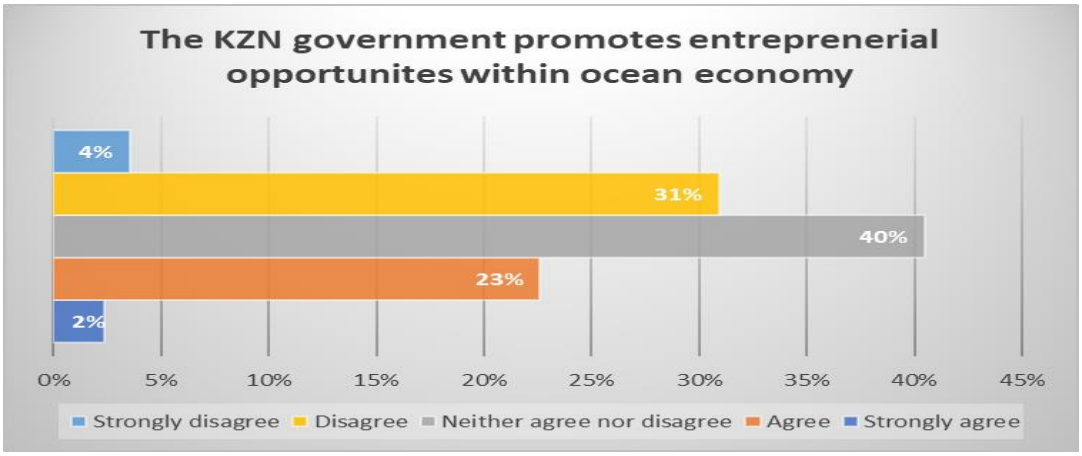

Figure 30 *The KZN government promoting entrepreneurial opportunities within the ocean economy*

Findings reveal that the KZN provincial government regarded the ocean economy as one of the strategies for sustainable economic development in the province through entrepreneurial opportunities within the Ocean Economy. Prioritising the advancement of South Africa as a leading maritime nation has been deemed a government priority and as a result has meant an injection of funds from the government and the private sector with the aim of advancing opportunities within the ocean economy.

Advancing the ocean economy entrepreneurial opportunities requires investments in areas such as institutional and human capacity development, knowledge, and information-sharing (Funke, Claassen, Nortje & Meissner, 2016). These results support findings by Funke *et.al*. (2016) that capital investment in the maritime sector is also still low compared to other countries, probably because banks and government do not understand the sector well. In addition, bank guarantees for projects are much more expensive in South Africa than competing maritime countries. Thus, entrepreneurial opportunities in the ocean economy are constrained by lack of financial resources and limited awareness of opportunities and investments within the ocean economy sector. The pipeline of investment-ready activities remains limited within the ocean economy. Furthermore, considering the extent of investments required to enhance the development of the ocean economy, both the government and the sector needs to explore innovative financial options and investments within the ocean economy.

5.3.2.4 Incentives Provided by the KZN Government

Figure 31 indicate that on the statement whether the existing incentives provided by the KZN government assist with the development of SMMEs within the ocean economy are

effective, 48% respondents neither agreed nor disagreed. In addition, 26% agreed and 27% disagreed with the statement**.**

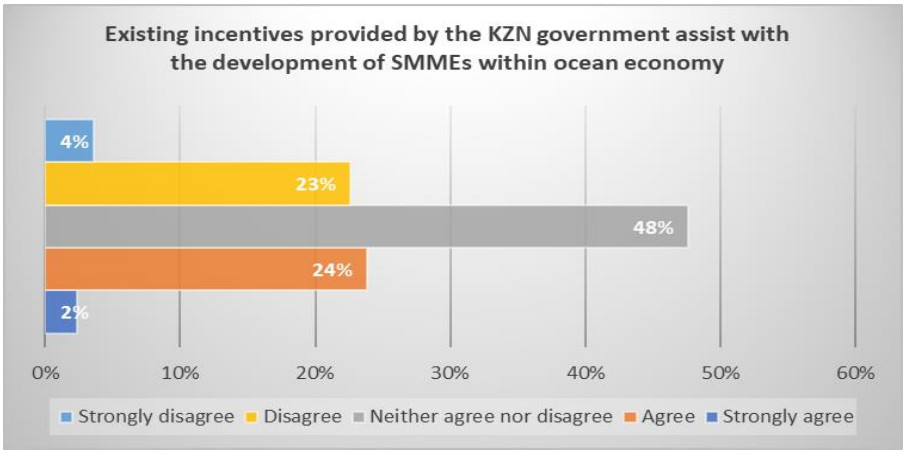

Figure 31 *Incentives provided by the KZN government are effective*

In his Government of the Province Address (SOPA), Zikalala said that through government's engagement with the private sector, ABSA pledged to allocate a R70 million loan dedicated to further support youth-owned businesses that may require more funds than what government had allocated from the seed funding. The authors contend that it is very important for the financial industry to understand the maritime sector from both a commercial and a development perspective (Funke *et al*., 2016).

5.3.2.5 Support for SMMEs from the KZN Government

Figure 32 indicates that 41% believe that the KZN government provides sufficient support for SMMEs and 33% neither agreed nor disagreed and 27% disagree with the statement.

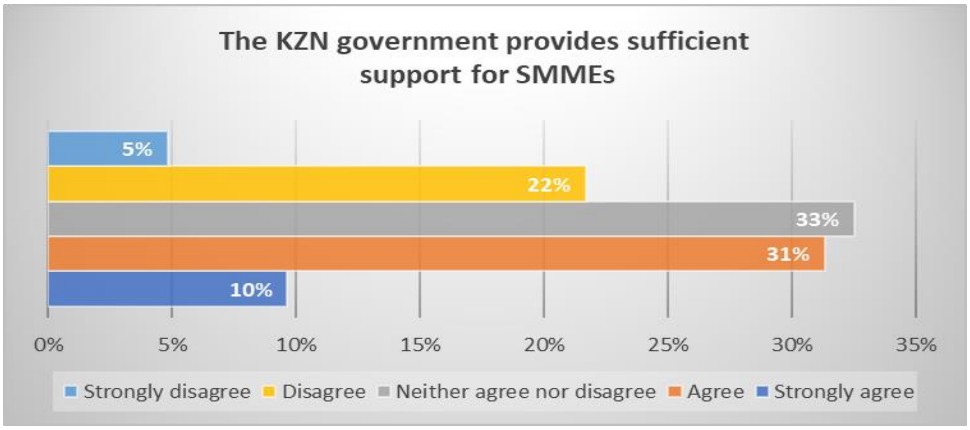

Figure 32 *Support for SMMEs for the KZN government*

There is a low success rate of start-up entrepreneurial and SMME ventures within the province, and few opportunities are being created to support the absorption of youth and of women into the labour market (KZN PGDS, 2016). Additionally, SMME and cooperatives strategies are in place for KZN and these guides how SMMEs are supported and have resulted in various government and private sector programmes aimed at uplifting SMMEs and cooperatives (KZN PGDS, 2016).

5.3.2.6 The KZN Government Collaborates Closely with Maritime Sector in Devising New Strategies for SMMEs

Figure 33 indicates that 39% of respondents neither agreed nor disagreed, 29% disagreed and 33% agreed with the statement that the KZN Government collaborates closely with maritime sector in devising new strategies for SMMEs. This highlights the importance of encouraging partnerships of emerging and established companies through existing associations and cluster bodies in KZN through the development of a dedicated shared support programme for members (KZN PPC, 2019).

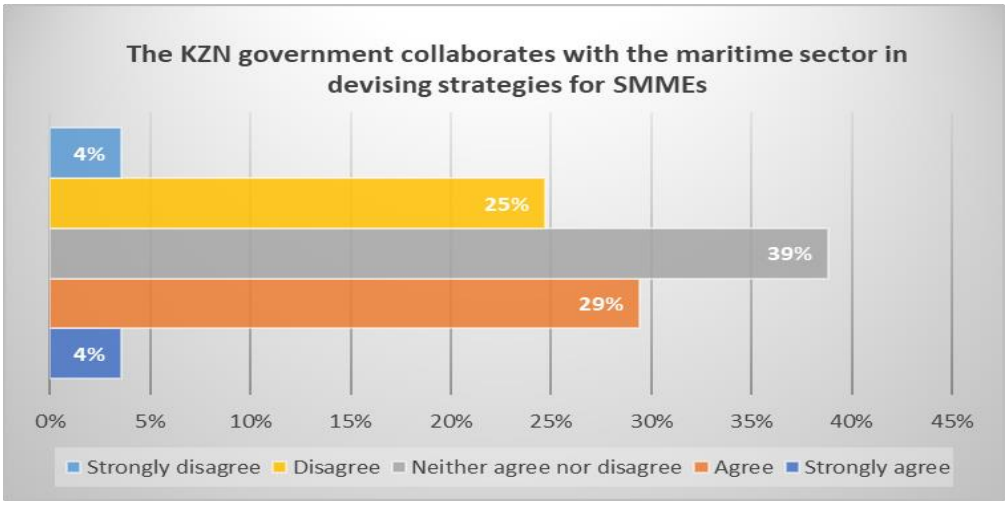

Figure 33 *The KZN Government collaborates closely with maritime sector in devising new strategies for SMMEs*

According to the Trade and Investment KwaZulu-Natal (TIKZN)Annual performance plan 2018/2019, it is anticipated that the KZN Province will attract R25 billion of new investment projects and create more than 40 000 jobs, of which over R8 billion will be directly attracted by TIKZN creating over 10 000 new jobs. TIKZN will further assist more than 350 SMMEs

with securing new international export markets. This will realise an increase in the companies' sales revenue of more than R5 billion over 5 years (TIKZN, 2019). The rest of the questions explored the impact of the maritime sector policies and interestingly 51% of respondents believe that the maritime sector supports the ocean economy However, 41% of respondents do not believe that the maritime sector provides sufficient support for SMMEs. In addition, 36% of respondents believe that the maritime sector has effective strategies or interventions for the SMMEs in the ocean economy.

5.3.2.7 The Maritime Sector Supports the Ocean Economy

Figure 34 indicates that 59% of the respondents believe that the maritime sector supports the ocean economy, 26% neither agreed nor disagreed and 15% disagree with the statement.

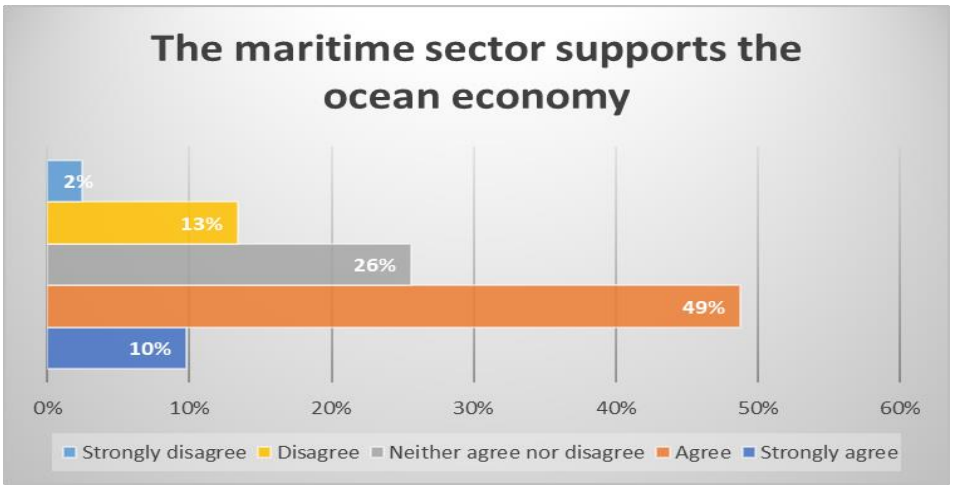

Figure 34 *The maritime sector supports the ocean economy*

The maritime sector has devised the Maritime Road Map that presents a vision for the maritime sector, which is for South Africa to be globally recognised as a maritime nation by 2030. The Maritime Road Map furthermore serves to support the South African government's Operation Phakisa Oceans Economy process (Funke, Claassen, Meissner & Nortje, 2014). The vision for the South African maritime sector is a key "ingredient" for road map development (Funke *et.al*. 2014, p. 11).

5.3.2.8 Sufficient Support for SMMEs by the Maritime Sector

Figure 35 indicates that 41% of respondents do not believe that the maritime sector provides sufficient support for SMMEs, 33% neither agreed nor disagreed and 27% agreed with the statement.

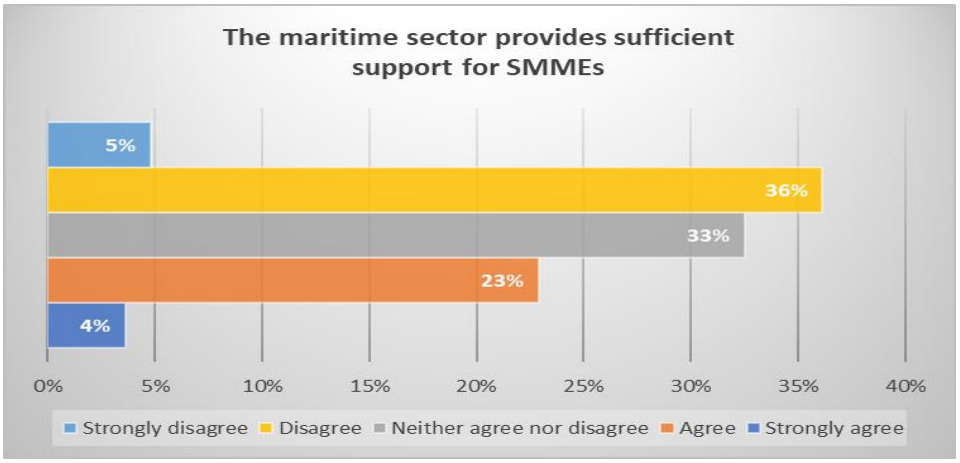

Figure 35 *The maritime sector supports the ocean economy*

Funke *et al.* (2016) maintain that the current government of coordination, collaboration and knowledge sharing in the maritime sector is generally characterised by poor communication and high levels of competition and mistrust between major players.

5.3.2.9 The Maritime Sector Has Effective Strategies/Interventions for the SMMEs in the Ocean Economy

Figure 36 indicates that 38% of respondents neither agree nor disagree that maritime sector has effective strategies or interventions for the SMMEs in the ocean economy and 36% disagree and 26% agree with the statement.

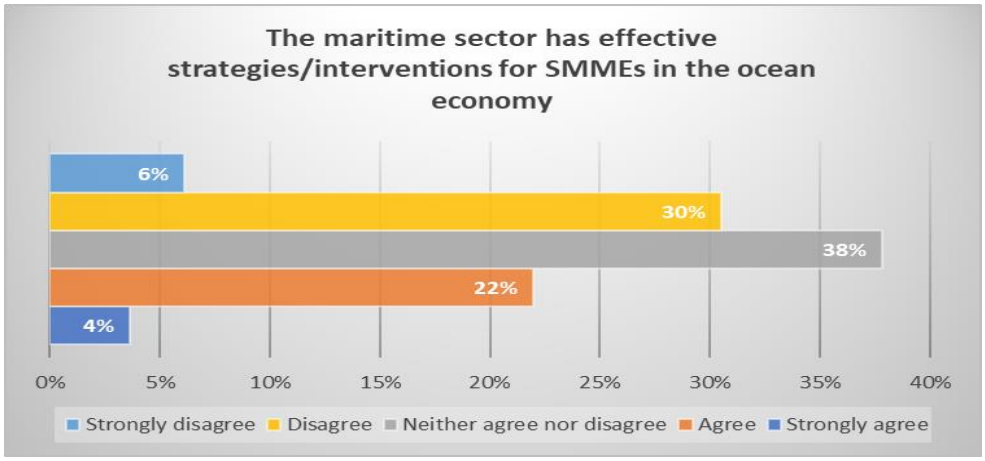

Figure 36 *The maritime sector's effective strategies/interventions for the SMMEs in the ocean economy*

Although there are sector wide interventions aimed at SMMEs, SMMEs operating in the maritime sector fail to meet requirements in this regard and fail to become successfully accredited supplier vendors for larger companies and this results in SMMEs unable to unlock new opportunities for themselves (Jobo, 2020).

The study also sought to explore the effectiveness of the public-private-partnerships within the ocean economy, the results are discussed in section 5.3 below.

5.3.3 Effectiveness of the Public-Private-Partnerships within the Ocean Economy

A set of 3 questions (as depicted below), in the questionnaire were designed to examine the impact of Public-Private-Partnerships within the ocean economy. In summary the results indicate that, 44% of respondents in 5.3.3.1 believe that the ocean economy has been a catalyst for the formation of PPPs in the sector. The responses on a question in 5.3.3.2, 35% believe that Public-Private-Partnerships have not provided sufficient support and access to support businesses and SMMEs within the ocean economy. On statement 5.3.3.3 42% of respondents believe the existing PPP model is not effective even though Operation Phakisa has been a catalyst in the formation of PPPs. The results' findings are discussed below:

5.3.3.1 The Ocean Economy Has Been a Catalyst for the Formation of PPPs

Figure 37 indicates that 44% of the respondents believe that the ocean economy has been a catalyst for the formation of PPPs in the sector, 33% neither agree nor disagree and 22% disagree with the statement. Operation Phakisa is the most important initiative by the government to bring private and public sector together and it is a wonderful opportunity for contributing towards South African prosperity (Zuma, 2014).

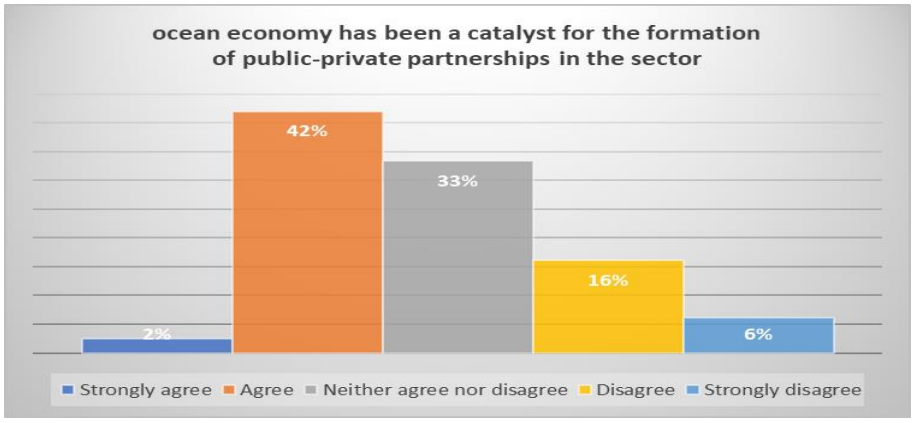

Figure 37 *The ocean economy as a catalyst for the formation of PPPs*

5.3.3.2 The Public-Private-Partnerships Provide Sufficient Access to Business Opportunities for SMMEs

Figure 38 indicates that mixed results as 36% believe that Public-Private-Partnerships have provided sufficient support and access to support businesses and SMMEs within the ocean economy, yet 35% disagree and 30% respondents neither agree nor disagree with the statement.

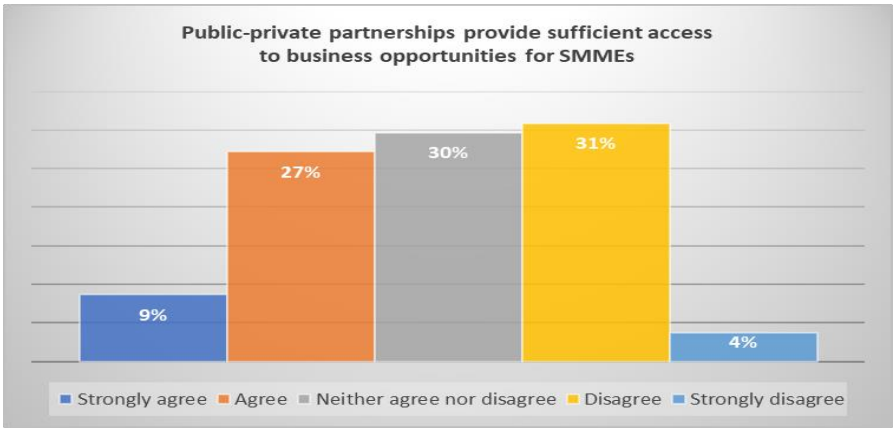

Figure 38 *The Public-Private-Partnerships providing sufficient access to business opportunities for SMMEs*

These findings reveal that the PPP model does not give priority to other challenges that may be imperative for developing countries, such as SMMEs development and job creation. The current South African PPP model does not compel the private sector party to use SMMEs to provide goods and services to PPP projects, and that undermines the potential that PPP projects have in creating jobs and reducing poverty and inequality (Mabuza, 2018).

5.3.3.3 Public-Private-Partnerships are Effective

Figure 39 indicates that the 42% of respondents neither believe nor disagree that the existing PPP model is effective, 36% disagree and 22% agree with the statement.

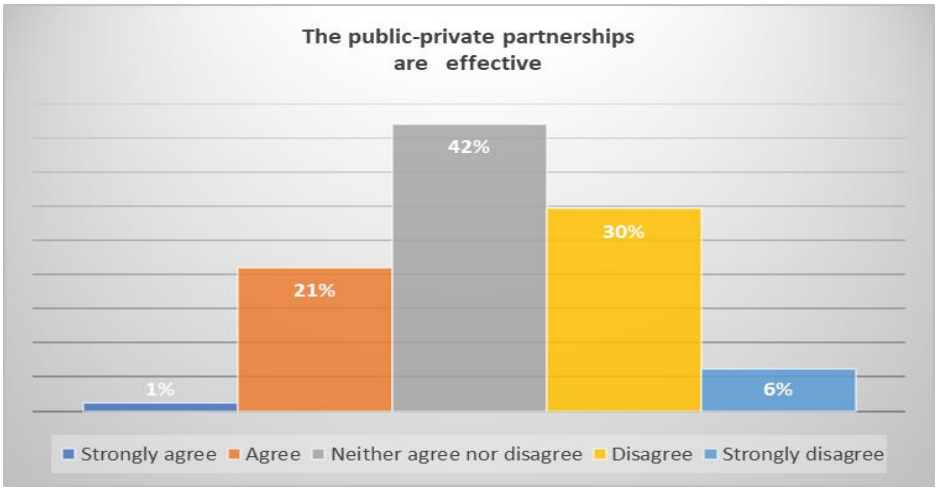

Figure 39 *Public-Private-Partnerships' effectiveness*

The traditional PPP model focuses mainly on developing infrastructure assets, creating good value for money and the transfer of risks to the private party (Republic of South Africa.

National Treasury 2004b:4). Mabuza (2018) is of the view that SMMEs face challenges that make them vulnerable and prevent them from attaining growth, especially when they have to participate in PPP projects. These problems range from lack of human resources development, technological capability, to access to markets to finance.

This study also sought to explore the need to explore the concept for a Sector Specific SPV for the Development and Sustainability of Ocean Economy SMMEs in the KZN Province. Section 5.3.4 discusses the findings.

