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Viability of business models to promote enterprise development within the South African construction sector

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ABSTRACT

There have been previous studies conducted into the promotion of enterprise development through interventions implemented on small, medium, and micro enterprises (SMME) from the "outside-in". These interventions look into legislation, government led programmes, mentorship, incubation, social franchising, management contracting, and a client focused approach. The purpose of this research project is to assess the possibility of promoting enterprise development from provisions within the SMMEs. The review of literature from European small businesses directed the research into the internal provision that promotes the success and sustainability of a contractor as the business model. The assessment of the role and impact of the business model can lead to the determination of its ability to promote enterprise development. The research gains insight from the business models of companies gained through two means: Quantitative: Existing data base on SMMEs, and Qualitative: Interviews conducted to determine the business model elements, and ability to promote development. The Framework Method was applied to synthesize operational factors of the companies and the business model elements to provide a structured approach for the management of the business.

The outcome from the analysis is a conceptual business model that can be generalised. The generalised business model indicates that it can be used on SMMEs external to the investigation and have an effect on enterprises. The conceptual model has key findings and recommendations for new and existing enterprises. There are key recommendations to structure the organisation in the following areas: Value creation, market influence and organisation, internal capacity, competence and assets, economic related elements, and the competitive strategy and innovation. The assessment of each of these areas form elements of the business model. The formulation of these elements to promote development is recommended. The implementation of a business model is determined to have positive effects on the companies interviewed. The structuring of operational factors of companies to maximise opportunity to create value is enhanced by the awareness of business model elements. The structured approach to formalising the business model and its potential to organise the enterprise in a favourable position enables success and sustainability.

Keywords: Enterprise development, business models, construction