5.3.4 The need to explore the concept for a Sector Specific SPV for the Development and Sustainability of Ocean Economy SMMEs in the KZN Province

A set of questions in the questionnaire was designed to examine whether the respondents understood the SPV model and whether they supported its importance in supporting economic development in the KZN ocean economy. Most of the respondents agree that the SPV model could be appropriate for supporting economic development in the KZN ocean economy. Results indicate that 52%, respondents understand the concept of SPV and 64% of respondents believe SPVs can be effective as a collaborative strategy of enhancing SMMEs in the Ocean Economy.

5.3.4.1 Understanding the Concept of Special Purpose Vehicle

Figure 40 indicates that 52% of the respondents understand the concept of SPV, 24% neither agree nor disagree and 24% disagree with the statement. The results indicate that there is a gap in knowledge concerning the role-played by SPVs for project transactions. This gap in knowledge is meaningful, because SPVs are widely employed in large projects, and they are essential to realising specific project transactions and governance structure in PPPs (Fabozzi, 2012; Gatti, 2018).

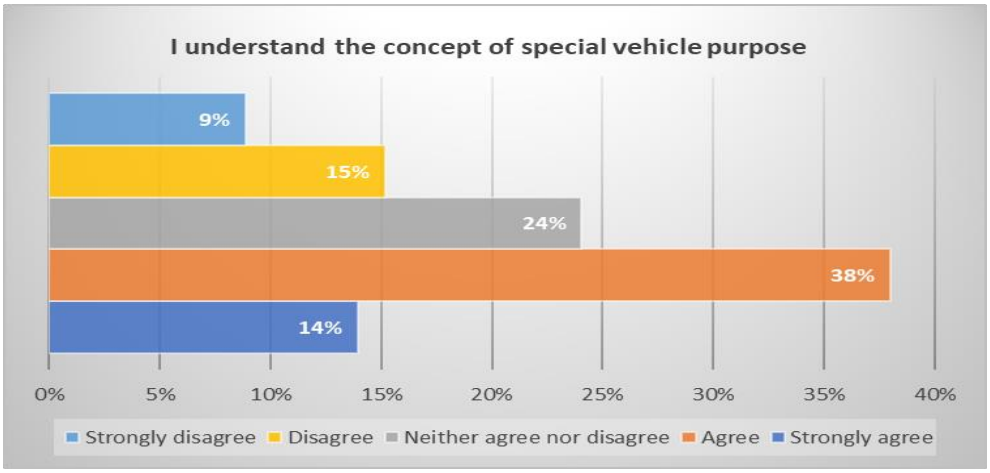

Figure 40 *Understanding the concept of special purpose vehicle*

5.3.4.2 Special Purpose Vehicle can be Effective for Enhancing SMME Development within the Ocean Economy

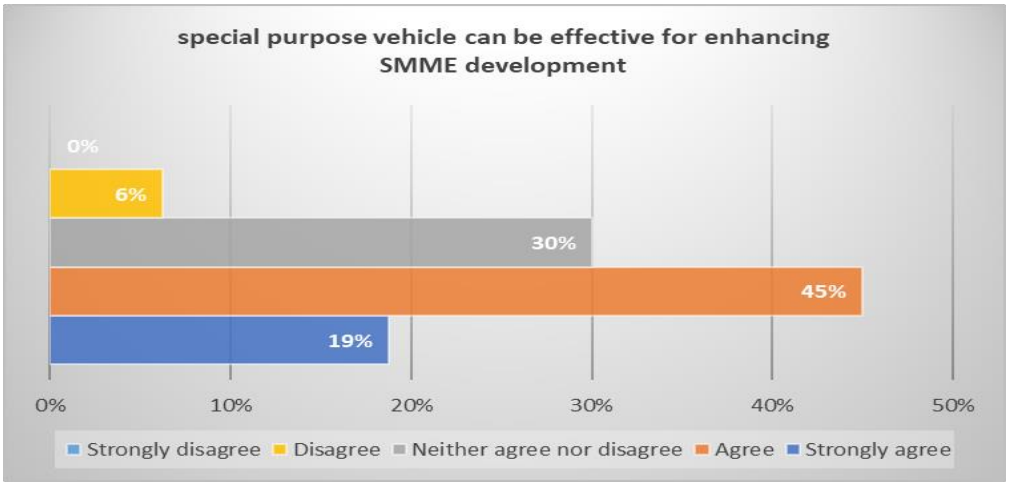

Figure 41 *Effectiveness of special purpose vehicle for enhancing SMME development within the ocean economy*

Figure 41 indicates that 64% of respondents believe that SPVs can be effective as a collaborative strategy of enhancing SMMEs in the Ocean Economy, 30% of respondents neither agree nor disagree and 6% disagree with the statement. SPVs as a relatively new concept are traditionally more involved in large projects i.e. in the financial, real estate and construction sectors. Instead, PPP's are not utilised in small business because such projects require bespoke transactions that cannot be formalised with conventional contractual instruments (Gatti, 2018; Sainati et.al, 2017).

5.4 PRESENTATION OF RESULTS INFERENTIAL STATISTICS

To assess the relative importance of the challenges, SMMEs in the ocean economy face the unweighted mean scores and the standard deviation for questions were calculated and rank-ordered based on their mean values. The computed values indicate the variation in sample data and the results which are further from 0 (negative or positive) indicate a statistically significant relationship. The magnitude of the absolute t-value signifies evidence against the null hypothesis and the higher the magnitude, indicates that there is no significant difference i.e., the closer the T is to 0 the higher the likelihood of a significant difference. The greater the t-value and the lower the p-value, the greater the evidence against the null hypothesis. The null hypothesis is rejected when the p-value is less than 0.05 (< alpha level) and confirm that there is a statistically significant difference.

Table 10 *Distribution of the average or mean evaluation for challenges faced by SMMEs within the ocean economy in the KZN Province*

S/N		Strongly Disagree	Disagree	Neither Agree nor Disagree	Agree	Strongly Agree	Missing	Mean	Std Dev	Total
S1	Government rules and regulations create problems for SMMEs.	1 0.9%	14 12.4%	18 15.95	42 37.2%	20 17.7%	18 15.9%	3.6947	1.00078	113 100%
S2	Start-up capital is the most challenging aspect for SMMEs.	1 0.9%	2 1.8%	4 3.5%	31 27.4%	59 52.2%	16 14.2%	4.4948	.76545	113 100%

S3	Lack of managerial experience affects the growth of my business.	3 2.7%	18 15.9%	21 18.6%	42 37.2%	13 11.5%	16 14.2%	3.4536	1.04104	113 100%
S4	Lack of financial management skills affects the growth of my business.	2 1.8%	12 10.6%	15 13.3%	44 38.9%	24 21.2%	16 14.2%	3.7835	1.02293	113 100%
S5	Lack of ocean economy knowledge affects the growth of my business.	3 2.7%	11 9.7%	15 13.3%	15 13.3%	37 32.7%	30 26.5%	3.8333	1.09224	113 100%
S6	Difficulties in understanding new developments in ocean economy are one of the challenges I encounter in my business.	1 0.9%	9 0.9%	20 17.7%	39 34.5%	26 23%	18 15.9%	3.8421	.97102	113 100%

S7	There are enough policies and strategies for providing financial access and support for SMMEs	13 11.5%	28 24.8%	25 22.1%	23 20.4%	7 6.2%	17 15%	2.8229	1.16071	113 100%
S8	There are enough investment opportunities within the ocean economy.	11 9.7%	33 29.2%	18 15.9%	23 20.4%	11 9.7%	17 15%	2.8958	1.22671	113 100%
S9	The business environment is competitive and dominated by large business.	5 4.4%	3 2.7%	5 4.4%	41 36.3%	3 2.7%	16 14.2%	4.1753	1.03088	113 100%
S10	The labour laws pertaining to SMMEs are flexible.	9 8%	23 20.4%	45 39.8%	17 15%	3 2.7%	16 14.2%	2.8144	.93908	113 100%

5.4.1 T-TESTS

This section presents the results of the T-Tests conducted in the study.

5.4.1.1 Challenges Faced by SMMEs within the Ocean Economy in the KZN Province

A set of questions in the questionnaire was designed to examine whether the respondents understood the core challenges faced by SMMEs operating within the ocean economy in the KZN Province.

The evaluation has been scaled from 1 to 5 as seen in the Table 10, and Figure 42 below. The average or mean evaluation to each question being asked has also been provided. The average or mean evaluation suggests or shows the direction of the responses, since the responses are on a 5 Likert scale, a mean evaluation greater 3.0 would suggest an agreement, while a mean evaluation less than 3.0 would suggest a disagreement. The standard deviation for each response is also presented. The standard deviation is a measure of how wide apart, dispersed or far apart the responses of the participants are from the mean or average response to each question being asked. A higher standard deviation suggests that the responses are far apart from the mean, while a lower standard deviation means participants' responses are not far apart or not dispersed from the mean.

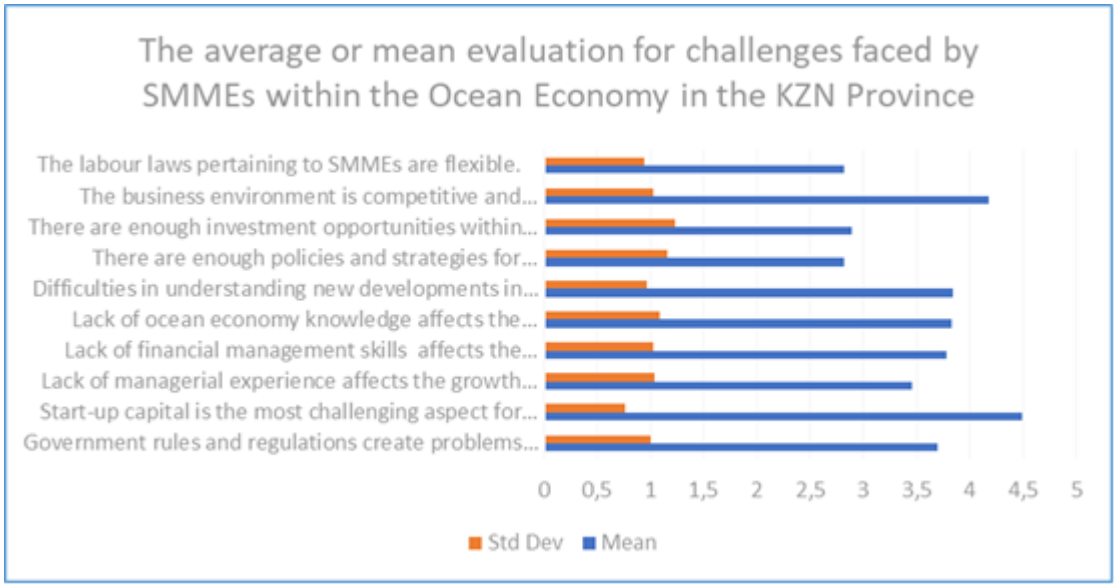

Figure 42 *The average or mean evaluation for challenges faced by SMMEs within the Ocean Economy in the KZN Province*

As depicted in Table 10, and Figure 42 above, on whether government rules and regulations create problems for SMMEs, the average or mean evaluation was 3.69 which suggests that respondents agree that Government rules and regulations create problems for SMMEs. With

a mean response of 4.49, respondents agree that start-up capital is the most challenging aspect for SMMEs. For the third question which has a mean response of 3.45, it can be concluded that Lack of managerial experience affects the growth of business. With a mean evaluation or response of 3.78 for the fourth question, respondents agree that Lack of financial management skills affects the growth of a business. It can also be observed from the mean evaluation for the fifth question, 3.83 those respondents agree that Lack of ocean economy knowledge affects the growth of my business.

Respondents have also agreed that difficulties in understanding new developments in ocean economy affect their businesses, mean evaluation of 3.84. However, respondents did not agree that there are enough policies and strategies for providing financial access and support for SMMEs as their mean response here was 2.82. Respondents also did not agree that there are enough investment opportunities within the ocean economy, as average response here was 2.89. Respondents have also agreed that the business environment is competitive and dominated by large business which make it difficult for SMMEs to thrive and develop. Lastly, the response on the flexibility of labour laws pertaining to SMMES, the mean or average response, 2.84, suggests that respondents disagree with this.

For median scores for support of challenges facing SMMEs in the KZN ocean economy, an independent samples t-test was conducted to determine whether significant differences in the scores existed between male and female respondents. The results which are summarised in Table 11 show that there were significant differences in the median scores. More males compared to females supported the fact that SMMEs operating in the KZN ocean economy face various challenges in operating in the selected industry.

Table 11 *Independent Samples T-test for gender vs. Challenges Facing SMMEs in KZN Ocean Economy*

		Levene's Test for Equality of Variances		**t-test for Equality of Means**						
		F	Sig.	T	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
Median score for challenges faced by the SMMEs	**Equal variances assumed**	14.908	0	13.325	88	0	1.78701	0.13411	1.5205	2.05353
	Equal variances not assumed			11.954	49.321	0	1.78701	0.14949	1.48664	2.08738

5.4.1.2 The Impact of Economic Policy on the Development and Sustainability of Maritime SMMEs in the KZN Province

A set of questions in the questionnaire was designed to examine the impact of economic policies on the development and sustainability of maritime SMMEs in the KZN Province. Similar to the other variables examined in this study, which was based on the Likert scale, the median was preferred for analysis.

Participants' responses and evaluation of the contribution and influence of KZN Government on SMMEs and businesses. The evaluation has been scaled from 1 to 5 as seen in the Table below. The average or mean evaluation to each question being asked has also been provided. The average or mean evaluation suggests or shows the direction of the responses, since the responses are on a 5 Likert scale, a mean evaluation greater 3.0 would suggest an agreement, while a mean evaluation less than 3.0 would suggest a disagreement. The standard deviation for each response is also presented. The standard deviation is a measure of how wide apart, dispersed or far apart the responses of the participants are from the mean or average response to each question being asked. A higher standard deviation suggests that the responses are far apart from the mean, while a lower standard deviation means participants' responses are not far apart or not dispersed from the mean.

From the Table 12 and Figure 43 below and the mean response for each question, the direction of the response can be determined. Respondents slightly agree that ocean economy policies such as comprehensive maritime transport policy are effective for the ocean economy. On the contribution of KZN government to businesses and SMMEs, the averages/means which are all below 3.0 suggest that respondents agree that the KZN governments do not contribute to Businesses and SMMEs.

Table 12 *Impact of Economic Policy on the Development and Sustainability of Maritime SMMEs in the KZN Province*

		Strongly Disagree	Disagree	Neither Agree nor Disagree	Agree	Strongly Agree	Missing	Mean	Std Dev	Total

S11	Ocean economy policies such as Comprehensive Maritime Transport Policy (CMTP) are effective for the ocean economy.	4 3.5%	13 11.5%	37 32.7%	33 29.2%	7 6.2%	19 16.8%	3.27 66	.9436 2	113 100%
S12	The KZN government supports entrepreneurship in the Ocean Economy.	7 6.2%	24 21.2%	31 27.4%	24 21.2%	4 3.5%	23 20.4%	2.93 33	1.014 50	113 100%
S13	The KZN Government has an effective policy for entrepreneurship in the Ocean Economy.	3 2.7%	30 26.5%	35 31%	21 18.6%	2 1.8%	22 19.5%	2.87 91	.8798 4	113 100%
S14	The KZN Government is actively promoting new entrepreneurial opportunities for the SMMEs in the Ocean Economy.	4 3.5%	25 22.1%	32 28.3	27 23.9%	3 2.7%	22 19.5%	3.00 00	.9428 1	113 100%
S15	The KZN Government collaborates closely with Maritime sector in devising new	3 2.7%	23 20.4%	37 32,7%	26 23%	3 2.7%	21 18.6%	3.03 26	.8950 5	113 100%

	strategies for SMMEs.									
S16	The existing support programs or incentives provided by the KZN Government assist with the Development of SMMEs within the Ocean Economy.	3 2.7%	22 19.5%	43 38.1%	21 18.6%	2 1.8%	22 19.5%	2.96 70	.8360 0	113 100%

The Details of the median score for all questions that measured the variable are summarised in Figure 43.

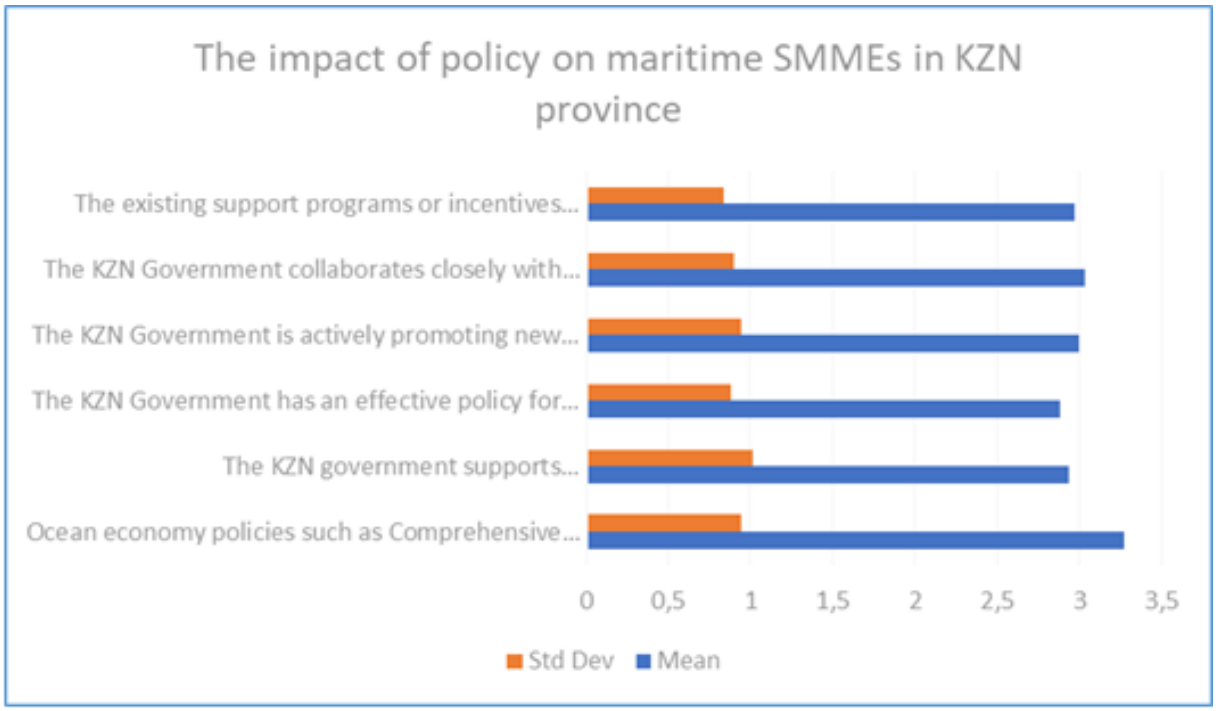

Figure 43 *The median scores for the impact of economic policy on the development and sustainability of maritime SMMEs in the KZN Province*

For median scores for impact of economic policies on the development of SMMEs in the KZN Ocean economy, an independent samples T-test was conducted in Table 13 to determine whether significant differences in the scores existed between male and female respondents. The results show that there were significant differences in the median scores. More males compared to females supported the fact that economic policies implemented in the region affected the development and sustainability of the SMMEs.

Table 13 *Independent Samples T-test for gender vs. impacts of economic policies on development and sustainability of 44SMMEs*

		Levene's Test for Equality of Variances		**t-test for Equality of Means**						
		F	Sig.	T	Df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
Median score for economic policies	**Equal variances assumed**	5.192	0.025	12.337	85	0	1.6392	0.13286	1.37503	1.90338
	Equal variances not assumed			12.421	66.295	0	1.6392	0.13197	1.37573	1.90267

5.4.1. The Maritime Sector Contribution to SMMEs in Ocean Economy

From the Table 14 and Figure 44 below, showing the distribution of responses on the maritime sector contribution to businesses and SMMEs in the Ocean economy, it can be observed that respondents somewhat agree to the first question with a mean evaluation of 3.2, that the Maritime sector is actively formulating and implementing business support strategies for SMMEs in the Ocean Economy. On whether the Maritime sector provide sufficient access to business support programs aimed at sustainable entrepreneurship

development within the ocean economy, the mean response of 2.88 suggests that respondents disagree with this.

The mean response on the Maritime clusters, provides adequate access to business support programmes aimed at SMMEs within the ocean economy, Table 14, suggests that respondents do not agree with this. Respondents generally also did not agree that that Maritime sector has appropriate strategic interventions for business support required for SMME development and sustainability, as their mean response was 2.89. Lastly, respondents generally agreed that the maritime sector supports the ocean economy.

Table 14 *The Maritime sector Contribution to SMMEs in Ocean Economy*

		Strongly Disagree	**Disagree**	**Neither Agree nor Disagree**	**Agree**	**Strongly Agree**	**Missing**	**Mean**	**Std Dev**	**Total**
S17	The Maritime sector is actively formulating and implementing business support strategies for SMMEs in the Ocean Economy	4 3.5%	20 17.7%	29 25.7%	29 25.7%	8 7.1%	23 20.4%	3.1889	1.02655	113 100%
S18	The Maritime sector provides sufficient access to business support programs aimed at sustainable entrepreneurship development within the ocean economy	4 3.5%	32 18.3%	29 25.7%	21 18.6%	4 3.5%	23 20.4%	2.8778	.96951	113 100%

S19	The Maritime clusters provide adequate access to business support programme aimed SMMEs within the ocean economy	6 5.3%	31 27.4%	31 27.4%	19 16.8%	3 2.7%	23 20.4%	2.8000	.96221	113 100%
S20	The Maritime sector has appropriate strategic interventions for business support required for SMME development and sustainability	5 4.4%	27 23.9%	32 28.3%	22 19.5	3 2.7%	24 21.2%	2.8989	.95400	113 100%
S21	The maritime sector supports the ocean economy.	2 1.8%	11 9.7%	21 18.6%	11 9.7%	10 8.8%	24 21.2%	3.5618	.92877	113 100%

Details of the median scores for all the questions that measured the variable are summarised in Figure 44.

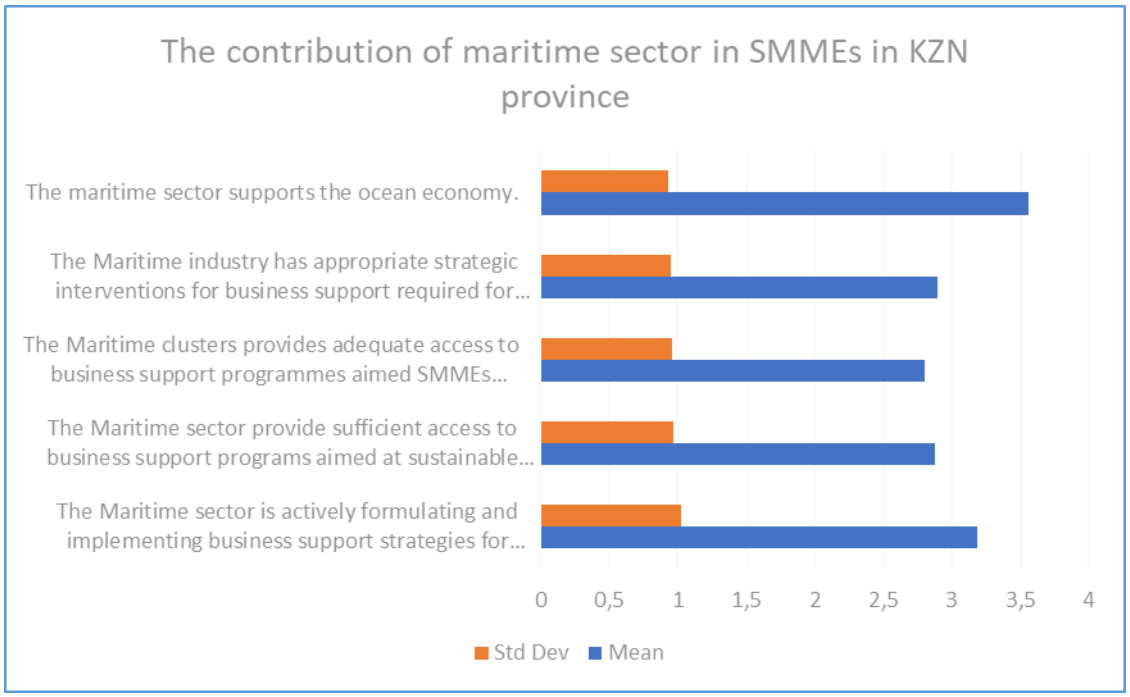

Figure 44 *Median scores for the Maritime sector Contribution to SMMEs in Ocean Economy*

5.4.1.4 The need to explore the Concept for a Sector Specific SPV for the Development and Sustainability of Ocean Economy SMMES in the KZN Province

A set of questions in the questionnaire was designed to examine the need for a sector specific SPV model for the development and sustainability of the SMMEs in the KZN Province. Regarding the median support for the need to develop a concept for a sector specific SPV that could support the development and sustainability of SMMEs in the KZN ocean economy.

Just like previous sections and evaluation, the Table below provides individuals' evaluation of public-private partnership contribution and influence on SMMEs and businesses in the Ocean economy. The evaluation has been scaled from 1 to 5 as seen in Table 15 and Figure 45. The average or mean evaluation to each question being asked has also been provided. The average or mean evaluation suggests or shows the direction of the responses, since the responses are on a 5 Likert scale, a mean evaluation greater than 3.0 would suggest an agreement, while a mean evaluation less than 3.0 would suggest a disagreement. The standard deviation for each response is also presented. The standard deviation is a measure

of how wide apart, dispersed or far apart the responses of the participants are from the mean or average response to each question being asked. A higher standard deviation suggests that the responses are far apart from the mean, while a lower standard deviation means participants' responses are not far apart or not dispersed from the mean.

Table 15 depicts the median scores for the need to explore the Concept for a Sector Specific SPV for the Development and Sustainability of Ocean Economy SMMES in the KZN Province median scores.

Table 15 *Distribution of median scores for the need to explore the Concept for a Sector Specific SPV for the Development and Sustainability of Ocean Economy SMMES in the KZN Province median scores*

		Strongly Disagree	**Disagree**	**Neither Agree nor Disagree**	**Agree**	**Strongly Agree**	**Missing**	**Mean**	**Std Dev**	**Total**
S22	The Public-Private-Partnerships provide sufficient access to business support programs aimed at entrepreneurship development within the ocean economy.	4 3.5%	26 23%	27 23.9%	24 21.2%	7 6.2%	25 22.1%	3.0455	1.03845	113 100%
S23	The existing model of Private-Public-Partnership within the Ocean Economy is effective.	7 6.2%	24 21.2%	38 33.6%	18 15.9%	1 0.9%	25 22.1%	2.7955	.89903	113 100%
S24	Operation Phakisa as an Ocean Economy strategy has been catalyst in the formation of Private-Public-Partnerships.	5 4.4%	14 12.4%	30 26.5%	36 31.9%	3 2.7%	25 22.1%	3.2045	.94879	113 100%
S25	Private-public partnership models are effective for business support.	3 2.7%	12 10.6%	22 19.5%	46 40.7%	5 4.4%	25 22.1%	3.4545	.96976	113 100%

S26	Private-public partnership models are effective in enhancing business sustainability.	3 2.7%	14 12.4%	18 15.9%	46 40.7%	7 6.2%	25 22.1%	3.4318	.91971	113 100%

Details of the median scores for all the questions that measured the variable are summarized in Figure 45.

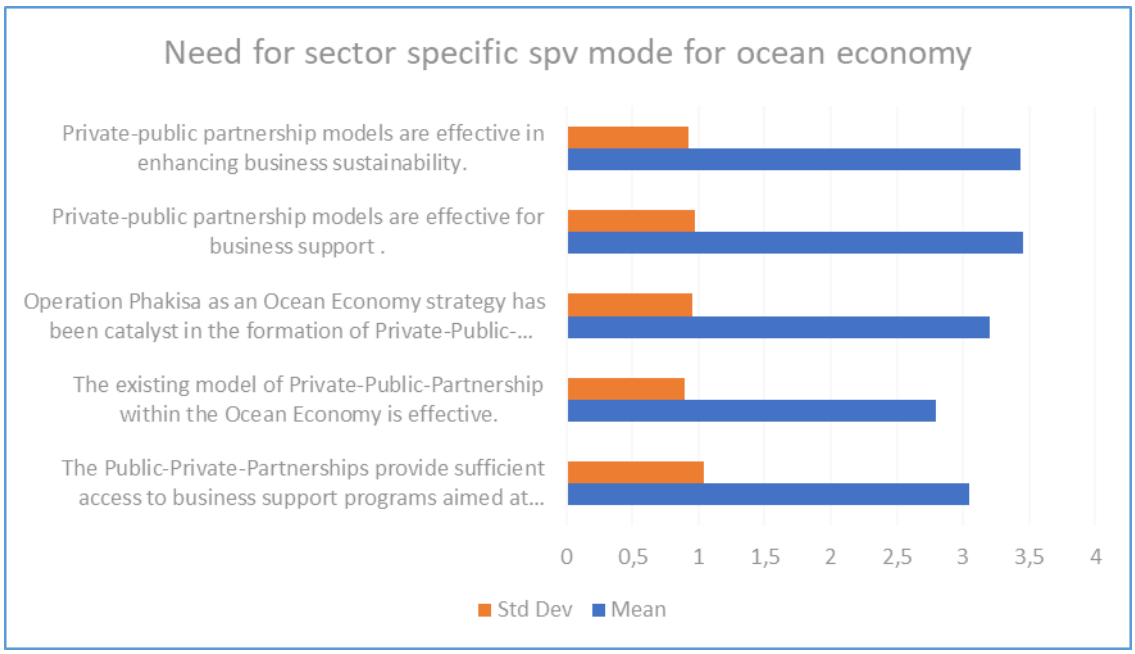

Figure 45 *Median scores for the need for a sector specific SPV in the KZN ocean economy*

For median scores for the need for sector-specific SPV in the KZN ocean economy, an independent samples t-test was conducted to determine whether significant differences in the scores existed between male and female respondents. The results which are summarised in Table 16 show that there were significant differences in the median scores. More males compared to females believe that the SPV model could be effective in supporting economic development in the KZN ocean economy. Table 16 depicts the independent samples T-test for gender vs. median for the need for sector-specific SVP for the SMMEs in KZN ocean economy.

Table 16 *Independent samples T-test for gender vs. median for the need for sector-specific SVP for the SMMEs in KZN ocean economy*

		Levene's Test for Equality of Variances		**t-test for Equality of Means**						
		F	Sig.	T	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
Median scores for need of a sector specific SPV model	**Equal variances assumed**	0.005	0.945	10.654	79	0	1.53497	0.14407	1.24821	1.82172
	Equal variances not assumed			10.394	46.224	0	1.53497	0.14768	1.23773	1.8322

5.4.1.5 The Concept of Special Purpose Vehicle

A set of questions in the questionnaire was designed to examine whether the respondents understood the SPV model and whether they supported its importance in supporting economic development in the KZN ocean economy. Table 17 depicts the median scores for understanding the concept of Special Vehicle Purpose.

Table 17 *Distributor of median scores for understanding the concept of Special Vehicle Purpose*

		Strongly Disagree	**Disagree**	**Neither Agree nor Disagree**	**Agree**	**Strongly Agree**	**Missing**	**Mean**	**Std Dev**	**Total**
S27	I understand the concept "special vehicle purpose"	7 6.2%	12 10.6%	19 16.8%	34 30.1%	14 12.4%	27 23.9%	3.4186	1.16281	113 100%

S28	Special Purpose Vehicle as a Business research strategy and a Project Management tools are important for enhancing SMMEs in the Ocean Economy.	-	5 4.4%	24 21.2%	42 37.2%	15 13.3%	27 23.9%	3.7791	.80295	113 100%
S29	A concept of a Special Purpose Vehicle can be effective as a collaborative strategy of enhancing SMMEs in the Ocean Economy.	-	5 4.4%	24 21.2%	41 36.3%	17 15%	26 23%	3.8046	.81895	113 100%
S30	The maritime sector promotes the Special purpose vehicle as an economic tool within the ocean economy.	1 0.9%	9 8%	34 30.1%	30 26.5%	13 11.5%	26 23%	3.5172	.91324	113 100%

Details of the median scores for all the questions that measured the variable are summarised in Figure 46.

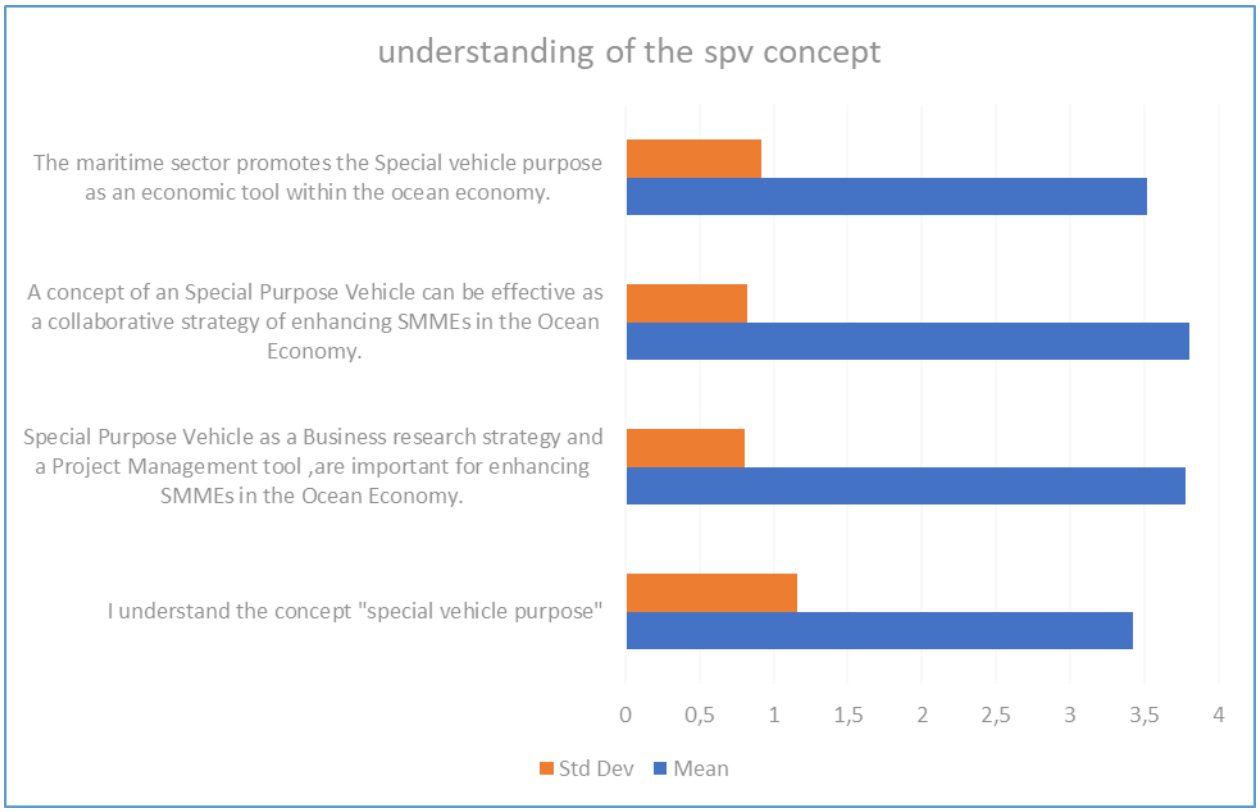

Figure 46 *Mean for understanding of the SPV concept*

For mean scores for support of SPV in the KZN Ocean economy, an independent sample t-test was conducted to determine whether significant differences in the scores existed between male and female respondents. Table 18 show that there was a significant difference in the median scores. More males compared to females believe that the SPV model could be effective in supporting economic development in the KZN ocean economy. Table 18 depicts the independent samples T-test for gender vs. median support for SVP for economic model.

Table 18 *Independent samples T-test for gender vs. median support for SVP for economic model.*

		t-test for Equality of Means						
		t	Df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
							Lower	Upper
Median support for use of SPV for economic development in KZN Ocean Economy	**Equal variances assumed**	9.995	78	0	1.47455	0.14752	1.18085	1.76824
	Equal variances not assumed	9.742	43.772	0	1.47455	0.15136	1.16945	1.77964

5.4.2 Reliability Test- Cronbach Alpha Test

To test for the reliability of the Data set, comprising of the dependent variables which are in scale or continuous form, the Cronbach's Alpha analysis is carried out. The Cronbach's alpha is a measure of internal consistency; how closely related a number of items are as a group. The coefficient ranges between 0 and 1. A high alpha value indicates that items measure an underlying factor. However, it is not a statistical test but a test of reliability/consistency. One important thing to note is that the Cronbach's alpha is affected by the number of variables: including a higher number of variables automatically increases the alpha value to some extent. The result of the Cronbach's Alpha test is provided in Table 19.

Table 19 *Cronbach Alpha test result*

Reliability Statistics	
Cronbach's Alpha	N of Items
.847	30

As per Table 19 the result of the Cronbach's Alpha test carried out on the 30 items (questions) of the questionnaire yielded an Alpha value of 0.847, which is above 0.7. Thus,

the data set is reliable and consistent and can be accepted. In the column for Cronbach's Alpha if Item Deleted in the Item-Total Statistics.

Table 20 depicts what would happen to the alpha value if any of the specific variables would be excluded from the test. In this specific case, the exclusion of any variable would actually decrease or increase the alpha value – hence, it is better to keep all the variables in the index.

Table 20 *Cronbach Alpha measure*

Item-Total Statistics				
	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
Q1	95.6835	163.373	-.247	.861
Q2	94.8481	161.105	-.190	.856
Q3	95.8354	150.780	.241	.847
Q4	95.4937	152.151	.192	.848
Q5	95.5570	156.122	.020	.854
Q6	95.4684	155.021	.085	.851
Q7	96.6076	143.934	.442	.840
Q8	96.4557	147.482	.295	.846
Q9	95.1392	152.968	.152	.850
Q10	96.5443	149.764	.310	.844
Q11	96.1139	145.948	.460	.840
Q12	96.4177	148.477	.331	.844
Q13	96.4557	145.431	.553	.838
Q14	96.3797	144.418	.567	.837
Q15	96.3165	142.681	.677	.834
Q16	96.4430	145.788	.550	.838
Q17	96.1519	143.874	.512	.838
Q18	96.4937	144.766	.519	.838
Q19	96.5443	143.200	.586	.836
Q20	96.4810	142.740	.643	.835
Q21	95.7595	145.159	.522	.838
Q22	96.3165	143.168	.535	.837
Q23	96.5823	145.298	.568	.837
Q24	96.1772	143.532	.599	.836
Q25	95.8861	144.871	.533	.838
Q26	95.9114	146.031	.517	.839
Q27	95.8987	149.426	.257	.847
Q28	95.5696	152.018	.272	.845

Q29	95.5443	150.995	.308	.844
Q30	95.8354	149.088	.369	.843

5.4.3 Normality Tests - The Shapiro-Wilk and Kolmogorov-Smirnov

The normality test is carried out to examine if the observations of the data set are normally distributed. To do this the Kolmogorov-Smirnov test and Shapiro-Wilk test were carried out on the data set in Table 21 The Shapiro-Wilk is used for small sample sizes (< 50 samples), while the Kolmogorov-Smirnov is used for sample sizes that are large (> 50 samples). Therefore, the Kolmogorov-Smirnov test was used**.**

Another purpose of carrying out the Normality test, is to determine what form of further analysis, hypotheses test, to be used on the data set. That is whether parametric test or non-parametric is to be used. If the observations in the data set are normally distributed then a parametric test is to be carried. Whereas, if the observations in the data set are not normally distributed then a non-parametric test is carried out. The result of the normality test carried out is provided in Table 21 which is the Shapiro-Wilk and Kolmogorov test.

Table 21 *Shapiro-Wilk and Kolmogorov-Smirnov Normality test*

Tests of Normality						
	Kolmogorov-Smirnov[a]			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	Df	Sig.
Q1	.262	79	.000	.873	79	.000
Q2	.357	79	.000	.651	79	.000
Q3	.280	79	.000	.874	79	.000
Q4	.269	79	.000	.855	79	.000
Q5	.248	79	.000	.860	79	.000
Q6	.250	79	.000	.855	79	.000
Q7	.201	79	.000	.908	79	.000
Q8	.231	79	.000	.894	79	.000
Q9	.283	79	.000	.718	79	.000
Q10	.268	79	.000	.886	79	.000
Q11	.201	79	.000	.901	79	.000
Q12	.181	79	.000	.908	79	.000
Q13	.211	79	.000	.877	79	.000
Q14	.200	79	.000	.894	79	.000
Q15	.210	79	.000	.888	79	.000

Q16	.231	79	.000	.886	79	.000
Q17	.185	79	.000	.912	79	.000
Q18	.213	79	.000	.895	79	.000
Q19	.197	79	.000	.904	79	.000
Q20	.200	79	.000	.897	79	.000
Q21	.292	79	.000	.864	79	.000
Q22	.187	79	.000	.906	79	.000
Q23	.255	79	.000	.884	79	.000
Q24	.218	79	.000	.883	79	.000
Q25	.313	79	.000	.843	79	.000
Q26	.309	79	.000	.834	79	.000
Q27	.244	79	.000	.888	79	.000
Q28	.273	79	.000	.854	79	.000
Q29	.243	79	.000	.862	79	.000
Q30	.234	79	.000	.883	79	.000
a. Lilliefors Significance Correction						

In order to interpret the result of the Normality, the Kolmogorov-Smirnov section and the column sig. will be focused on. If the value of the Kolmogorov-Smirnov test is greater than 0.05, the observations in each variable are normally distributed. However, if it is below 0.05, the observations in the variables significantly deviate from a normal distribution. The sig. values for all the 30 items (variables) can all be observed to be less than 0.05. Therefore, the distribution is not normally distributed. The result of the Normality suggests further tests such as hypotheses tests to be carried out on the data set should be non-parametric tests. Hence, for the Correlation analysis a Spearman Rho Coefficient analysis was conducted.

5.4.4 Spearman's Correlation

A Spearman Rho correlation analysis was carried out in Table 22 to determine if there was a relationship between all five variables: Challenges affecting SMMEs and Businesses, KZN government influence on SMMES and businesses, maritime sector's contribution to businesses and SMMEs in the ocean economy, public-private partnership contribution and impact on the ocean economy, and Concept of special vehicle purpose. Table 22: depicts the Spearman's Correlation analysis.

Table 22 *Spearman's Correlation analysis Result*

Correlations							
			Challenges	KZN Government Influence on SMME's and businesses	Maritime sector contribution to businesses and SMMEs in Ocean Economy	Public-Private Partnership Contribution and Impact to Ocean Economy	Concept of a Special Vehicle Purpose
Spearman's rho	Challenges	Correlation Coefficient	1.000	.134	.156	.218*	.068
		Sig. (2-tailed)	.	.195	.143	.042	.531
		N	97	95	90	88	87
	KZN Government Influence on SMMEs and businesses	Correlation Coefficient	.134	1.000	.564**	.504**	.060
		Sig. (2-tailed)	.195	.	.000	.000	.582
		N	95	95	90	88	87
	Maritime Sector contribution To Businesses and SMMEs In Ocean Economy	Correlation Coefficient	.156	.564**	1.000	.545**	.197
		Sig. (2-tailed)	.143	.000	.	.000	.068
		N	90	90	90	88	87
	Public-Private Partnership Contribution and Impact To Ocean Economy	Correlation Coefficient	.218*	.504**	.545**	1.000	.294**
		Sig. (2-tailed)	.042	.000	.000	.	.006
		N	88	88	88	88	87
	Concept of Special Vehicle Purpose	Correlation Coefficient	.068	.060	.197	.294**	1.000
		Sig. (2-tailed)	.531	.582	.068	.006	.
		N	87	87	87	87	87
*. Correlation is significant at the 0.05 level (2-tailed?).							
**. Correlation is significant at the 0.01 level (2-tailed).							

In order to interpret the result of the analysis, the Row Sig (2-tailed) and correlation coefficient. The sig. value or p-value tells if the result or correlation is statistically significant when the p-value is less than 0.05 and vice versa, while the correlation coefficient suggests the strength of the relationship.

In addiction the ANOVA test was conducted to Test to determine if there are differences in responses among the Respondents based on their Organisations. The results are reported in section 5.4.5.

5.4.5 ANOVA (Analysis of variance) Test

The aim here is to examine if there are significant differences in the responses and evaluation of Challenges affecting SMMEs and Businesses, KZN government influence on SMMEs and businesses, maritime sector contribution to businesses and SMMEs in the ocean economy, public-private partnership contribution and impact on the ocean economy, and Concept of special vehicle purpose between respondents based on their organisations. Table 23 depicts the ANOVA tests analysis.

Table 23 *ANOVA tests analysis results*

ANOVA						
		Sum of Squares	df	Mean Square	F	Sig.
Challenges	Between Groups	1.704	3	.568	2.929	.038
	Within Groups	17.456	90	.194		
	Total	19.160	93			
Kzn government influence on SMMEs; and businesses	Between Groups	5.465	3	1.822	4.177	.008
	Within Groups	38.384	88	.436		
	Total	43.850	91			
Maritime Sector contribution To Businesses and SMMEs In Ocean Economy	Between Groups	3.800	3	1.267	2.270	.086
	Within Groups	46.317	83	.558		
	Total	50.117	86			
Public-Private Partnership Contribution and Impact To Ocean Economy	Between Groups	4.317	3	1.439	2.837	.043
	Within Groups	41.596	82	.507		
	Total	45.913	85			
Concept of special purpose vehicle	Between Groups	3.454	3	1.151	2.194	.095
	Within Groups	42.499	81	.525		
	Total	45.953	84			

To interpret the result, one focuses on the sig, column which is the p-value for each of the variables. A p-value less than 0.05, suggests that there is a statistically significant difference in responses or evaluation among the different organisations of the respondents. While p-value greater than 0.05 suggests that there is no statistically significant difference in responses or evaluation among the different organisations of the respondents. Thus, from the Table above it can be observed that there is a statistically significant different in responses on challenges facing SMMEs and businesses; KZN government influence on SMMES and businesses, and public-private partnership contribution and impact on the ocean economy.

5.4.6 Mann-Whitney Test

The Mann-Whitney Test was carried out to examine the differences in respondents' evaluation on Challenges affecting SMMEs and Businesses, KZN government influence on SMMES and businesses, maritime sector contribution to businesses and SMME in ocean economy, public-private partnership contribution and impact on the ocean economy, and the Concept of special vehicle purpose between respondents based on their organisations between two groups of respondents' gender (Male and Female).

The mean rank test in Table 24 shows the mean distribution on responses between the two genders and Table 25 depicts the Mann-Whitney test result.

Table 24 *Mean rank distribution on responses between the two genders*

Ranks				
	Gender	N	Mean Rank	Sum of Ranks
Challenges	Male	49	44.69	2190.00
	Female	48	53.40	2563.00
	Total	97		
KZN government influence on SMMEs and businesses	Male	49	47.92	2348.00
	Female	46	48.09	2212.00
	Total	95		
Maritime sector contribution to businesses and SMMEs in ocean economy	Male	48	45.52	2185.00
	Female	42	45.48	1910.00
	Total	90		
Public-private partnership contribution and impact to ocean economy	Male	48	43.13	2070.00
	Female	40	46.15	1846.00
	Total	88		
Concept of special purpose vehicle	Male	47	39.10	1837.50
	Female	40	49.76	1990.50
	Total	87		

Table 25 MANN-WHITNEY TEST Result

Test Statistics					
	Challenges	KZN government influence on SMMEs and businesses	Maritime sector contribution to businesses and SMMEs in ocean economy	Public-private partnership contribution and impact to ocean economy	Concept of special vehicle purpose
Mann-Whitney U	965.000	1123.000	1007.000	894.000	709.500
Wilcoxon W	2190.000	2348.000	1910.000	2070.000	1837.500
Z	-1.528	-.030	-.008	-.556	-1.976
Asymp. Sig. (2-tailed)	.126	.976	.994	.578	.048
a. Grouping Variable: Gender					

In order to examine if there is a statistically significant difference, the Asymp. Sig. (2-tailed) is examined if the p-value is less than 0.05. From the Table above it can be observed that the Mann-Whitney U test revealed that there is significant difference in the knowledge of the special vehicle concept between male and female respondents (Mann-whitney = (709.5, -1.976), P = 0.048.

5.5 RESULTS DISCUSSION

The findings from this study have shown that SMMEs operating within the ocean economy in the KZN Province are faced with various challenges that prevent the success of these businesses. The most important challenges that these SMMEs face include financial problems, government regulation issues, financial management problems, and technology adoption and implementation problems. The findings reported in this study have also been reported by other scholars who have researched different setups. According to Mutoko and Kapunda (2017) access to finances is among the most significant factors that affect the progress and success of SMMEs. In most cases, these businesses fail to access the appropriate amount of funds needed to support their businesses. A study by Chimucheka and Mandipaka (2015) focused on examining the challenges faced by SMMEs in South Africa's Eastern Cape Province.

The study noted that the most important challenges facing SMMEs in the ocean economy included problems related to the establishment of the business, lack of access to finances, and inadequate government support. Regarding government regulation and support, the study's findings also showed that the lack of proper government support and increased regulations are among the challenges facing these small businesses. It becomes challenging for these businesses to expand and develop. Therefore, government should create a favourable environment that could support the SMMEs in the form of providing financial incentives and support to these businesses. The effect of government support can also be in the form of reducing regulations on these businesses, thus allowing the SMMEs to grow, develop and expand. A study by Bhoganadam *et al*. (2017) proved that SMMEs are faced with different challenges that prevent their success in different markets.

The results from this study have shown that appropriate government support in the form of economic policies is crucial in supporting the development and sustainability of SMMEs operating in the ocean economy. Through appropriate economic policies, SMMEs can have easier access to financial support among other important resources that may support the growth and development of these businesses. According to Makwara (2019) SMMEs are at the forefront of job creation. However, the environment has not been conducive to supporting the growth of these business organisations. According to Nieuwenhuizen (2019), regulatory environment and government-related legislation play a major role in supporting the growth of the SMMEs. Without appropriate government support, it becomes challenging for SMMEs to become successful in the business market. Economic policies related to tax and tax-related issues directly affect the success of these small businesses. Therefore, in South Africa, government support in the form of implementing appropriate economic policies can be crucial in supporting SMMEs. Similar findings have been supported by Mathibe and van Zyl (2011), who have shown that with appropriate support from the government, SMMEs can become successful.

The results from this study have shown that a SPV model can be an appropriate business model for supporting business activities and the success of SMMEs in the ocean economy. The majority of the respondents understand the SPV model and support the fact that it can be used as a business management model and a tool for supporting business collaborations that can enhance the success of the SMMEs operating in the ocean economy in KZN. According to Na'im (2006), the SPV model helps organisations appropriately manage their businesses including tax planning, risk management, and project financing. When implemented

appropriately the SPV model can be crucial in helping entrepreneurs manage finances and other aspects of their business. When implemented in SMMEs, these business economic models can be important in supporting the success of SMMEs. Similar findings were supported by Feng, Gramlich, and Gupta (2009). For the SMMEs in the KZN ocean economy, the implementation of business models such as the SPV can be crucial in supporting the success of these small businesses.

5.6 QUALITATIVE DATA PRESENTATION

This section presents the data analysis results and findings of the qualitative study. As elucidated by Fereday and Muir-Cochrone (2006), thematic analysis is a procedure used to detect the most important viewpoints or themes of qualitative data. Consequently, thematic analysis of data involves the identification of patterns inside qualitative data and the emerging themes which are then categorised for qualitative analysis. Nowell, Norris, White and Moules (2017) elucidated that thematic analysis is a qualitative research method that can be universally applied, and it is a method for recognising, evaluating, arranging, defining, and recording themes found within a data set (Maguire & Delahunt, 2017; Braun & Clarke, 2006).

The qualitative study interviewed 12 SMMEs participating in the ocean economy in the KZN Province. The interview records were uploaded to NVivo 12 (Qsrinternational.com, 2020) and each interview record was methodically read, and the most helpful information was coded into nodes as they are known in the NVivo 12 programme (Qsrinternational.com, 2020). The twelve participants in the interviews were labelled as P01 to P12 in keeping with the privacy and confidentiality accords at the start of the study. During the coding procedure, themes that would answer the research questions were recognized.

The following sections present a discussion of the emergent themes of the data analysis results taking into consideration the research objectives of this study. In this section, the themes delineated are discussed in more detail, and literature is used to cross-reference the supportive excerpts from the research participants to substantiate the findings.

5.6.1 Challenges Faced by SMMEs within the Ocean Economy in KZN

The challenges faced by SMMEs within the ocean economy in KZN were discussed by the research participants. The research participants mentioned the following as the challenges faced by SMMEs namely, red tape resulting from stringent regulation, lack of access to marketing and advertising, lack of access to funding, logistics and lack of sufficient warehousing facilities, and lack of industry knowledge and entrepreneurial know-how.

The generated data from those who participated in the research showed that entrepreneurs are faced with various challenges which influence the organisation's capacity to operate appropriately and sustainably. Some of the challenges include stringent government regulation policy; inadequate financial support from money-lending institutions as well as the government. Participants contended that entrepreneurs in the ocean economy face challenging red tape, strict government regulation which makes it impossible to both open and run a business. One of the main problems that was pointed out by participants as hindering the growth and survival of SMMEs in the ocean economy is access to finance. Data derived from the participants indicated that a lack of government support makes it difficult for entrepreneurs to access financial resources and is cited as one of the fundamental problems influencing the entrepreneurial leadership of most SMMEs in the research study.

Participant (P01) contended that entrepreneurs encounter many challenges including red tape, strict government regulation which makes it impossible to operate a business. Participants (P03), (P09) and (P11) cited that the challenges they encounter include lack of government support and high barriers of entry which makes it difficult to access funds.

"There are many challenges faced by entrepreneurs which include red tape, strict government regulation which makes it impossible to both open and run a business. Also, there is no advertisement or marketing of opportunities within the ocean economy, so I have limited knowledge and understanding of what is going on there.". "Lack of government support. Difficulty in accessing funds to assist entrepreneurs is the sector" (P03). "Barriers of entry, high capital, lack of funding for 'services'. Yet the industry is largely a service one as opposed to production." (P09). "Only a small pocket of well-established organisations is surviving as barriers to trade are high from costs of running a business to market to pursue and capture." (P11).

Participants argued that the lack of financial assistance from banks is a major challenge for them to be totally functional. Some of the entrepreneurs across the ocean economy interviewed expressed how hard it was for them to get assistance from the banks. Participant (P04) indicated that although there are initiatives to support and assist entrepreneurs, they are not aware of such programmes. Participants reinforced that for the SMMEs in the ocean economy to acquire substantial assets, entrepreneurs either need private access to finance or they need access to credit. Through the data, access to finance and the amount of time required to obtain financial support, are major problems for entrepreneurs.

"Difficulty in accessing funds to assist entrepreneurs is the sector… I understand there are programmed/initiatives in place, but these are not properly communicated and accessible to SMMEs, especially black-owned. I understand that initiatives are aiming to help SMME i.e., in fishing but are not clear as to whether these SMMEs benefit from these." (P04).

Participants argued that an increase of business support and government investment in assets is associated with significantly higher growth levels, particularly for SMMEs, and small businesses with the lowest levels of investment are most likely to decrease. Participants indicate that the lack of available networks impedes the ability to leverage business opportunities within the sector. Participant (P10) indicated that lack of available networks impedes their ability to leverage business opportunities through the networks. Participant (P06) echoed that although business support programmes seem to be a government strategy, they are not empowered enough to cover other aspects or areas of the ocean economy such as ship repairing and maritime engineering.

"Networks on which to leverage business opportunities and a conducive environment that nurtures business endeavours. Only a small pocket of well-established organisations are surviving as barriers to trade are high from costs of running a business to market to pursue and capture" (P10). "It is about repairing the ship also… The wealth sourced from conducting such business including sustaining the provincial economy of KZN spreading to the inland and other Provinces. Sustainable businesses in transportation including warehousing. Not in my space as in property development although one pursues warehousing, empowerment to upcoming engineering students' maritime businesses do not have an open door to our space. It was announced as government strategy but not opening to majority of beneficiaries." (P06).

Participants believe that the government lacks understanding of the sector as cited by Participant (P09) and to mitigate these challenges Participant (P08) highlighted that the government should create maritime-related entrepreneurial opportunities and create better awareness of such opportunities so that entrepreneurs can capitalise on them.

"Government lacks the good understanding of the sector" (P09). *"Government must create maritime related opportunities. Yes, however, the knowledge on how to support SMMEs also lacks due to the lack of industry understanding."* (P08).

From the above analysis there are many challenges faced by SMMEs within the ocean economy in KZN. These challenges include red tape resulting from strict regulations, lack of access to marketing, advertising, and funding. They also include logistics and lack of sufficient warehousing facilities, lack of industry knowledge and entrepreneurial know-how.

5.6.2 The Impact of Economic Policy on the Development and Sustainability of Maritime SMMEs in KZN

The research participants mentioned the following as the impact of economic policy on the development and sustainability of maritime SMMEs in KZN including lack of government-backed programmes, lack of effective communication, and limited assistance to mostly black entrepreneurs.

The participants acknowledged that there are economic policy initiatives aimed at the development and sustainability of SMMEs in the Province. However, government talks about all these initiatives and programmes in the media, but at the grassroots level, we do not see much action. (P01).

"No really - government talks about all these initiatives and programmes on the media but at the grassroots level, we do not see much action. It is all talk but no action. No - government keeps saying there are programmes and support for us as entrepreneurs but when you go to look for such help you are given too many reasons why you can't be helped by the very same institutions; it's really demotivating and disheartening. Why cannot we benefit? Where do I go for help? Who do I talk to? It would help if there was a standalone institute for helping SMMEs in the ocean economy." (P01).

Furthermore, participants also indicated that they do not know of any assistance provided to SMMEs and entrepreneurs do not seem to benefit from these initiatives.

"I understand that there are initiatives aiming to help SMMEs i.e. in fishing but am not clear as to whether these SMMEs really benefit from these." (P03) "I am a SMME, but I do not know any existing help for SMMEs in KZN or anywhere else." (P09). "I understand that there are initiatives aiming to help SMME i.e. in fishing but am not clear as to whether these SMMEs really benefit from these. I do not have much experience in this regard, but I believe they are not effectively communicated, and their accessibility is limited to a chosen few. However, I believe the assistance is extremely limited to black owned entrepreneurs. I think it is a good model that will assist SMMEs to benefit from the ocean economy if it is properly initiated and run." (P06).

"Not much assistance except from EMC and MKI but these institutions especially EMC have budgetary constraints" (P08). "The initiatives are not clearly understood, they are not reaching the target market that can transform them to actionable ideas, the policies are not well communicated, programmes are not followed through, and their success measured. The concepts are there but there is lack of committed initiative or programme directors who can guide, support, and see through the identified initiatives." (P12).

The study findings reveal that the impact of economic policy on the development and sustainability of maritime SMMEs in KZN has been low because of no follow-up on government-backed programme, and lack of effective communication. In addition, assistance has been limited to mostly black owned entrepreneurs, and government initiatives are not clearly understood. However, having an economic policy on the development and sustainability of maritime SMMEs in KZN is a good strategy, if properly initiated and executed.

5.6.3 SPV for the Development and Sustainability of Ocean Economy SMMEs in KZN

The importance of a SPV for the development and sustainability of the ocean economy SMMEs in KZN was discussed by the research participants. They discussed the concept of the SPV model and its significance within the ocean economy as the importance of SPV for the development and sustainability of the ocean economy SMMEs. Participants believed that current funding institutions were sceptical to fund their businesses. Entrepreneurs indicated

that when there is assistance, is it very limited to black entrepreneurs. Participants indicated that it is a good model that will assist SMMEs to benefit from the ocean economy, if it is properly initiated and implemented.

"All other funding institutions are sceptical to fund or help service-based companies." (P10). *"No, it is not effective as there are no tangible results that point to its effectiveness, e.g., new businesses that are flourishing."* (P11). *"However, I believe the assistance is very limited to black entrepreneurs. They need financial support and training in this sector. My experience is difficulty in accessing funds for projects identified through these partnerships. Not sure, but I believe it is for the limited few… I believe that is what it was aimed for, but I do not think it is sufficiently communicated to all who stand to benefit from it… It refers to any initiative aimed to specifically drive a particular purpose to its end or fulfilment. I think it is a good model that will assist SMMEs to benefit from the ocean economy if it is properly initiated and run."* (P04).

Participants believe that SPVs model is needed within the ocean economy and should be dedicated to the entrepreneurs in the ocean economy and an SPV should be an institution that is supposed to be a vehicle of support for entrepreneurs.

"A proper institution like SPV something that is structured and properly planned that is fully and dedicated to the entrepreneurs in the ocean economy. Yes, I believe so, everyone was excited by operation Phakisa and there were many strategic business formations aimed at supporting the government's operation Phakisa initiative. So, I guess operation Phakisa somehow helped the ocean economy. It is an institution that is supposed to be a vehicle of support for entrepreneurs. I think an SPV is a go to when the government cannot help me, an SPV can help me as they are not run by the government but are independent institutions. It is what we have been waiting for - an independent, neutral industry body that is run solely to help entrepreneurs in the ocean economy like myself. I think this model can work; we have tried everything before. I am happy if something like SPV would exist." (P01).

The results indicate that there is a need for SPVs for the development and sustainability of the ocean economy of SMMEs in KZN. However, the current concept of SPVs is not supportive of the development and sustainability of the ocean economy and SMMEs in KZN. Consequently, a more supportive SPV concept is imperative for the development and sustainability of the ocean economy SMMEs in KZN. According to the study, a proper SPV

should be thoughtfully planned and independent. It should be dedicated to the entrepreneurs in the ocean economy. The assistance should not be limited to black entrepreneurs or a limited few.

5.6.4 The Concept of Ocean Economy within the SA Context

The concept of the ocean economy within the South African context was discussed by the research participants. According to the research participants, the concept of the ocean economy within the South African context contains the following elements: A concept designed by the government to help promote opportunities and a sea-based wealth creation concept, and often dominated by foreign companies.

The finding indicates that the participants understand the concept of ocean economy and its strategic objectives and is supported by the following statements. The participants understand the link between Operation Phakisa and the concept of ocean economy and its significance for South Africa.

"Ocean economy is a concept designed by South African government to help promote opportunities within the ocean economy and the maritime sector. It is aimed at unlocking all the economic benefits of the ocean economy in South Africa. Yes, I believe so, everyone was excited by operation Phakisa and there were many strategic business formations aimed at supporting the government's operation Phakisa initiative.so I guess operation Phakisa somehow helped the ocean economy." (P01).

Participants seem to understand that the ocean economy concept is aimed at an exploration of the country's blue ocean economic opportunities as indicated by (P01 and P04) and that it is aimed at promoting sea-based wealth creation for the country (P03) and that the concept was aimed at accelerating opportunities within the maritime sector. It was intended to accelerate opportunities in the sector (P07). Participants believe that the ocean economy is important because the South African business environment is not entrepreneurial in nature, does not promote employment and is not extremely focused on job creation. The ocean economy promotes the development of Maritime related businesses.

"*The business conducted in ocean and harbour spaces. The job creation that benefits many. The wealth sourced from conducting such business including sustaining the province KZN*

Economy spreading to the inland and other Provinces. Sustainable businesses in transportation including warehousing." (P01). *"Sea based wealth creation."* (P03).

"It refers to activities happening within the ocean that economically contribute to the economy of the country." (P04). *"Government must make maritime related opportunity. It was intent to accelerate opportunities in the sector."* (P07). *"Maritime-related business. Networks on which to leverage business opportunities and a conducive environment that nurtures business endeavours. The South African business environment is not entrepreneurial in nature, it does not promote employment and is not extremely focused on job creation."* (P10).

The participants believe that the ocean economy has been well promoted within the sector through maritime awareness programmes. However, there are no tangible results from the ocean economy opportunities.

"A country's economy through maritime-related opportunities. For now, I only see it through maritime awareness programmes from the public sector like ASMOL. Ship building, bunkering, and maritime awareness. Maritime awareness, all repetitive content with no tangibles." (P08). *"It is production, movement, and marketing of goods and services relating to the maritime sector. This is a legal business that collaborates on a specific business opportunity with subject matter experts to ensure profitable business development."* (P11).

The results show that the concept of ocean economy within the South African context is a government-designed concept to help promote opportunities through the marine economy. However, the study finds that the ocean economy within the South African context is often dominated by foreign companies.

5.7 CONCLUSION

The findings of this study reveal that ocean economy SMMEs are constrained by several challenges, particularly related to financial resources within the sector. There is limited awareness (on the part of both the investor and investee) as to the possibilities of a blue economy approach. The pipeline of investment-ready activities remains limited within the ocean economy.

Considering the level of investment that will be needed to achieve these objectives, the government and the maritime sector must find new and innovative ways to finance

investments in the blue economy. A paradigm shift is needed in the use of available financing as well as the optimal use of available resources from all sources. Opportunities also exist for increasing available public resources as well as private sector finance and investment for blue economy initiatives aimed at assisting SMMEs within the ocean economy. Increasing the resource envelope to finance blue economy initiatives also requires new approaches to draw upon the existing pools of development finance. It may also require the development and piloting of new instruments. The SPV model is proposed to fill this gap for the neglected SMME sector with institutional and governmental collaboration. The SMME sector can flourish with better financing access and advancement opportunities within the ocean economy. The SPV model would be useful to diversify business support for SMME financing projects. SMME projects fulfilling SPV financing criteria can receive financing guarantee from central, provincial or local government to mitigate the higher risk for financial institutions. The significance of the SPVs for the ocean economy is that SPVs are designed to focus on the designated geographical region as well as the segment of SMME sector such as the ocean economy sector. The next chapter will discuss this study's findings.

CHAPTER 6

DISCUSSION OF FINDINGS

6.1 INTRODUCTION

This section presents the discussion on the interpretation of the major research findings in this study.

6.2 SUMMARY OF KEY FINDINGS

This section provides a summary of key findings in this study.

6.2.1 Challenges Faced by SMME's within the Ocean Economy in the KZN Province

The majority of the respondents in the study agree that the SMMEs operating within the ocean economy are faced with various challenges that compromise their ability to become successful in conducting business in their specific areas. This was supported by the research findings in Table 5.1 which indicated that respondents believed that government regulation was a major challenge in conducting business followed by lack of start-up capital, lack of business support, lack of managerial experience, and lack of financial management skills posed a challenge in their business. The respondents also felt that the maritime sector was competitive and dominated by large business and by companies.

The respondents in their interviews indicated that entrepreneurs in the ocean economy in KZN face many challenges which include red tape, strict government regulation which makes it impossible to both open and run a business. One of the major hurdles encountered by the majority of SMMEs in the ocean economy, as claimed by participants who took part in the study, is that of rigorous government regulations that negatively impact the growth of the SMMEs. The findings are aligned with Business Environment Specialists' report (2014), which discovered that entrepreneurs in the country usually devote enormous time and resources to government-imposed regulatory and administrative processes. Entrepreneurs find the regulatory environment complex, burdensome, and imposing unrealistic demands on businesses.

SMMEs in the ocean economy also identified a lack of access and general availability of finances as another challenge. Collectively, 93% of respondents regarded a lack of start-up capital and financial resources as a major impediment in their businesses. This was supported by feedback from interviews where entrepreneurs cited that the lack of government support makes it difficult to access funds to assist entrepreneurs in the sector. Entrepreneurs felt that the barriers of entry, high capital, lack of funding for servicing businesses in the ocean economy, even though the ocean economy industry is largely service orientated, was another challenge. Only a small pocket of well-established businesses are surviving as barriers to trade are high from costs. Herrington *et. al* (2010), and Musara, Mazanai and Fatoki (2012), found that the entrepreneurs encounter challenges to access to capital, funding, and loans due to onerous requirements by the lending banks and other funding institutions. The lack of access to finance impacts the business growth and survival and hampers the ability of SMMEs to fully realise their potential and their contribution to the economy and job creation (Musara & Fatoki, 2012). Access to capital and financial resources would enable entrepreneurs to have access to financial resources to attract the resources, assets and skills that are necessary to operate the business, which as a result, will allow the business to be competitive and survive during periods of unfavorable economic conditions.

On the statement on whether entrepreneurs feel business support programmes provided by government are easily accessible, of particular concern is that only 7% of respondents were able to access government support programmes. The interviewed respondents reiterated the same that they experienced difficulty in accessing funds and support services within the sector. Even though there are programmes or initiatives in place, these are not properly communicated and accessible to SMMEs, especially black-owned. The entrepreneurs indicated that there is a lack of access to the actual business support and knowledge on how to participate and whom to participate with and who are the beneficiaries of these initiatives. Entrepreneurs feel that the intentions of the initiatives are not clear. Literature supports these findings and alludes to the fact that the majority of SMMEs are not aware of these support programmes and uptake of initiatives aimed at supporting them is very low, despite government's commitment and institutional support (Mago & Toro, 2013; NCR, 2011). Studies cite that many government programmes are available to support SMMEs, but the level of awareness and the utilisation of these programmes is very low (GEM, 2009). FinScope (2010) and Mahembe & Underhill Corporate Solutions (2011) in their studies revealed that 75% of SMMEs were not aware of support organisations or available government financial resources. This was further emphasised by Van Aardt *et al*. (2011),

who identified that lack of access by SMMEs or start-ups is one of the reasons business start-ups fail in South Africa. Mbonyane and Ladzani (2011) as well as Lekhanya (2015) attribute the low awareness of support programmes and their uptake as due to the government's lack of institutional capacity in providing SMMEs and entrepreneurs with the necessary skills and capabilities to effectively operate and manage their businesses. Moos (2014) identified business incubators and mentors as some of the business support services that could help entrepreneurs establish and operate successful and sustainable businesses.

In today's competitive environment, entrepreneurs need a different set of managerial skills and competencies to manage and operate their businesses. These managerial competencies include management skills in areas such as financial management, production management, sales management, and personnel management. From the data presented it is evident that entrepreneurs within the ocean economy experience lack of financial management skills. A large percentage of respondents (68%) perceived a lack of financial management skills as a challenge in their businesses.

Several studies in the literature have cited poor financial management as the reason entrepreneurs fail to manage business finance and cash flow in their businesses. Yahya and Elsayed (2012) pointed out that entrepreneurs do not perform well in financial management practices and in some instances, they do not understand financial statements. In addition, on the statement whether respondents perceived lack of management skills as an impending factor in their business, 55% of the respondents agreed with the statement. The research finding is supported by Fatoki and Garwe (2010) and van Scheers (2016), who identified lack of basic management skills as factors attributing to the failure of SMMEs.

The study's findings reveal that almost 42% entrepreneurs believe that policies and strategies for financial access for SMMEs are not effective, 28% neither agree nor disagree and 29% agree with the statement. The banks in South Africa are conservative when it comes to extending credit to entrepreneurs and small businesses. The majority of the entrepreneurs have cited that they encounter problems with funding SMMEs, and lack of finance is one of the major reasons for business failure and lack of business growth (Makina, Fanta, Mutsonziwa, Khumalo & Maposa, 2015). Christensen (2013) articulates that lack of micro-finance institutions, venture capitalist and business angels in developing countries compounded the problem of financial support for entrepreneurs.

Respondents in the study also felt that the business environment is extremely competitive and dominated by large and foreign companies. A large percentage of respondents (42%) agree that large business dominate the market. A further 44% strongly agree with the statement making it a collective 86%. The interviewed participants echoed the same sentiment that industry is competitive and dominated by large foreign companies and the sector is dominated by foreign companies i.e. Maersk and they are monopolising the sector. Cant and Wiid (2013) revealed that competition is a major macro environment factor that influences the SMMEs in the country. Bouzza, Ardjouman and Abanda (2015) and Sitharam and Hoque (2016), reported that competition from within and externally poses major challenges to the SMMEs. Additionally, Sitharam, and Hoque (2016) found that competition is the key problem that impacts the SMMEs' performance and sustainability. Thus, the government has a significant role to play in reducing the regulatory barriers, ensuring that there is a level playing field which is important for SMMEs to survive and grow, and eradicating the monopolisation of markets by large companies.

The study findings also reveal that 47% entrepreneurs are undecided, and 35% entrepreneurs do not believe that stringent labour laws impact them. These findings contrast with recent research finding which found labour laws restrictive for SMMEs. The findings of the study are that 39% of respondents neither agreed nor disagreed and 33% disagreed and 29% agreed with the statement that the KZN government collaborates closely with the maritime sector in devising new strategies for SMMEs. This speaks to the fact that it is important to encourage partnership of emerging and established companies through existing associations and cluster bodies in KZN through the development of a dedicated shared support programme for members. The participants echoed that the provincial government support is limited and ineffective and more could be done. It was also highlighted that entrepreneurs are not consulted. Entrepreneurs were not aware whether proper strategies for SMMEs are being devised. Most participants do not know of any existing help for SMMEs in KZN.

The study further investigated additional industry challenges that SMMEs in the ocean economy are faced with, which included the lack of ocean economy. The study also sought to explore industry challenges faced by SMMEs in the ocean economy. The respondents cited challenges linked to conducting business in the maritime sector such as the lack of ocean economy knowledge to be a contributing challenge to the business by 69%, followed by difficulties in understanding new developments in the ocean economy (69%).

Furthermore, 49% of respondents believe that there are not enough investment opportunities within the ocean economy.

Most respondents reported that they experienced difficulties in understanding new developments in the ocean economy. Of particular concern is that only 69% collectively agreed they experience difficulties accessing information. Most respondents in the interview revealed that in their view government talks about all these initiatives and programmes in the media but at grassroots level, they do not see much action. It is all talk, but no action. The government only talks about it in the media but does not come to the people at the ground level and explain to them how, where and what to do to access the ocean economy industry. Participants in the interview felt that they understand that there are programmes or initiatives in place, but these are not effectively communicated and accessible to SMMEs, especially black-owned. This study's findings reveal that the key limitation to the development of SMMEs in the ocean economy is the inability to access industry information. This was further supported by the interviews where respondents indicated that as entrepreneurs, they lack real understanding of the sector and the knowledge required to participate in the sector.

In the study's findings, participants highlighted a general lack of awareness about opportunities within the ocean economy. It was evident that 37% of respondents do not believe that there are sufficient investment opportunities within the ocean economy, 34% agree and 19% neither agree nor disagree with the statement. The World Investment Report (2017), Baby and Joseph (2016), and Haven (2015), indicate that formal financial institutions in developing countries, such as South Africa, face a number of challenges that prevent them from pulling financial resources together and lending to SMMEs. These challenges, according to Baby and Joseph (2016), account for the large credit financing gap between supply capacities of formal financial institutions and the demanding needs of SMMEs. This lack of awareness affects the attitudes and career choices of entrepreneurs about the ocean economy sector. The maritime sector is presented as a less attractive career option with limited entrepreneurial opportunities. The lack of awareness also perpetuates traditional biases as entrepreneurs perceive the maritime sector and the ocean economy as exclusively not for them and with limited opportunities. For entrepreneurs already in the sector, more needs to be done to elevate their roles and contributions as key stakeholders, especially as the ocean economy is gaining more traction locally and internationally as an important economic sector.

From the above analysis, the study findings identified several challenges that impose on the SMMEs in the ocean economy in the KZN Province. These include the fact that participants' view government regulation and policies as stringent, burdensome, and unfavourable. More concerning is the fact that most respondents identified lack of start-up capital and funding, lack of business support, lack of managerial competencies and skills, as problematic. This is worrying because there are several government initiatives directed at addressing these issues and supporting SMMEs in the ocean. These findings point to a need for increased business support for SMMEs in the ocean economy and these support initiatives need to focus on skills and capacity building initiatives and programmes aimed at supporting SMMEs in the ocean economy in the Province. This study's findings reveal that SMMEs might not be aware of available government initiatives that are meant to support them. This suggests a lack of effective communication between government and SMMEs and this needs to be addressed to provide effective support to SMMEs.

This study further reveals that SMMEs in the ocean economy are forced to contend with the same regime that governs larger corporates and businesses, even though SMMEs have different financial and operational requirements. To ensure that the SMMEs in the ocean economy thrive, the government needs to create and introduce policies and strategies that are enabling for SMMEs in the ocean economy, providing a conducive business environment that reduces the barriers they are currently facing and allows SMMEs to flourish. Thus, there needs to be a mind shift in a policy framework that relaxes over-regulation of SMMEs as it does not encourage SMME development and stifles their growth and sustainability. Another imperative is the need for concerted effort in focusing on enhancing industrial and sector developmental policies geared towards creating a conducive environment for the sustainability of SMMEs through a clear and coherent policy framework through sector stakeholders, to promote ease of doing business and service and product diversification within the ocean economy.

Furthermore, education and skills development are critical to the growth of the ocean economy and the maritime sector. However, this study's findings have revealed that the supply of skills within the sector is limited. Several skills development challenges within the maritime sector have been identified including this study.

The shortage of skills has often been cited as a major constraint to the maritime sector and ocean economy as illustrated by the findings of this study. While progress has been made by various stakeholders including DHET, Transnet, Department of Transport (DOT), SA

Maritime Safety Authority (SAMSA), as this study has revealed, despite these initiatives there are still challenges that need to be addressed by the sector to ensure that the relevant skills are available to service the entire maritime sector including tapping into employment opportunities in the international market to ensure maximum growth in the sector. Furthermore, sector skills development and capacity building programme initiatives could include focusing on maritime training at the basic education level as it presents a huge skills development potential and can increase awareness about the industry and its possibility as an employer of choice.

To address entrepreneurship skills shortages in SMMEs and the sector, the maritime sector needs to enhance sustainable entrepreneurship through education and skills development. The maritime sector needs to build and enhance the capacity of entrepreneurs to succeed in the ocean economy. Maritime and entrepreneurship education and entrepreneurial skills development are central to the development of successful ocean economy entrepreneurship. The provincial government can assist in the pursuit of sustainable entrepreneurship and economic development through formulating clear entrepreneurial skills development policies and programmes for the sector. Entrepreneurial skills development underpins the capacity for entrepreneurship in the ocean economy, improving the potential for entrepreneurs to engage in entrepreneurial endeavours and to maximise the commercial opportunities that stem from the ocean economy. Additionally, there is a need to link education and training to ocean economy strategies and economic sectors. Skills development based on critical and innovative thinking is the key to encouraging and advancing ocean economy entrepreneurial skills. Skills development initiatives in the ocean economy should be focusing on capacity building training programmes and entrepreneurial classes supported by private sector institutions and institutions of higher learning.

In light of enhancing growth within the maritime sector and ocean economy, all the relevant stakeholders must put more effort into addressing the identified skills challenges to ensure job creation, entrepreneurship, and sectoral growth within the maritime sector. Several initiatives could be implemented. There needs to be provincial public awareness campaigns regarding the opportunities within the maritime and ocean economy sector. These campaigns must be conducted in a manner that addresses aspects of diversity and inclusion and regarding entrepreneurial opportunities within the ocean economy for the youth, women, the disabled, and previously disadvantaged individuals. The campaign should focus on normalising the presence and participation of entrepreneurs. It should target communities

along the coast and inland. Additionally, career and business opportunities within the maritime sector need to be highlighted and awareness created of their existence. Enhanced awareness could be achieved by the provincial government, through developing and in some areas and instances, enhancing educational curricula of maritime studies both at secondary and tertiary institutions, with the aim of broadening the understanding of the maritime sector and entrepreneurial opportunities that exist in the sector and the ocean economy.

Furthermore, there is a need to develop sustainable entrepreneurship curricula. As evident in the results of this study, many entrepreneurs are unaware of the growing opportunities for entrepreneurship in the ocean economy. For these endeavours to succeed, partnerships between education and training providers and the private sector needs to be strengthened. Strong institutional partnership increases the opportunities for collaboration between the education system and industry. Thus, it is important to engage the private sector in the development of sustainable entrepreneurship skills within the ocean economy and to collaborate wherever possible to promote ocean economy initiatives.

There is a need to improve entrepreneurs' visibility and participation in the maritime sector and ocean economy and to raise awareness of maritime opportunities and available businesses in the sector. It is important to share success stories, have role models and introduce mentorship programmes for entrepreneurs within the maritime sector. One way to achieve this, is to establish additional maritime incubators and industry and SMMEs clusters. These will raise awareness about entrepreneurship opportunities within the ocean economy. This can be achieved by focusing awareness raising programmes on the ocean economy projects that can provide tangible results and a boost to ocean economy entrepreneurs, their communities and the province. Additionally, creating real and practical case studies on ocean economy new ventures can be helpful for promoting entrepreneurial opportunities among entrepreneurs and for sharing best practices within the ocean economy. Initiatives aimed at a mind shift of entrepreneurs can influence the attitudes and influence the way they positively perceive opportunities within the ocean economy and their contribution to economic development within the province.

Effective networks among entrepreneurs' social networks are important mechanisms for this mind and cultural shift as it influences the exchange of information and ideas that is crucial to understanding the ocean economy and boosting entrepreneurs' knowledge of the industry and available opportunities in it. Networks can be used to support nascent entrepreneurs and can encourage the creation of new business models, practices, products, services within the

ocean economy. These networks can be formal organisations or loose opportunities for interactions and associations of entrepreneurs in the ocean economy. They can play an important role in guiding and supporting nascent entrepreneurs. By strengthening entrepreneurs' engagement with existing entrepreneurial networks in the ocean economy, policymakers can ensure their efforts are closely aligned with opportunities within the ocean economy.

6.2.2 Impact of Economic Policy on the Development and Sustainability of Maritime SMMEs in the KZN Province

The role of the government in facilitating and supporting SMMEs remains critical globally and South Africa is no exception. The SMME sector is prone to suffer and fail when the government pays little attention to the sector. A government that does not support SMMEs does not only hurt the sector but experiences negative growth in its economic development. The environment created by the government in terms of policy framework paves the road to success or failure for SMMEs. A set of questions in the questionnaire was designed to examine the impact of economic policies developed in the country on the development and sustainability of maritime SMMEs in the KZN Province. Similar to the other variables examined in this study, which were based on the Likert scale, the median was preferred for analysis. Regarding the median impact of economic policy on the development of maritime SMMEs, Figure 5.30 reveals that most of the respondents were within the median range of 3 (36.78%). In addition, most of the respondents agreed that economic policies affected the development and sustainability of SMMEs in the KZN ocean economy.

Most of the respondents also agreed that the economic policies developed by the government for the development and sustainability of maritime SMMEs in the KZN ocean economy, are effective. 40% of the respondents agreed with the statement and an equal number 40% of respondents were uncertain or indifferent that ocean economy policies are effective.

Relating to whether the KZN government supports entrepreneurship in the province, 33% of respondents agreed and 40% neither agreed nor disagreed and 35% disagreed with the statement. Furthermore, 35% of respondents believe that the provincial government policy framework does not seem to be actively promoting entrepreneurial opportunities and 36% neither agreed nor disagreed and 31% disagreed with the statement. These findings were supported by interview feedback where respondents indicated that as entrepreneurs and

SMMEs they lack government support, and it is difficult for them to fund and assist entrepreneurs in the sector.

On the statement whether the existing incentives provided by the KZN government assist with the development of SMMEs within the ocean economy, 48% of respondents neither agreed nor disagreed, 27% agreed and 26% disagreed with the statement. The findings were collaborated by feedback from interviews where entrepreneurs pointed out that government must create more maritime, or ocean economy related entrepreneurial opportunities. However, government has limited knowledge on how to support SMMEs and lacks industry understanding. These results support findings by Funke *et.al*. (2016) that capital investment in the maritime sector is also still low compared to other countries, probably because banks and government do not understand the sector well. Advancing the ocean economy entrepreneurial opportunities requires investments in areas such as institutional and human capacity development, knowledge, and information-sharing (Funke *et al.,* 2016).

In terms of the KZN government's collaboration with the maritime sector in devising strategies for SMME development and sustainability, 39% neither agreed nor disagreed and 31% agreed and 29% disagreed with the statement. 41% do not believe that the KZN government provides sufficient support for SMMEs and 33% respondents respectively. Furthermore, relating to the existing incentives provided by the KZN government to assist with the development of SMMEs within the ocean economy, 48% of respondents neither agreed nor disagreed, 27% agreed and 26% disagreed with the statement. These findings are collaborated by interviews where entrepreneurs expressed that government talks about all these initiatives and programmes on the media but at grassroots level, they do not see much action.

Additionally, government keeps saying there are programmes and support for SMMEs but as entrepreneurs when you go look for such help, they are given many reasons why you cannot be helped. The entrepreneurs were also of the opinion that existing support programmes are not effectively communicated, and their accessibility is limited to a chosen few. According to the KZN PGDS (2016) there is a low success rate of start-up entrepreneurial and SMME ventures within the province, and few opportunities are being created to support the absorption of youth and of women into the labour market. Additionally, SMME and cooperatives strategies are in place for KZN, and it guides how SMMEs are supported and has resulted in various government and private sector programmes aimed at uplifting SMMEs and cooperatives (KZN PGDS, 2016).

The rest of the questions explored the impact of the maritime sector policies and interestingly 51% respondents believe that the maritime sector supports the ocean economy. However, 41% of respondents do not believe that the maritime sector provides sufficient support for SMMEs, and 36% of respondents believe that the maritime sector has effective strategies or interventions for the SMMEs in the ocean economy. Interestingly, most respondents believed that the maritime sector does not provide sufficient policy to support entrepreneurship development and sustainability within the sector, and that there is no adequate access to business support programmes in the sector. They further believed that there are no appropriate strategic interventions for business support. This lack of sector policy support for SMMEs in the ocean economy is surprising as the majority of respondents believe that the sector is fully behind the ocean economy in the province. The feedback from interviews corroborate that they feel that Government lacks a good understanding of the sector. Other entrepreneurs indicated that the existing policies lack commitment and do not have entrepreneurs' interests at heart and most of the policies are not purposed for sustainability. Entrepreneurs also felt that the sector is invisible and most SMMEs do not even know if there is an ocean economy sector. They maintained that the sector has unstructured pockets and operates in isolation.

Entrepreneurs feel that the existing support provided to SMMEs is limited and ineffective and more could be done, including being consulted as entrepreneurs in the sector. Although there are programmes and initiatives, these cannot be said to be sufficient as they lack the basics of successful programmes. The initiatives are not clearly understood and are not reaching the target market that can transform them to actionable ideas. Furthermore, the policies are not well communicated, programmes are not followed through, and their success measured. Also, entrepreneurs feel that the existing interventions are not fit for the ocean economy challenges that entrepreneur, are experiencing. Entrepreneurs felt that government has a blanket approach to support programmes. This blanket approach is not contributing to solving problems.

Evidently from the findings, entrepreneurs believe that they do not get enough support from the government. This may be because of lack of information on the available organisations that are established and available to assist them. The findings are supported by Maleka and Fatoki (2016), who found that although the South African government has created several agencies to support SMMEs, there is a general lack of awareness of this support amongst SMMEs. Most SMMEs in South Africa are not aware of government efforts that are in place

to assist them (Maas & Herrington, 2006). This could be due to poor marketing by government supporting schemes. Mago and Toro (2013) point out that among those SMMEs that are aware of these supporting schemes, the majority do not know how and where the programmes operate. The lack of capacity of institutions to create awareness of their existence and the uneven geographic distribution of support institutions as well as the cumbersome procedure involved in making application for funding has deterred SMMEs from applying for support.

From the analysis, it is evident that the maritime sector is extremely traditional in its outlook and is also fragmented with 'silo thinking'. In addition, the sector is dominated by large, monopolised companies who are foreign owned. Thus, there is a need to close the system gaps and build a shared vision for the sector, which is inclusive of private sector and Government, private and SMME sector. There needs to be policy integration and synergies across policy domains which would include aspects of national, local economic and social development strategies for ocean economy and private sector development and entrepreneurship. A lead institution is needed to provide policy and strategic integration and co-ordination across government and promote co-operation among all relevant private, public and community stakeholders. In its review of best practices in national SMMES development agencies, the ILO (2016b) recommends that these agencies be aligned with the long-term national economic policy. Furthermore, agency objectives should be aligned with those of other relevant support organisations, and governing associations should involve stakeholders in the private and public sector.

Thus, the maritime sector needs to formulate an integrated national policy framework strategy and an ocean economy entrepreneurship strategy. An integrated national policy framework for the ocean economy provides a clear framework for government and the private sector to collaborate. The integrated policy framework for the ocean economy should also include private sector ocean economy strategies which could be through working with businesses directly, or with membership or clusters that represent them, or through a range of areas of policy and regulation to promote functioning, competitive markets. These strategies should be intricately connected to broader economic and social development plans and provide a framework for finding synergies between private sector development and blue growth. A private sector development strategy provides an opportunity for the government to target its support towards specific subgroups, such as young people. They provide the basis on which an ocean economy entrepreneurship development strategy can be formulated.

These integrated ocean economy policy frameworks integrated with private sector development strategies can enhance and improve maritime ocean economy ecosystems for sustainable entrepreneurship. Such ecosystems create an institutional framework to nurture and promote business development for sustainability. Studies describe how high-growth companies flourish in distinctive types of supportive environments (Mason & Brown, 2014). In these environments, companies grow faster because they are able to access the inputs they need, benefit from the spinoffs created by other companies, collaborate with others and compete more effectively. The government of the ocean economy business ecosystem influences the access entrepreneurs have to support services and their ability to progress from having a business idea to starting and growing a sustainable business.

The status of entrepreneurship in the ocean economy needs to be mapped and the main challenges and opportunities need to be identified. This is best achieved through an assessment of the entrepreneurship ecosystem within the ocean economy, with particular attention given to how entrepreneurs participate in this ecosystem. There needs to be a collaborative and integrated approach to supporting ocean economy entrepreneurs within the ocean economy ecosystem, which includes access to business development services, access to finance, and support mechanisms, such as mentoring. Establishing SMME clusters within the ocean economy may also generate collective efficiencies that make them attractive for enhancing SMME competitiveness within the ocean economy. Government may support the establishment of industrial clusters by promoting SMME networks and with inter-institutional links with research institutions, training centres within the ocean economy. This would enable provincial and national linkages programmes that can be an effective tool to establish long-lasting relations between SMMEs and local suppliers within the ocean economy. Networks can play a fundamental role in improving the capabilities of ocean economy businesses to help them expand in local and export markets. In this context, SMME clusters and networks will essentially provide constant dialogue, and interaction between government agencies and the private sector is essential in making linkages sustainable.

6.2.3 Effectiveness of the Public-Private-Partnerships within the Ocean Economy

The objective of this section is to investigate the constraints that SMMEs in the ocean economy face in exploring PPP opportunities and how entrepreneurs feel about the effectiveness of these policies. Findings indicate that the majority of respondents (44%) believe that the ocean economy has been a catalyst for the formation of PPPs in the sector.

Meanwhile, 35% believe that Public-Private-Partnerships have not provided sufficient support and access to support businesses and SMMEs within the ocean economy as 42% of respondents believe the existing PPP model is not effective even though Operation Phakisa has been a catalyst in the formation of PPPs. The findings are discussed below:

Almost 44% of the respondents believe that the ocean economy has been a catalyst for the formation of PPPs in the sector. In addition, 33% of the respondents neither agree nor disagree and 24% of the respondents agree with the statement. Operation Phakisa is the most important initiative by the government to bring the private and public sector together and it is a wonderful opportunity for contributing towards South African prosperity (Zuma, 2014). Whereas, on the statement on whether the public-private-partnerships provide sufficient support to entrepreneurs, 65% collective respondents did not believe that public-private-partnerships provide sufficient support to SMMEs. The entrepreneurs believe that the current models such as PPPs are not efficient and effective because they seem to be skeptical to fund service-based companies in the ocean economy. Entrepreneurs further alluded that the assistance currently offered to the entrepreneurs is limited to black entrepreneurs and they experienced difficulty in accessing funds for projects identified through these partnerships.

Interviewees commented that some entrepreneurs have not engaged in PPPs and have limited knowledge of what PPPs do and how they would benefit entrepreneurs. One interviewee further elaborated that they had trouble in accessing funds for projects identified through these partnerships. Some entrepreneurs confirmed that they tried on numerous occasions, but corruption, favoritism and unprofessional people made it a non-starter. Thus, the general feeling is that entrepreneurs do not know why PPPs were started and how entrepreneurs will benefit from them as entrepreneurs in the ocean economy as no one is driving these PPPs. SMMEs perceived serious obstacles to their engagement in PPPs and have identified barriers such as lack of awareness of opportunities, lack of knowledge of the procurement, difficulty in getting onto the approved supplier list and a complex tendering process.

The findings are supported by Mabuza's (2018) own findings that the current PPPs model does not give priority to other challenges that may be imperative for developing countries, such as SMMEs' development and job creation. The current South African PPP model does not compel the private sector party to use SMMEs to provide goods and services to PPP projects, and that undermines the potential that PPP projects have in creating jobs and reducing poverty and inequality. Furthermore, most entrepreneurs believe that Public-Private-Partnerships have not provided sufficient support and access to support businesses

for SMMEs within the ocean economy. They believe the existing PPP model is not effective even though Operation Phakisa has been a catalyst in the formation of PPP. Interviewees commented that during Operation Phakisa everyone was excited by operation Phakisa and there were many strategic business formations aimed at supporting the government's operation Phakisa initiative in the form of equity or joint ventures. There is a level of relaxation. Research findings conclude that the participation of SMMEs in PPPs is far below their share in national economies (Hussain, Failler & Al Karim, 2014). There are both public and private side reasons that contribute to the low exploitation of PPP opportunities by SMMEs (Hussain, *et al*., 2014).

Currently, entrepreneurs are of the view that the professionals expected to support these PPP initiatives are stretched and entrepreneurs lack momentum and drive to pursue or chase after business in order to start and establish themselves. Most respondents believe that PPP model when properly implemented could be effective in enhancing business sustainability. This finding is supported by Mabuza's (2018) findings which reveal that the traditional PPP model currently applied in most emerging countries, including South Africa, discourages the participation of SMMEs in PPP projects. Most PPP projects are bundled into big projects that SMMEs cannot execute. Evidently, the finding reveals that the lack of institutional capacity to manage and maximise the potential of PPPs undermines their effectiveness, resulting in low SMME participation. The lack of institutional capacity has been attributed to the inability of government to provide an environment for PPPs to use SMMEs in PPP projects, leading to the failure of such initiatives. Notably, linking the SMMEs with PPP projects such as those in the ocean economy, is not sufficient for the SMME sector's development. To develop a sustainable SMMES sector in the ocean economy requires alternative financing and investment interventions. In this regard the selection of strategic effective partners is key to the implementation and success of PPP's. Additionally, effective monitoring is an essential element of best practice and in the context of PPPs, ensuring that partners fulfil their role and additionally, monitoring provides an important opportunity for review that almost always results in the enhancement of delivery of the financial and technical aspects of the project. The monitoring role could be assigned to an independent body which could ensure that PPPs collaborate in adopting a systematic approach that motivates the creation of innovative ocean economy sectors through sound policies and improves entrepreneurial opportunities within the ocean economy. This could be achieved by collaborating to identify and unlock private sector investments, innovative financing and pilot testing new models for assisting entrepreneurs.

The creation of a conducive environment for both SMMEs and the PPP partnerships would increase participation of SMMEs in PPP projects. Additionally, government may promote and enhance participation through legislation that enforces that any PPP project should have a significant SMMEs content and focus on it. This can be done in addition to the transformation requirement of the Preferential Procurement Regulations and BBBEE requirements. It is worth noting that although linking SMMEs with PPP projects is necessary, it is not sufficient for the development of the SMME sector. To develop a sustainable SMME sector requires other interventions, such as the creation of a more enabling environment, reduction of red tape, development of social networks and the promotion of an entrepreneurship culture, reduction of crime and corruption and political will and commitment to implement policy and improve public sector capacity to respond to the needs of SMMEs.

Various interventions have been implemented in South Africa to foster the use of SMMEs in PPP projects, but what is lacking, is a cohesive approach. An integrated policy approach should be developed to foster the use of SMMEs in PPP projects through an incentive-based policy, which should make it mandatory for PPPs to use SMMEs in PPP projects both in the creation and implementation of projects. The integrated approach should include an institutional framework to support SMMEs in the ocean economy which should link together all the different government initiatives to support SMMEs and the policy should also clearly define the role of government and that of the PPP company in developing SMMEs.

6.2.4 The Need to Explore the Concept for a Sector Specific SPV for the Development and Sustainability of Ocean Economy SMMEs in the KZN Province

A set of questions in the questionnaire was designed to examine whether the respondents understood the SPV model and whether they supported its importance in supporting economic development in the KZN ocean economy. The majority of the respondents agreed that there was a need for implementation of a sector specific SPV model for the development and sustainability of the SMMEs in the KZN ocean economy. As reflected in the questionnaire, results in Table 5.5 that the majority of the respondents agree that the SPV model could be appropriate for supporting economic development in the KZN ocean economy. Findings reveal that 63% of respondents understand the concept of SPV, and 64% believe that SPVs are important for enhancing SMMEs in the Ocean Economy and 49% believe SPVs can be effective as a collaborative strategy of enhancing SMMEs in the ocean

economy and if promoted well, can act as an economic tool within the ocean economy. The interview findings reveal that entrepreneurs believe that an SPV is what they have been waiting for - an independent, neutral industry body that is run solely for the purpose of helping entrepreneurs in the ocean economy. The entrepreneurs further alluded that they would be happy if something like SPV would exist as it would provide opportunity for growth. However, it is interesting to note that while respondents agree to the significance of SPVs for the ocean economy, the maritime sector does not currently promote the SPV model.

6.3 CONCLUSIONS FROM PRIMARY DATA

The study identified several business and sector challenges that entrepreneurs encounter, especially in the maritime industry. The sector's deficiencies impede the sector's ability to meaningfully contribute to sustainable economic development. The ocean economy aims to create a conducive environment for creation of new maritime SMMEs in the ocean economy and sustainable entrepreneurship. The results of this study will provide significant insights into the maritime sector economic development strategies through ocean economy strategies in order to enhance the sector's sustainability.

Moreover, the SMME sector in the ocean economy is unable to develop budding entrepreneurs since the sector lacks developmental instruments to promote the development of SMMEs. Policy makers have attempted to advance local economic development through various development models as a key development driver and catalyst, without success. Currently, there is a misalignment in the various developmental instruments aimed at the development of the ocean economy SMME sector. A holistic approach in the form of an SPV is needed to address the current system challenges and to enhance economic development through entrepreneurship development within the SMME sector in the ocean economy.

To resolve system gaps, the ocean economy requires an intentional attempt at regional and sector integrated development, an action plan which is aligned to the national development priorities and ocean economy activities. The development of national ocean economy plans aligned with medium to long-term development and budgeting will contribute to greater effectiveness. These plans should be linked to both provincial and regional ocean economy strategies to ensure consistency but also to allow for greater regional collaboration and economic sharing. Strategies exploring financial inclusion and inclusive growth to support

the ocean economy can benefit from regional linkages, creating a circular effect which ensures that the benefits of the ocean economy extend to sectoral and provincial economic development outcomes. Thus, an integrated effective regional and provincial policy is a critical success factor for ocean economy growth in the KZN Province. While EEZs are helpful in enhancing the geographical reach of each nation's exclusive access to and ownership of ocean resources, they have not been effective. Hence, a regional economic policy, similar to that of the Pacific Islands Forum Fishing Agency may facilitate negotiation with investors at the regional level and under conditions of near perfect competition. Under this arrangement, the Province benefits from harmonised ocean governance and revenue sharing. In this way, gains from ocean-related activities are shared among the entrepreneurs using a pre-determined revenue sharing formula.

This multisectoral approach of the ocean economy is an ideal framework to design incentives or other policy instruments that can guide various sectors through a common policy building on trade-offs and synergies. The absence of adequate institutional mechanisms to facilitate interdepartmental collaboration or an overall coordinating body makes it difficult for institutions to work beyond their immediate mandates. The ocean economy offers a new dynamic that could be used to mobilise new interinstitutional linkages across different sectors, marshal support for necessary reforms, and fill existing gaps in legislation and enforcement mechanisms. This could be done at various levels, including national, regional, and provincial as deemed appropriate. The fact that the ocean economy spans a number of different sectors, with significant potential synergies, provides positive incentives for moving toward better integrated legal, regulatory, and institutional frameworks. At present, policy incoherence, weak enforcement, and legislative gaps contribute to the fragility of existing frameworks on the ocean economy.

Successful formulation of the ocean economy policy requires a great deal of coordination to be sustained. An effective coordination body and sustained commitment to the process are therefore crucial and could be achieved at the highest level of government. For a policy on the ocean economy to be effective, consensus can be built through continued, inclusive, and participatory stakeholder engagement processes at various stages of the policy formulation process. Communication should be centred on key messages sent to all stakeholders to improve awareness about the ocean economy. It must be a continuous, timely, and sustained process of strategic communication and regular provision of information and maps aimed at sustaining the stakeholder base established for the ocean policy formulation. In addition, the

quality of the multi-stakeholder consultative process is critical to the success of the ocean economy policy formulation process. The multi-stakeholder process should result in an alignment of different points of view and understanding of the opportunities and challenges in harnessing the potential of the ocean economy. Key to success is the need to undertake a comprehensive mapping of all potential interest groups within the ocean economy sector. These could include policymakers, civil society, local community groups, the private sector and labour. This consultative process could assist in identification of the different values and understanding of the benefit streams of the ocean economy for each stakeholder group.

Empowering the key actors in the ocean policy formulation process is important to disseminate all relevant information in a transparent and timely manner. In addition, multi-stakeholder consultative processes enable to align different interests and perceptions of value, leading the ability to align the different views and perspectives into a shared vision. This would lead to the building of an ocean economy culture. Operationalising the ocean economy requires a mindset change based on a holistic and integrative approach to spatial economic planning and development within the ocean economy. The process of formulating the ocean economy policy would, therefore, benefit from a concerted effort of sensitisation and awareness raising for all stakeholders to build a culture of new ways of thinking.

Additionally, advancing the blue economy as a strategic economic growth pillar in the Province requires continuous research and development, targeted feasibility studies, competitive analysis and the development and testing of new instruments and models suitable for the ocean economy. Based on the financial and capacity constraints which exist in the Province, the most feasible option would be a regional knowledge hub. One recommendation is to explore the creation of a shared platform or knowledge hub on the ocean economy. Such a hub would serve as a platform to pool expertise, assess lessons learned from existing initiatives, scale-up successes, build skills on the ocean economy at the regional level, and develop common approaches. The hub could also serve as a catalyst to engage, not only high-level political leadership in the ocean economy, but also leaders in the private sector, impact investors, donor agencies and financial institutions to promote investment, innovation and the forging of public-private partnerships for sustainable development of SMMEs within the ocean economy. Underpinning all dimensions of the ocean economy is a focus on sound research and development. Development of the ocean economy needs to be embedded in scientific knowledge on matters such as technological innovations, understanding climate change impacts on marine resources, and accumulating

the best lessons learned from ocean economy projects and developments from environmental and social standpoints. It is important to create knowledge platforms to share and exchange data and best practices at the regional and provincial level to inform policymaking and regional cooperation.

6.4 CONCLUSION

The results of the study's analysis have been discussed in this chapter with the aim of assessing the application of economic and policy development approaches towards the creation of sustainable SMMEs in the ocean economy and assessing the tactical approach towards the development of new and innovative blue economy SPV model for the maritime sector.

Findings reveal that most of the respondents in the study agree that the SMMEs operating within the ocean economy are faced with various challenges that compromise their ability to become successful in conducting business in their specific areas of business. This was supported by the research findings which indicated that respondents believed that government regulation was a major challenge in conducting business, followed by lack of start-up capital, lack of business support, lack of managerial experience, and lack of financial management skills posed a challenge in their business. The respondents also felt that the maritime sector was competitive and dominated by large businesses and dominated by companies. Findings reveal that although business support programmes seem to be a government strategy, they are not empowered enough to cover other aspects or areas of the ocean economy such as ship repairing and maritime engineering. The mix match of entrepreneurial opportunities is because participants believe that the government lacks understanding of the sector. To mitigate these challenges participants echoed that the government should create maritime related entrepreneurial opportunities and create better awareness of such opportunities so that entrepreneurs can capitalise on them.

Findings further reveal that entrepreneurs believe that the current models such as PPPs are not efficient and effective because entrepreneurs to be sceptical to fund service-based companies in the ocean economy. Participants echoed these sentiments and added that the assistance currently offered to the entrepreneurs is limited to black entrepreneurs and they experienced difficulty in accessing funds for projects identified through these partnerships. Finally, the importance of SPV for the development and sustainability of the ocean economy SMMEs in KZN was discussed by the research participants. The research participants

discussed the concept of the SPV model and its significance within the ocean economy as important for the development and sustainability of the ocean economy SMMEs.

CHAPTER 7

RECOMMENDATIONS AND CONCLUSION

7.1 INTRODUCTION

The main purpose of the study is to establish an economic development policy implementation approach for the creation of sustainable Maritime SMMEs in the KZN Province. This chapter summarises and synthesises the key findings as they relate to the aim and objectives the study. An SPV model for ocean economy SMMEs has been recommended from the syntheses of the findings of the primary data which was guided by the research objectives. The answers to research questions, theoretical and practical implications, as the fundamental contribution of the study to future research and the new body of knowledge are also presented and discussed below.

7.2 ANSWERS TO THE RESEARCH QUESTIONS

This sections provides answers to the research questions.

- **What is the role of entrepreneurship in economic development within the South African context?**

The role of entrepreneurship in stimulating and developing economic growth is a commonly discussed topic in recent literature. This is due to the fact that that entrepreneurship is regarded as an engine of economic growth and transformation, job creation, and poverty reduction in most developing and emerging countries globally. The connection between entrepreneurship and development has only been investigated at either the country or regional level, but recent studies have expanded focus to emerging economies where poverty remains a critical issue. The literature identifies several benefits of the role of entrepreneurship in economic development and growth. Studies reveal that the importance of entrepreneurship depends on a country's stage of economic development. Entrepreneurship leads to creative destruction and the creation of new businesses, growth of existing businesses, and downsizing of unsuccessful businesses. Entrepreneurship creates entrepreneurs who are risk-takers who use innovation to explore entrepreneurial opportunities in the dynamic and uncertain market environment. New businesses generate new employment opportunities and contribute to innovative activities, thus creating new industries, increases in productivity and competitiveness, and revitalising stagnating industries.

In emerging countries such as South Africa, entrepreneurship has a considerable role in contributing to the country's economic development. Entrepreneurship in emerging markets is regarded as an alternative income generation. However, despite the significance of entrepreneurship to the economic development of emerging markets, entrepreneurs in these countries are faced with institutional barriers and challenges. These constraints include hostile political and economic environments and regulation and corruption. Thus, entrepreneurship in emerging markets is cited as uncertain and risky. Researchers have advocated for institutional entrepreneurship which enables entrepreneurs in emerging markets to overcome the institutional context constraints, thereby promoting structural and economic transformation through the creation of new businesses. There are three strategies for entrepreneurs to overcome institutional barriers namely, institutional brokering, bridging institutional distance, and spanning institutional voids.

- **What are the challenges faced by SMME's within the ocean economy in KZN Province?**

The SMMEs operating within the ocean economy are faced with various challenges that compromise their ability to become successful in conducting business in their specific areas. The findings reveal that SMMEs in the ocean economy are faced with challenges such as stringent government regulation and labour laws, lack of start-up capital, lack of managerial experience, lack of managerial experience and skills, insufficient incentives, and support to access to finance and competitive business environment.

The findings of this study reveal that one of the major hurdles encountered by the majority of SMMEs in the ocean economy, as claimed by participants who took part in the study, is that of rigorous government regulations that negatively impact on the growth of the SMMEs. Entrepreneurs find the regulatory environment complex, burdensome and imposing unrealistic demands on business. The findings also reveal that SMMEs in the ocean economy identified the lack of access and general unavailability of finances as another challenge they are faced with. Respondents regarded lack of start-up capital and financial resources as major impediments in their businesses. The lack of access to finance impacts on the business growth and survival and hampers the ability of SMMEs to fully realise their potential and their contribution to the economy and job creation. Access to capital and financial resources would enable entrepreneurs to have access to financial resources to attract the resources,

assets and skills that are necessary to operate the business, which would enable the business to be competitive and survive during periods of unfavourable economic conditions.

It is evident that entrepreneurs within the ocean economy experience lack of financial management skills. The majority of SMMEs indicated that a lack financial management skills is a challenge in their businesses. In addition, respondents perceived lack of management skills as an impeding factor in their business. Respondents identified lack of basic management skills as a factor attributing to failure of SMMEs. Surprisingly, the findings revealed that the majority of entrepreneurs do not believe that stringent labour laws impact them. These findings contrast with recent research findings which have found labour laws restrictive for SMMEs. Labour regulations are currently ranked as one of the most restrictive factors for doing business in South Africa for businesses dependent on labour.

Findings also reveal that entrepreneurs believe that policies and strategies for financial access for SMMEs are not effective. The majority of entrepreneurs have cited that they encounter problems with funding. Finance is one of the major reasons for business failure and business growth. The interviewed participants also echoed the same sentiment that industry is competitive and dominated by large foreign companies who are monopolising the sector. Thus, the government has a significant role to play in reducing the regulatory barriers, ensuring a level playing field which is important for SMMEs to survive and grow, and eradicating the monopolisation of markets by large companies. The findings of the study are that entrepreneurs are uncertain whether the KZN government collaborates closely with the maritime sector in devising new strategies for SMMEs. The participants echoed that the provincial government support is limited and ineffective, more could be done, entrepreneurs are not consulted on anything as entrepreneurs in the sector. Entrepreneurs were not sure if provincial government were devising proper strategies for SMMEs. Most participants did not know of any existing assistance for SMMEs in KZN.

The study further investigated additional industry challenges that SMME owners in the ocean economy are faced with, which included lack of ocean economy knowledge, difficulties in understanding new developments in the ocean economy and that respondents felt that there were not enough investment opportunities within the ocean economy. The findings reveal that most entrepreneurs lack knowledge of the ocean economy industry. Most respondents reported that they experience difficulties in understanding new developments in the ocean economy and experience difficulties in accessing information relating to entrepreneurial opportunities with the ocean economy in the Province. The findings are in

line with findings of literature. Participants highlighted a general lack of awareness about opportunities within the ocean economy. This lack of awareness affects the attitudes and career choices of entrepreneurs in relation to the ocean economy sector. The lack of awareness also perpetuates traditional biases as entrepreneurs perceive the maritime sector and the ocean economy as exclusively not for them.

- **What is the impact of economic policies and interventions aimed at the development and sustainability of maritime SMMEs in the KZN Province?**

The majority of the respondents in the study agreed that the economic policies developed by the government affected the development and sustainability of maritime SMMEs in the KZN ocean economy. However, just as surprising is that an equal number of respondents were uncertain or indifferent that ocean economy policies are effective, providing mixed results. Entrepreneurs claimed that they understand that there are programmes or initiatives in place, but these are not effectively communicated and accessible to SMMEs, especially black owned ones. It is interesting to note that the majority of respondents were of the view that the provincial government policy framework does not seem to be actively promoting entrepreneurial opportunities because the KZN government is not seen to be collaborating closely with the maritime sector in devising strategies for SMME development and sustainability as the majority of respondents believe that the existing programmes or incentives assist with the development of SMMEs within the ocean economy as there are few business support programmes. Entrepreneurs explained that government often expresses that there are programmes and support for them but when they request assistance, they are given many reasons for not being assisted. Entrepreneurs feel demotivated and disheartened by the lack of assistance. Other entrepreneurs feel that access to institutional assistance does not benefit all entrepreneurs but seems to benefit the few minorities.

- **What are the existing economic models aimed at the development and sustainability of maritime SMMEs in the KZN Province?**

Findings of this study reveal that the majority of entrepreneurs did not believe that public-private-partnerships provided sufficient support to SMMEs. The interviews confirmed the findings that entrepreneurs have not engaged them and have limited knowledge of what PPPs

do and how they will benefit entrepreneurs. Entrepreneurs elaborated that they had trouble in accessing funds for projects identified through these partnerships. Some entrepreneurs collaborated these sentiments and confirmed that they in the past tried on numerous occasions, but corruption, favouritism and unprofessional people made it a non-starter. Thus, the general feeling is that entrepreneurs do not know why PPPs were started and how entrepreneurs will benefit from them as entrepreneurs in the ocean economy as no one is driving these PPPs. SMMEs perceived serious obstacles to their engagement in PPPs and have identified barriers such as lack of awareness of opportunities, lack of knowledge of the procurement, difficulty in getting on the approved supplier list and complex tendering process. Thus, entrepreneurs believe that PPPs have not provided sufficient support and access to support. Most respondents believe that the PPP model, when properly implemented, could be effective in enhancing business sustainability.

- **Is an SPV a suitable economic framework approach to be developed for the ocean economy SMMEs?**

Findings of this study reveal that most of the respondents agree that the SPV model could be appropriate for supporting economic development in the KZN ocean economy. The majority of respondents understand the concept of SPV and hold views that the SPVs model can enhance SMMEs development and sustainability in the ocean economy. Respondents believe SPVs can be effective as a collaborative strategy of enhancing SMMEs in the ocean economy and if promoted well can act as an economic tool within the ocean economy. The study findings reveal that entrepreneurs believe that an SPV is what they have been waiting for as an independent, neutral industry body that is run solely for the purpose of helping entrepreneurs in the ocean economy. They further believe that they would be happy if something like an SPV would exist, as it would provide opportunity for growth and profitable and sustainable entrepreneurship within the ocean economy. However, it is interesting to note that while respondents agree with the significance of SPVs for the ocean economy, the maritime sector does not currently have such a model or similar institutional framework. As such the researcher has proposed an SPV model for the ocean economy as described in section 7.3 below.

7.3 PROPOSED SPV MODEL FOR THE OCEAN ECONOMY

As discussed in the literature chapter, various interventions with little success, have been implemented in South Africa to foster the use of SMMEs in PPP projects. However, what

has been lacking so far, is a cohesive and comprehensive approach for the ocean economy. An integrated policy approach should be developed to foster the use of SMMEs in PPP projects through an incentive-based policy, which should make it mandatory for PPPs to use SMMEs in PPP projects both in the creation and implementation of projects. The integrated approach should include institutional framework to support SMMEs in the ocean economy which should link together all the different government initiatives to support SMMEs and the policy should also clearly define the role of government and that of the PPP companies in developing SMMEs in the ocean economy. This proposed SPV model provides this framework as implementation policy tool. This study recommends the model reflected in Figure 46.

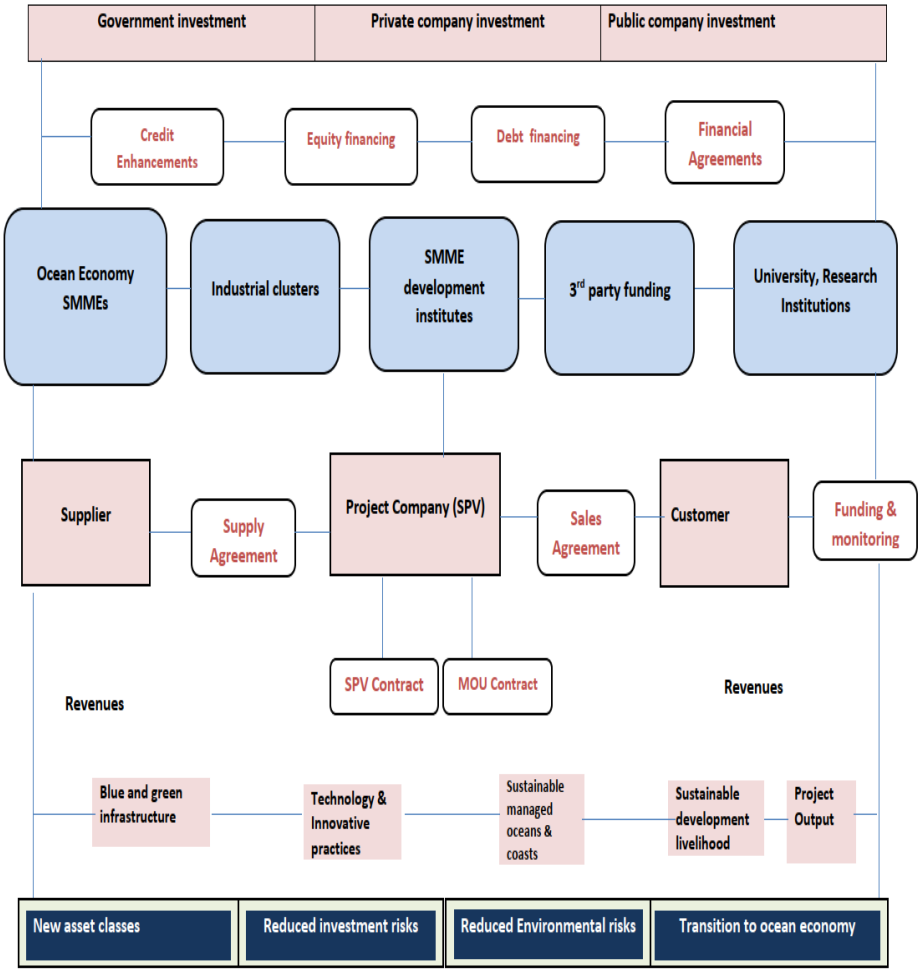

Figure 47 *Recommended SPV model*

Source: Researcher's Own Compilation from research findings and literature review.

This SPV model is based on the findings of the study which revealed that SMMEs in the ocean economy face many challenges and continue to experience a high stagnancy and failure rate, despite much elaboration of government's support programmes put in place to assist them. Furthermore, the study revealed that there is a lack of institutional capacity, to manage and coordinate the potential of the partnership arrangements and mismatches that exist between the various stakeholders. This study also revealed that there is an imperative need for a paradigm shift in exploring optimal available sources of finance and investments for ocean economy initiatives from both the public and private sectors in the ocean economy. As such the researcher has attempted to formulate own recommended SPV model as an implementation approach for the ocean economy.

7.4 STRATEGIC PILLARS OF THE SPV MODEL

The first pillar concerns the national policy framework from government. The role of the government in facilitating and supporting SMMEs remain critical for South Africa. The SMME sector is prone to suffer and fail when the government pays little attention to it. A government that does not support SMMEs does not only hurt the sector but experiences negative growth in its economic development. The environment created by the government in terms of policy framework paves the road to success or failure for SMMEs.

The model proposes that a collaborative approach for the development of the entrepreneurship and ocean economy sustainability. This collaboration will create the foundation for the formulation of shared visions for the transformation of the partnership between the government, public and private sectors in injecting investments and promoting developmental instruments for entrepreneurial development and sustainability within the ocean economy. Expanding the collaborative empowerment approaches of economic emancipation, funding, and investments for ocean economy initiatives and projects, requires the exploration of new approaches. These approaches need to be drawn from an existing pool of development finance instruments and these require the development and piloting of new instruments which would enhance credit enhancements for SMMEs in the ocean economy, provide equity and debt financing and financial agreements for the sector, and provide access to capital and finance.

The model aims to increase access to pre-feasibility funding and to explore the possibility of having an integrated maritime or ocean economy development funding mechanism to assist SMMEs in accessing funds for economic development initiatives. The model proposes a

level of coordination must be achieved between all funding or investing organisations and institutions to consolidate funding that is available for ocean economy project implementation. This will require regular engagement between development finance institutions and the various national and provincial departments that allocate funding to new venture creation of SPV/PPPs project initiatives to align funding priorities and jointly make decisions about the allocation of funding appropriately.

The second pillar concerns the industry level. The study reveals that despite the significance of the maritime sector in the country, the sector remains underdeveloped, under-resourced, and fragmented, operating in a virtual vacuum. The findings of this study reveal that the maritime sector has reportedly produced numerous strategies, road maps, port development plans, research documents, but very few of these have been implemented. A further challenge is the absence of a maritime industrial policy as well as the lack of capacity and coordination to drive the development and subsequent implementation of such policies. Additional challenges include the fact that the sector has been faced with limitations in skills development particularly in management skills, leadership skills and industry knowledge and expertise. Lack of training facilities and skills development systems have not facilitated adequate efficiency in the development of maritime professionals. It is also believed that the South African maritime sector business skills have not been maximised due to limited maritime professionals.

The model proposes the creation of an ocean economy new centre of excellence that will aim to advance intellectual progress and strengthen institutional capacity in the areas of advancing maritime, ocean economy and entrepreneurial skills development within the sector, while benefiting from the societal, economic and environmental opportunities. To address this challenge, the ocean economy sector should be working with the universities, research institutes, industrial clusters, SMMEs and development funding institutes in order to enhance the sector's innovation, research capacity, and to develop new learning programmes focusing on SMMEs in the ocean economy. The ocean economy new centre of excellence priority should be to develop an internal capacity and expertise on the ocean economy and conduct various types of research to ensure thought leadership and develop own curricula in their own institutions in such studies. The model proposes strengthening the partnerships between the public sector, private sector, and research institutes and tertiary institutions. Partnerships should be strengthened with academic institutions, the public sector, as well as other private sector organisations and institutions that undertake research. The aim is to

provide strong research, information, and data-sharing platforms for SMMEs in the ocean economy within the Province. A mechanism must therefore be established that can play a coordinating role between all stakeholders and provide a continuous audit of partnerships to ensure that the outcomes and spin-offs emanating from these relationships are closely monitored and reported on; including new products developed leading to commercial production as well as employment created.

The third pillar focuses on the business level. The findings of this study reveal that the lack of institutional capacity to manage and maximise the potential of PPPs undermines their effectiveness, resulting in low SMME participation. The lack of institutional capacity has been attributed to the inability of government to provide a conducive environment for PPPs to use SMMEs in PPP projects, leading to the failure of such initiatives. Notably, linking the SMMEs with PPP projects such as those in the ocean economy, is not sufficient for the SMME sector's development. The model proposes that to develop a sustainable SMME sector in the ocean economy requires alternative financing and investments interventions. In this regard, the selection of strategic effective partners is key to the implementation and success of PPP's. Additionally, effective monitoring is an essential element of best practice and in the context of PPP's, ensures that partners fulfil their role.

Also, monitoring provides an important opportunity for review that almost always results in the enhancement of the delivery of the financial and technical aspects of the project. The monitoring role could be assigned to an independent body which could ensure that PPPs collaborate in adopting a systematic approach that motivates the creation of innovative ocean economy sectors through sound policies and improving entrepreneurial opportunities within the ocean economy. This could be achieved by collaborating to identify and unlock private sector investments, innovative financing and pilot testing new models for assisting entrepreneurs. The creation of a conducive environment for both SMMEs and the PPP partnerships would increase participation of SMMEs in PPP projects. Additionally, government may promote and enhance participation through legislation that enforces that any PPP project should have significant SMME content and focus on it.

The fourth pillar's focus is on sustainable blue and green infrastructure, technology and innovative approaches, sustainable managed oceans and costs, sustainable livelihoods and project output. The model proposes enhancing and managing maritime projects through utilising the potential of the ocean as an economic space and engine for growth, while better managing their sustainable use. The model promotes the ocean economy as a new frontier

for sustainable and shared economic growth and development derived from well-managed ocean assets.

The fifth pillar focuses on impacts. The study reveals that currently there is a limited number of investments directed towards the ocean economy, and a small subset focuses on transitioning to a sustainable ocean economy. Thus, there has been more of a focus on short-term coping strategies to address the immediate impacts on the ocean economy and SMME sectors, such as high unemployment, business insolvency and environmental impacts. The model proposes shifting focus to the development and implementation of longer-term resilience-building business and ocean economy that will respond to ongoing climate changes and environmental risks. It is imperative that SMMEs and ocean activities and industries transition towards smarter, sustainable practices that conserve marine ecosystems and promote human wellbeing in the short-term and long-term.

7.5 THE STRATEGIC ROAD MAP

The intended outcome of the proposed Special Purpose Vehicle (SPV) to give rise to a National Blueprint for a plug and play Maritime institutional framework, pioneering the first of its kind, whose sole responsibility would be to enhance the promotion and coordination of maritime education, skills development and research, as well as fostering innovation to support the development and growth of the maritime sector, while aiming to drive the reduction of bureaucracy that has impeded the development and sustainability of the SMMEs in the ocean economy. The establishment of a Maritime SPV through policy directives, will assist in creating programs and projects that will foster economic growth through of SMME's through ocean economy ownership, human resource development, targeted procurement, and the meaningful empowerment. This will facilitate job creation by expanding the sector focused broader participation, and creating SMMEs that would expand job creation, maximally use relevant elements of the CMTP to enforce skills development initiatives that will boost job creation, job retention and create quality jobs in KZN Maritime sector.

7.5.1 Priority 1: Establishment of Technical Support

The SPV model aims to be a one-stop-shop, which is aimed at establishing a technical support centre which will advise and assist various institutions in KZN in investment matters within the ocean economy, as well as ensuring that the maritime sector becomes effective in

facilitating investment into the province. The SPV aims to facilitate strategic interventions in the ocean economy, through acting as a project brokering unit, placed within a provincial structure that focuses on unblocking catalytic projects. The SPV aims to focus on the implementation of business intervention initiatives in support of business expansion and company retentions within the ocean economy. The SPV expects to facilitate business expansion projects within the ocean economy and aims to generate jobs through facilitating backward-business linkages and strategic partnerships within the ocean economy. The entity aims to roll out development programmes and attract foreign direct investment, undertaking outgoing missions, hosting of incoming missions and destination marketing programmes for businesses within the ocean economy in the province.

7.5.2 Priority 2: Stakeholder Involvement

The importance of stakeholder involvement, from all spheres in the private and public sectors for the attainment of robust inclusive economic growth, job creation and poverty alleviation within the ocean economy, is well understood. To this end, the SPV aims to work through the KZN Maritime Cluster, which will be a platform for the collaborative advancement of the ocean economy by private and public sector stakeholders in the provincial maritime sector. This advancement will be achieved through the implementation of industry-wide programmes and projects with a core focus on the implementation of the KZN Integrated Maritime Strategy and Operation Phakisa continued initiatives. This special purpose vehicle and institute will, among other priorities, capitalise on existing agreements between, the Province, South Africa and other countries. In implementing Operation Phakisa and the KZN Maritime Strategy, the SPV aims to form and develop strategic partnerships for the development of the ocean economy in the province. Key areas of focus will include best practice sharing, the development of various marine subsectors, namely marine manufacturing, marine and coastal tourism, oil and gas and the transversal issues of skills development and research.

Additionally, the SPV aims to partner with the KZN Growth Fund, Ithala Development Bank, Trade and Investment KZN, Durban Chamber of Commerce and Industry to support port-related businesses, by lobbying with the South African Chamber of Commerce and Industry in order to elevate constraints identified by industry to a national level. The SPV aims to play a strong role in the identification of challenges and constraints facing the maritime business community and ensuring that these are lobbied with the relevant government departments and/or SOEs.

7.5.3 Priority 3: SMME Development

The SPV will also act as a custodian of maritime SMME's incubator programme. This is aimed at creating women and youth owned, profitable and sustainable maritime businesses able to contribute meaningfully to the ocean economy and create jobs for previously disadvantaged individuals. The incubation programme will focus on the various marine subsectors, will commence with the ideation phase, selection of the best business ideas and culminate in the implementation of these business ideas with the aim of amongst other things, creating black owned businesses. Priorities of the incubator programme will be maritime skills, business management and financial management while the critical aspect of mentorship and business support will play a significant part in the programme.

As part of the continued implementation of the 2030 KZN Tourism Master Plan, the SPV will focus on various high priority projects focusing on community-based tourism projects within the ocean economy. In driving the tourism transformation objectives, the institute plans to implement programmes that promote emerging businesses and ensure professionalisation of the maritime and ocean economy businesses. The SPV will also strengthen its focus on the coastal, marine and tourism economy, with a view to open more opportunities for community participation and emerging enterprises. Poverty alleviation, addressing past imbalances, creation of new opportunities and broad-based economic empowerment are the main objectives of the National and a number of KZN strategic frameworks inclusive of KZN Provincial Growth and Development Plan. Through the implementation approach of the CMTP, the Maritime SPV PPP framework, would assist government and the private sector by overseeing the enforcement of the Maritime Transport B-BBEE Charter. The enforcement of the charter by the Maritime SPV, would assist in creating a supportive culture for thriving Black talent and to facilitate the creation of new Black entrepreneurs/SMME's (or the development of current ones) who can actively participate in ocean economy opportunities throughout the KZN Maritime Industry value chain. The Maritime SPV would also ensure the entry into the maritime industry of women, youth and rural people at all levels this Transport sub-sector, as to break the urban-based men, stranglehold of the industry. This would be achieved by Maritime SPV being instrumental in the developing, incubation and mentoring of the Women Led/only Maritime Associations/Organizations.

7.5.4 Priority 4: Sector Transformation

The study has revealed that Maritime SMME's, especially, black owned still find themselves largely in the peripheries of formalised business within this sector and it has also demonstrated that the South Africa's Ocean economy is still largely untransformed.

In order to catalytically implement the Empowerment Pillars, namely, Ownership (Direct Empowerment), Management Control (Indirect Empowerment), Skills Development, Enterprise Development, Socio-Economic Development, especially of Black People beyond the traditional patterns that feed the national regional and continental logistics chain, CMTP policy statements advocated for a dire a need for the sector to be transformed as a whole.

The implementation of CMTP through the formation of a Maritime SPV, will oversee the policy traction by addressing a number of key empowerment challenges, such as the low levels of Black ownership in the maritime sectors, the inadequate representation of Black women within the maritime workforce, the low levels of skills of people employed in this sector.

The Maritime Transport and Service BBBEE Charter sets out a strategy that has to be followed by the Maritime sector in order to achieve employment equity. It also highlights commitments made by government department and the private sectors and sets a long-term vision to develop South Africa into becoming one of the world's top 35 maritime nations. The vision includes increasing the number of South African branded vessels and to grow new South African shipping companies that can compete at a global scale. The charter identified a need for a strategy to increase access to skills, capital and economic opportunities to contribute to a rise in productivity of businesses.

The SPV will focus on alignment between BBBEE and industrial development objectives, indicating the importance of providing guidance in terms of transformation within the Maritime sector. The SPV aims to advance sector transformation through strategic partnerships with various entities and departments including the promotion of black businesses and connecting them to national and provincial programmes for funding support. Additionally, the SPV will focus on conscientising entrepreneurs on B-BBEE Policy compliance matters across the Province and within the ocean economy. In line with its purpose of supporting the development of sustainable SMMEs and co-operatives or social businesses, the department provided support to small businesses.

7.5.5 Priority 5: Skills Development

Skills and training are recognised by the industry, government, and key stakeholders as critical success factors to a globally competitive sector. Subsectors of the maritime sector currently experience significant skills deficiencies. The growth and development of maritime transport, as a fundamental facilitator of trade is intricately linked to the availability of a skilled work force. The SPV will be tasked with ensuring compliance, transformation and adherence to the Skills Development Act, National Skills Development Strategy III, and TETA Sector Skills Plan with core focus on Scarce and Critical Skills and Capacity Building Initiatives. In addition, the SPV aims to house the seafarers and maritime professionals which will consists of a pool of well experienced professionals who have taken various seafaring careers both at sea and ashore. The SPV will advance partnerships with TVET Colleges to train ocean economy co-operatives. In this regard, co-operatives will be trained in business management skills, including management and good governance of co-operatives. The Maritime SPV will aim to champion, the Implementation of youth employment interventions such as continued support for government programmes that incentivize job creation (e.g. learnerships) and apprenticeships that facilitate school-to-work transition based on close cooperation between institutions of learning and the private sector.

7.5.6 Priority 6: Funding for Ocean Economy Projects

Access to finance is arguably the most voiced constraint by small businesses in the ocean economy. Large amounts of money are set aside for business support (SMME and large business support) which is either unspent, under-utilised or spent but without visible positive effect. To promote a thriving business and ocean economy sector, the Maritime Institute aims to review its funding framework to improve access to economic development funding. This requires a funding policy review to improve the magnitude and percentage of applicants that access funding for economic development purposes such as SMMEs in the ocean economy, while at the same time increasing the actual amount of funds disbursed. Funding is currently available through various agencies and departments. However, access to these funds is often cited as a major constraint to economic development. This SPV model aims at reviewing the current funding framework, to ensure that access to funding is improved. The SPV will explore the possibility of providing equity funding as an alternative to debt funding. In addition, the institute will ensure that ocean economy SMMEs and businesses are sufficiently capacitated to access funding through capacity building, while additional funding is made available to develop marketable business plans.

Additionally, the SPV aims to facilitate access to finance for ocean economy SMMEs through several tailored programmes and initiatives. The Institute will play a crucial role in the promotion of information on available finance which is important in ensuring that small businesses are aware of the various financial institutions and their funding packages. The province must develop a guide of funding and project development assistance that is available from DFI's, commercial banks, and development agencies, together with key requirements. Additionally, the preparation and readiness of small businesses to attract and receive business finance from commercial banks and financial institutions are important to ensure small businesses make optimal use of funding. Two specific funds that are supported by the province relate to the KZN Cooperatives Bank and KZN Small Enterprise Development Fund. The prior relates to the provision of access and efficacy to finance and financial services for cooperatives in KZN, while the latter refers to the development of appropriate funding models and the provision of finance to small businesses (SMMEs, Cooperatives, and Social Businesses).

7.5.7 Priority 7: Research Development

The SPV will ensure that it establishes and promotes research institutes focusing on key maritime or ocean economy sectors. This requires the capacity to be developed within existing tertiary institutions and new tertiary institutions to be developed in areas of potential and high need. The SPV will capitalise on strengthening existing partnerships such as the Technology Transfer Partnership which is a partnership between the Department of Economic Development Tourism and Environmental Affairs (EDTEA) and all universities in the province namely the University of KwaZulu-Natal (UKZN), University of Zululand (UniZulu), Durban University of Technology (DUT), and Mangosuthu University of Technology (MUT). Under the partnership, the Institute aims to provide funding to promote the commercialisation of research outputs and interventions. The partnership has the potential to increase the number of patents registered by KZN domiciled entities and individuals. Funding agreements with the respective institutions need to be finalised. South Africa suffers from outdated foreign, defence and national security policy frameworks, research development updates and research papers need to be done to these policy frameworks.

7.5.7 Priority 8: International Stakeholders Management

The SPV aims to investigate the complex value-chain system to ensure that provincial and regional solutions are developed, and competitiveness can be enhanced; ensuring that

participation within the provincial maritime and ocean economy industry is broadened. The SPV aims to provide dynamic solutions in terms of institutional and organisational arrangements and what the current gaps are in terms of regulation and institutional arrangements on a provincial level.

7.6 IMPLEMENTATION PLAN

This section discusses the proposed implementation plan

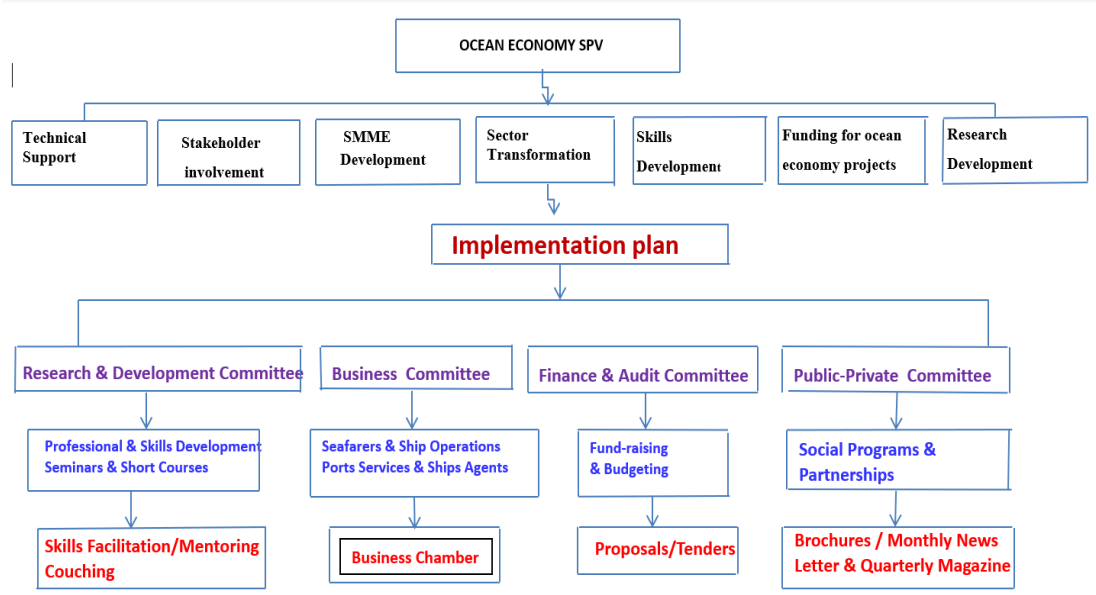

Figure 48 SPV implementation overview

Table 26 Proposed implementation plan

Implementation Approach	Objective	Actions to be taken	Responsible Authority
Strengthen Ocean economy policy for SMMEs	To create a conducive environment for both SMMEs and the PPP partnerships would increase participation of SMMEs in PPP projects.	The government may promote and enhance participation through legislation that enforces that any PPP project should have significant SMME content and focus on it.	National government
	To create an ocean economy, a policy for SMMEs	Enhance capacity and coordination to drive the development and subsequent implementation of ocean economy policy for SMMEs	National government

Technical Support	To create a one-stop-shop, which is aimed at establishing a technical support Centre.	The technical support centre which will advise and assist various institutions in KZN in investment matters within the ocean economy, as well as ensuring that maritime sector becomes effective in facilitating investment into the province	Provincial Government
Stakeholder involvement	To formalise institutional arrangements and agreements and partnership with the key stakeholders	Develop a detailed stakeholder database Stakeholder needs analysis	MOUs and participation agreements with key government stakeholders
	To develop an all-inclusive stakeholder engagement matrix based on the strategic process	Strengthen the engagement with private and government stakeholders	strategic partnerships with various entities and departments
SMME Development	To create a maritime incubator programme.	This is aimed at creating women and youth owned, profitable and sustainable maritime businesses able to contribute meaningfully to ocean economy and create jobs for previously disadvantaged individuals.	strategic partnerships with various entities and departments
	To facilitate opportunities for the development of skills in the creation of new ventures in order to create new job opportunities and access economic activity	Creation of new ventures by SMMEs aimed at pursuing opportunities needed to create entrepreneurial organisations.	strategic partnerships with various entities and departments
Sector Transformation	To increasing the number of South African branded vessels and to grow new South African shipping companies that can compete at a global scale.	Create a strategy to increase access to skills, capital and economic opportunities to contribute to a rise in the productivity of businesses.	strategic partnerships with various entities and departments
	To create a transformation strategy	Establish strategy to be followed by the ocean economy in order to achieve transformation, including the promotion of black businesses and connecting them to national and provincial programmes for funding support	strategic partnerships with various entities and departments
Skills development	To increase seafarers and maritime professionals which will consist of a pool of well experienced professionals who have taken various seafaring careers both at sea and ashore.	Ensure compliance and adherence to Skills Development Act, National Skills Development Strategy III, and TETA Sector Skills Plan with core focus on Scarce and Critical Skills and Capacity Building Initiatives.	strategic partnerships with various entities and departments
	To facilitate and establish skills development partnerships to implement strategic interventions, that are targeted at skills which improve job opportunities and support economic growth	Formalise institutional arrangements and agreements and partnership with the key stakeholders	strategic partnerships with various entities and departments

Funding for ocean economy projects	To review the current funding framework, to ensure that access to funding is improved.	This requires a funding policy review to improve the magnitude and percentage of applicants that access funding for economic development purposes such as SMMEs in the ocean economy, while at the same time increasing the actual amount of funds disbursed.	DFI's, commercial banks, and development agencies,
	To position SPV as a preferred partner for funding and development projects	Establish a platform for SPV partnership for advocacy, lobbying and implementation of SPV interventions	DFI's, commercial banks, and development agencies,
Research Development	Attributes focusing on key maritime or ocean economy sectors.	Capitalise on strengthening existing partnerships such as the Technology Transfer Partnership	Department of Economic Development Tourism and Environmental Affairs (EDTEA) and all universities in the Province, DTIC
Financial Management	To Plan for funding	Track the budget	DFI's, commercial banks, and development agencies,
Continuous improvement	To develop and implement Quality Assurance Policies and procedures	Implement an evaluation process	DFI's, commercial banks, and development agencies,

7.7 RECOMMENDATIONS

To overcome ocean economy development gaps and shortcomings of policy implementation approach, the researcher puts forward several recommendations and attempt to provide some best practice benchmarks from numerous global ocean economy regimes. The nature of the recommendations put forward are emanating from the study and provided extensive literature have a short-to-medium term strategic life term planning horizon, whilst others are suggested for a long-term economic approach to policy and SMME development sustainability agenda.

- The study revealed that there is no specific entity that is tasked with the responsibility of attending to myriad of challenges and that SMMEs in the maritime sector are faced with. Therefore, it is recommended that the Department of Economic Development, Tourism and Environmental Affairs (EDTEA) together with stakeholders such as the KZN Department of Transport, National Department of Transport (DOT), the Department of Public Enterprise (DPE), the Department of Trade, Industries and Competition (DTIC), Port Regulator SA, South African Maritime Safety Authority (SAMSA), South African Maritime Business Forum (SAMBF) and the South African Association of Ship Operators

and Agents (SAASOA) to form an entity that will is the Maritime Special Purpose Vehicle to address the most pertinent challenges faced by the SMME's. It is further recommended that the proposed Maritime SPV for the KZN Province, be tasked with championing the economic transformation agenda, and drive the strategic engagements between critical stakeholders and implement the NDOT, CMTP and the EDTEA KZN Integrated Maritime Strategy (KIMS).

- The findings from the literature, revealed that there is lack of transformation in the maritime sector. It is therefore recommended, that the KZN Government through the Department of Economic Development, Tourism and Environmental Affairs enforce the Transformation policy framework, the National B-BBEE Policy, the KZN B-BBEE Strategy, the KZN Youth Economic Empowerment Strategy, and the Draft KZN Women Economic Empowerment Strategy.

- The findings of the study indicate that 36% of the participants disagree that the maritime sector has effective strategies or interventions for SMME's in the Ocean Economy. Furthermore, 38% of the participants of the study were unsure of the effectiveness of the maritime sector strategies in assisting SMME's. It is therefore recommended that the Department of Economic Development, Tourism and Environmental Affairs, through the proposed Special Purpose vehicle, creates platforms in which strategies and interventions are communicated and discussed with the SMME's.

- The findings of the study revealed that 36% and 5% disagreed and strongly disagreed respectively, that the maritime sector provides sufficient support for SMME's while 33% of the participants indicated that they neither agreed nor disagreed. This suggests that most of the participants are not certain that the maritime sector provides sufficient support for the SMMEs. It is therefore recommended that the Department of Economic Development, Tourism and Environmental Affairs provides support programmes for the SMMEs.

- In all the questions posed to the participants of this study there was a high level of uncertainty in their responses suggesting lack of information in different aspects of the maritime sector. It is therefore recommended that there should be an increased frequency of Maritime Indabas or Stakeholder engagements driven by the Department of Economic Development, Tourism and Environmental Affairs.

It is recommended that a similar study focusing on policy implementation approach through harnessing SMME development in the Ocean Economy be conducted in the Western Cape given the fact that the province is similar to KZN but have different demographics and challenges.

7.8 THEORETICAL AND PRACTICAL IMPLICATIONS

An important outcome of this study was to propose a new SPV model as an institutional framework for the economic development of the KZN Province maritime SMMEs. This study explored the significant role of a SPV towards promoting sustainable economic development within the ocean economy. It is hoped that valuable insights will be provided into the ocean economy sector's economic development, using the various economic policy development strategies that will enhance the sector's development and sustainability. Tactically, the KZN maritime SPV, should be pragmatically viewed as the custodian of the KZN Integrated Maritime Strategy (KIMS) and the actuator of the entrepreneurial theories, outlined in chapter 3 of the study surrounding the policy imperatives outline in the

The theoretical and practical implications anchoring the new body of knowledge surrounding the inaugural maritime SPV in the KZN Province, does not intend to duplicate or limit any of the activities or functions, undertaken by existing committees, organisations, associations, or other maritime role-players. In contrast, the maritime SPV seeks to become a strategic driver, a CMTP policy implementer and a leader for the provincial Maritime Industry, through the supporting and coordinating the ocean economy activities and functions of existing maritime structures, in order to elevate the collective KZN Maritime agenda at the provincial level, with indirect impact at national level.

7.9 STUDY LIMITATIONS

The study was conducted during the global pandemic and national lockdown in the country. Thus, direct contact with participants was not allowed and participants had to be contacted remotely. The interviews were conducted online, and questionnaires were distributed via emails. Access to internet, limited connectivity and resources impacted the access the researcher had to participants and frequency of feedback from the questionnaire survey. As such, the data collection process took longer than anticipated. The constraints were mitigated by conducting data collection over a 3-month period to allow participants sufficient time to participate in the study.

The security of the online platforms used to collect data in both the qualitative and quantitative study, was another limitation. During the data collection, there were various statements reporting on online platforms such as skype and Zoom being hacked, data and security and confidentiality issues. The researcher applied special preventative measures and selected a stable and reputable online platform to collect data through using stable and verified platforms such as Microsoft Teams for interviews and Monkey Survey for questionnaire data collection.

Lastly, the lockdown restrictions impacted on the unity of analysis i.e., SMMEs in the maritime sector and like most entrepreneurs in the country, SMMEs were negatively impacted by the pandemic that some had to either become inactive or shut down, thus reducing the pool of the available SMMEs which could be contacted for the study. To alleviate the challenges of access to participants, in addition to utilising purposive sampling, this study also utilised convenience sampling. According to Budden (2017) combining both purposive and convenience sampling enabled the researcher to select participants who have in-depth knowledge and understanding within the ocean economy in the Province, hence both sampling strategies were suitable for this study.

7.10 CONCLUSION

Chapter 1 presented an introduction and background to the study. The chapter also covered the research problem, research aim, research objectives, research questions, the rationale for the study, and a brief overview of the methodology that was employed. In essence this chapter sets the scene on what the study is all about. Chapter 2 presented literature review relevant to the study. In the chapter, the Maritime Transport Policy, blue economy policy framework and several others. Furthermore, the chapter addresses theories underpinning this study namely entrepreneurship development theory, private-public-partnership theory, SPV theory and ocean economy theory have been adopted in this study. Chapter 3 outlined the theoretical framework adopted within this study as well as theories adopted in supporting the objectives and research questions of this study. Chapter 4 presented the research design and methodology elements underpinning this study. In addition, this study's philosophical stance and research strategy were discussed. The population, sampling techniques and data collection methods employed in this study are also presented in the chapter. The discussion of the data management and analysis, validity and reliability methods, trustworthiness of research, and ethical considerations conclude the discussion. Chapter 5 analysed the collected data. It must be noted that, as indicated above, the nature of data presented is both

qualitative and quantitative in nature. Chapter 6 presented the discussion of the data presented in chapter 5. Chapter 7 reviewed the research holistically and synthesised the key findings of this study as they relate to the aim and objectives as outlined in Chapter 1. The theoretical and practical implications and the fundamental contribution of the research were also presented and discussed. Finally, the chapter presented the recommendations of the study.

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Appendix 1: Questionnaire

SECTION A

Q1. Gender Male ☐ Female ☐

Q2. Age ☐

Q3. What is your **highest** educational qualification?

Matric/Below ☐ Diploma ☐ Bachelor's Degree ☐ Honours Degree ☐ Masters'/PhD ☐

Q4. To which of the following **organisation** do you belong?

SMMES owner ☐ government/regulatory body ☐ maritime company ☐ maritime service provider/consulting company ☐

SECTION B

Indicate your opinion based on the Likert Scale for the question provided below:

Example: If "National Govt Legislation supports SMMES within the Ocean Economy", indicate the extent to which you agree

(If you disagree, then place an X in the box labelled **2** as follows):

Strongly Disagree	1	2 X	3	4	5	Strongly Agree

B.	**THE EXTENT THAT KZN GOVERNMENT SUPPORTS SMMESIN THE OCEAN ECONOMY**	**Strongly Disagree**	**Disagree**	**Neutral**	**Agree**	**Strongly Agree**
Q5	The KZN government supports entrepreneurship in the Ocean Economy	1	2	3	4	5
Q6	The KZN Government has an effective policy for entrepreneurship in the Ocean Economy	1	2	3	4	5
Q7	The KZN Government is actively promoting new	1	2	3	4	5

	entrepreneurial opportunities for the SMMEs in the Ocean Economy					
Q8	The KZN Government collaborates closely with Maritime sector in devising new strategies for SMMEs.	1	2	3	4	5
Q9	The existing support and incentives provided by the KZN Government enable the Promotion of SMMEs within the Ocean Economy.	1	2	3	4	5
C.	**THE BUSINESS SUPPORT STRATEGIES IN THE MARITIME SECTOR.** ***The extent that the Maritime sector has appropriate business support strategies for SMMEs within the ocean economy.***	**Strongly Disagree**	**Disagree**	**Neutral**	**Agree**	**Strongly Agree**
Q10	The Maritime sector is actively formulating and implementing business support strategies for SMMEs in the Ocean Economy	1	2	3	4	5
Q11	The Maritime sector provide sufficient access to business support aimed at entrepreneurship development within the ocean economy.	1	2	3	4	5
Q12	The Maritime clusters provides adequate access to business support programmes aimed SMMEs within the ocean economy.	1	2	3	4	5
C14	The Maritime sector has appropriate mechanisms for business support required for SMME development.	1	2	3	4	5
D.	**PUBLIC-PRIVATE-PARTNERSHIPS MODELS IN THE OCEAN ECONOMY IN KZN** ***The extent that PPP models promotes SMMEs and the Province.***	**Strongly Disagree**	**Disagree**	**Neutral**	**Agree**	**Strongly Agree**
Q15	The PPPs focus on business plan development skills	1	2	3	4	5
Q16	The PPPs focus on project management skills	1	2	3	4	5
Q17	The PPPs focus on business marketing skills	1	2	3	4	5
Q1	The PPPs focus on business financial management skills	1	2	3	4	5

8						
Q19	The PPPs on business management skills	1	2	3	4	5
E.	**CAN THE SPECIAL PURPOSE VEHICLE ENHANCE SMMEs WITHIN THE OCEAN ECONOMY?** **To what extent do you consider that the Special Purpose Vehicle model can effectively enhance SMME development within the Ocean economy.**	**Strongly Disagree**	**Disagree**	**Neutral**	**Agree**	**Strongly Agree**
Q20	Business collaboration strategies are important for enhancing SMMEs in the Ocean Economy	1	2	3	4	5
Q21	Business research strategies are important for enhancing SMMEs in the Ocean Economy	1	2	3	4	5
Q22.	Marketing and promotion strategies are important for enhancing SMMEs in the Ocean Economy	1	2	3	4	5
Q23	Financial management strategies are important for enhancing SMMEs in the Ocean Economy	1	2	3	4	5
Q24	Project management strategies are important for enhancing SMMEs in the Ocean Economy	1	2	3	4	5

Appendix 2: Interview Questions

An Economic Development and Policy Implementation Approach to creation of sustainable Maritime SMMEs in the KwaZulu-Natal Province.

1. PURPOSE OF THE INTERVIEW

The study aims to explore the essential role that of Special Purpose Vehicle (SPV) for the creation of economic value within the blue economy, challenges, and difficulties for entrepreneurs in leveraging these opportunities for SMMEs and their sustainability.

2. RESEARCHER AND CONFIDENTIALITY

The researcher in this study is Bheka Zulu who is reading for a PhD at the University of KwaZulu-Natal, Westville. Mr Zulu may be reached on 0849675975 or 201505978@stu.ukzn.ac.za

The records of this study will be kept secure and confidential. Any publication of the data will be aggregated and not include any information that will identify any individual or organisation.

1. Please share with me your understanding of the term ocean economy.
2. How have you been involved in the ocean economy?
3. In your view what are some of the main challenges experienced by entrepreneurs within the ocean economy? Please elaborate.
4. Do you think the sector has sufficient support programmes\initiatives to assist maritime SMMEs in the ocean economy?
5. Please share with me your understanding of existing help for SMMEs within the Ocean Economy in KZN? Please explain.
6. Drawing from your experience in the ocean economy, please elaborate on your views regarding the current development strategies aimed at SMMEs in the ocean economy.
7. From your experience has the maritime clusters been helpful in assisting you as an entrepreneur within the ocean economy?
8. In what way have you engaged maritime clusters and what was your experience?

9. From your experience, what kind of development support do you think entrepreneurs within the ocean economy need?
10. In what way have you engaged public-private partnerships projects and what was your experience?
11. Please share with me your understanding of the term special purpose vehicles (SPVs)
12. What do you think of the proposed SPVs model for SMMEs within the ocean economy?

Appendix 3: Informed Consent Letter - Questionnaire

Informed Consent Letter- Questionnaire

UNIVERSITY OF KWAZULU-NATAL

COLLEGE OF LAW AND MANAGEMENT STUDIES

Dear Respondent,

Master of Business Administration Research Project

Researcher: Bheka Zulu

Supervisor: Dr Tony Ngwenya and Dr Wellington B. Zondi

Research Office: MS Zikhona Mojapelo mojapelo2@ukzn.ac.za

I, Bheka Zulu, am an PHD student, at the University of KwaZulu-Natal (UKZN). You are invited to participate in a research project entitled: **An Economic Development Policy Implementation Approach to creation of sustainable Maritime SMMEs in the KwaZulu-Natal Province.**

The aim of the study is to establish an economic development and policy implementation approach for the creation of sustainable Maritime SMMEs in the ocean economy in the KZN Province.

Through your participation I hope to understand the application of economic and policy development approaches towards the creation of sustainable Small Micro and Medium Enterprises (SMMEs) in the ocean economy and it further seek to assess the tactical approach towards the development Special Purpose Vehicle (SPV) model for the industry.

Your participation in this project is voluntary. You may refuse to participate or withdraw from the project at any time with no negative consequence. There will be no monetary gain from participating in this survey group. Confidentiality and anonymity of records identifying you as a participant will be maintained by UKZN. If you have any questions or concerns about completing the questionnaire or about participating in this study, you may contact me or my supervisor at the numbers listed above. The survey should take you about 20 minutes to complete. I hope you will take the time to complete this survey.

Sincerely

Mr Bheka Zulu contact détails [redacted]

Researcher ’s signature___ [redacted] Date_13 December 2019__

Appendix 4: Informed Consent Letter - Interview

Informed Consent Letter- Interview

UNIVERSITY OF KWAZULU-NATAL

COLLEGE OF LAW AND MANAGEMENT STUDIES

Dear Respondent,

Master of Business Administration Research Project

Researcher: Bheka Zulu

Supervisor: Dr Tony Ngwenya and Dr Wellington B. Zondi

Research Administrator: MS Zikhona Mojapelo mojapelo2@ukzn.ac.za

I, Bheka Zulu, am a PHD student, at the University of KwaZulu-Natal (UKZN). You are invited to participate in a research project entitled: **An economic development policy implementation approach to creation of sustainable maritime SMMEs in the KwaZulu-Natal Province.**

The aim of the study is to establish an economic development and policy implementation approach for the creation of sustainable Maritime SMMEs in the ocean economy in the KZN Province. Through your participation I hope to understand the application of economic and policy development approaches towards the creation of sustainable Small Micro and Medium Enterprises (SMMEs) in the ocean economy and it further seek to assess the tactical approach towards the development Special Purpose Vehicle (SPV) model for the industry.

Your participation in this project is voluntary. You may refuse to participate or withdraw from the project at any time with no negative consequence. There will be no monetary gain from participating in this survey group. Confidentiality and anonymity of records identifying you as a participant will be maintained by UKZN. If you have any questions or concerns about completing the questionnaire or about participating in this study, you may contact me or my supervisor at the numbers listed above. The survey should take you about 20 minutes to complete. I hope you will take the time to complete this survey.

Sincerely

Mr Bheka Zulu contact détails zulubheka@gmail.com

Investigator 's signature___ Date_13 December 2019__

Appendix 5: Gatekeepers Letter

Moses Kotane Institute

Dube City no 1

29 South, first floor

7 Umsinsi Junction

La Mercy

Durban

4001

Dear Sir/Madam

RE: PERMISSION TO CONDUCT STUDY IN MOSES KOTANE

I, Bheka Zulu, am a Doctoral student, at the University of Kwazulu-Natal (UKZN).

I hereby request permission to conduct a study entitled: **An Economic Development Policy Implementation Approach to creation of sustainable Maritime SMMEs in the KwaZulu-Natal Province** within your institution. All ethical considerations and conditions that Moses Kotane Institute may impose will be observed. Participation in the study will be voluntary. The targeted participants are owners of the SMMEs in the ocean economy. It is hoped that the results of this study will help SMME owns and Moses Kotane Institute.

I would request a written permission should my request be successful. Such written permission will be used to apply for Ethical clearance at University of Kwazulu-Natal (UKZN).

I hope my request will receive a favourable response

Yours sincerely

Mr Bheka Zulu

Email: zulubheka@gmail.com

Appendix 6 Interview schedule

Interview questions, important literature concepts, and emergent themes

Interview question
1) Please share with me your understanding of the term ocean economy
2) In your view what are some of the main challenges experienced by entrepreneurs within the ocean economy? Please elaborate
3) Do you think the government has sufficient support programmes\initiatives to assist maritime SMMEs in the ocean economy? Please elaborate
4) Do you think the sector has sufficient support programmes\initiatives to assist maritime SMMEs in the ocean economy?
5) Please share with me your understanding of existing help for SMMEs within the ocean economy in KZN? Please explain elaborate
6) Drawing from your experience in the ocean economy, please elaborate on your views regarding the current development interventions aimed at SMMEs in the ocean economy.
7) From your experience has the maritime clusters helped assist you as an entrepreneur within the ocean economy.
8) In what way have you engaged maritime clusters and what was your experience?
9) From your experience, what kind of development support do you think entrepreneurs within the ocean economy need?
10) In what way have you engaged PPP projects and what was your experience?
11) The concept of PPP within the maritime ocean economy is effective – Do you agree with this statement?
12) The existing model of PPP within the ocean economy is effective. Please elaborate.
13) Has the ocean economy strategy, Operation Phakisa been a catalyst in the formation of PPPs?
14) Please share with me your understanding of the term special purpose vehicles (SPVs).
15) What do you think of the proposed SPVs model for SMMEs within the ocean economy?

Appendix 7 Language Editing Certificate

33 Alan Paton Avenue
Scottsville
Pietermaritzburg
3201
Tel: 083 593 2855
admin@kznlanguageinstitute.com
www.kznlanguageinstitute.com

Registration number: 131 804 NPO

Certificate of Editing 11 November 2021

Name of author: **Bheka Clive Zulu**

Document title: **AN ECONOMIC DEVELOPMENT POLICY IMPLEMENTATION APPROACH TO CREATION OF SUSTAINABLE MARITIME SMMES IN THE KWAZULU-NATAL PROVINCE**

This serves to confirm that the above document was edited substantively by members of the KZN Language Institute's professional English language editing team. The document was returned to the author with tracked changes and comments intended to correct errors and to clarify meaning. It was the responsibility of the author to attend to these changes.

[redacted]

Ms J. Kerchhoff BEd (Hons), MA (Applied Language Studies), Cambridge English Language Teaching of Adults (CELTA)

Director of KwaZulu-Natal Language Institute

KZN Language Institute – Transforming Words

Appendix 8 Ethical Clearance Approval

UNIVERSITY OF KWAZULU-NATAL
INYUVESI YAKWAZULU-NATALI

09 February 2021

Mr Clive Bheka Zulu (201505978)
Grad School Of Bus &Leadership
Westville Campus

Dear Mr Zulu,

Protocol reference number: HSSREC/00002228/2020
Project title: an economic development policy implementation approach to creation of sustainable maritime smmes in the KwaZulu-Natal province.
Degree: PhD

Approval Notification – Expedited Application

This letter serves to notify you that your application received on 19 November 2020 in connection with the above, was reviewed by the Humanities and Social Sciences Research Ethics Committee (HSSREC) and the protocol has been granted **FULL APPROVAL**.

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

This approval is valid until 09 February 2022.
To ensure uninterrupted approval of this study beyond the approval expiry date, a progress report must be submitted to the Research Office on the appropriate form 2 - 3 months before the expiry date. A close-out report to be submitted when study is finished.

All research conducted during the COVID-19 period must adhere to the national and UKZN guidelines.

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

Yours sincerely,

[redacted]

Professor Dipane Hlalele (Chair)

/dd

Humanities and Social Sciences Research Ethics Committee
Postal Address: Private Bag X54001, Durban, 4000, South Africa
Telephone: +27 (0)31 260 8350/4557/3587 **Email:** hssrec@ukzn.ac.za **Website:** http://research.ukzn.ac.za/Research-Ethics
Founding Campuses: Edgewood Howard College Medical School Pietermaritzburg Westville