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The Influence of Institutional Factors on the Growth Intentions of Township SMEs in Johannesburg and Ekurhuleni Metropolitan, South Africa

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THE INFLUENCE OF INSTITUTIONAL FACTORS ON THE GROWTH INTENTIONS OF TOWNSHIP SMEs IN JOHANNESBURG AND EKURHULENI METROPOLITAN, SOUTH AFRICA.



by

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The Graduate School of Business Administration

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ABSTRACT

Small and medium-sized enterprises' (SMEs') growth in the townships of Johannesburg and Ekurhuleni hasn't really gotten the attention it deserves in South African research. This research sought to investigate how institutional factors influence the Growth Intentions of township SMEs in these areas. The Theory of Planned Behaviour (TPB) in relation to enterprise and Institutional Theory (IT) served as the foundation for this study.

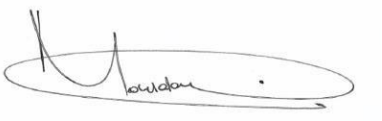
This study was carried out utilising a post-positivist methodology using a quantitative, cross-sectional approach. Using a questionnaire sent through Qualtrics, 200 township SMEs in the Johannesburg and Ekurhuleni metropolitan districts provided primary data. Multiple regression analysis was then performed using the Statistical Package for the Social Sciences to test the hypotheses.

The results indicated that none of the variables had a statistically significant influence on Growth Intentions. Access to finance showed a very weak positive influence, but this was not significant. Likewise, both the regulatory environment and level of education demonstrated weak positive influences, which were also statistically insignificant. Infrastructure availability exhibited a weak negative influence that lacked significance. Moreover, the correlation between access to finance and Growth Intentions was not significantly influenced by innovativeness. This study adds some valuable insights to the existing knowledge on entrepreneurship, emphasising key barriers faced by township SMEs and suggesting practical methods for getting past them. This research suggests a different method for comprehending and dealing with the Growth Intentions of SMEs within the township areas of Johannesburg and Ekurhuleni metropolitan regions. It posits that policymakers have a critical role in mitigating key barriers such as access to finance, regulatory challenges, educational attainment, and infrastructure limitations within resource-constrained environments. The study advocates for targeted, systematic support to directly tackle these challenges and encourage SME growth.

Keywords: Institutional Factors, SMEs, Growth Intentions, Institutional Theory, Theory of Planned Behaviour**.**

DECLARATION

This report is my own work unless I've noted otherwise in the references or acknowledgements. I, Mohlala Nthabiseng Ngoanamagedi, officially declare that. This paper is part of what's required for my Master's degree in Management, focusing on Entrepreneurship and New Venture Creation at Johannesburg's University of the Witwatersrand. Neither at this university nor any other, it has never been submitted before.

Signature: 

August 24, 2025

DEDICATION

The resilient township company owners who are dedicated to building enduring operations despite enormous hurdles are the subject of this research report. A lot of people in South African have turned to entrepreneurship to survive the country's high unemployment rate, although they frequently face significant difficulties. This situation raises an important question: how can we support township SMEs to thrive, stay open, and succeed over the long run? I genuinely hope this study can are a helpful resource to boost economic enablement, independence, and self-sufficiency for township SMEs, supporting their growth and future sustainability.

ACKNOWLEDGEMENT

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Second, I would want to sincerely thank my line managers, Mrs Sbonisiwe Vundla and Mr Tshegofatso Mohasoa, at the University of the Witwatersrand. Although they were not my direct supervisors, their unwavering willingness to listen, offer support, and provide encouragement has been invaluable throughout my journey. Their readiness to assist, even beyond the scope of their formal roles, made a meaningful difference and greatly enriched my experience.

Thirdly, Notwane-Skosana Israel, Mabalane Jane, Mashimbye Nyeleti, Mmanchidi Tau, Mogale Lerato, Maduna Lebohang, Ramuatho Millicent, Mabasa Andrew, Masiba Murendeni, Noxolo Nkosi, and Mncube Gugu are among my esteemed colleagues at the University of the Witwatersrand, as well as those outside the institution. Their kindness and unwavering support went far beyond what was expected, touching my life in ways words can scarcely capture. They stood by me through challenges, offering help with genuine care and warmth that made every difficult moment easier to bear. Thanks to my amazing friends and their constant support, my time at the University of the Witwatersrand as a student was more than simply bearable; it was actually pleasant and meaningful. Their generosity and compassion will always have an exclusive niche in my heart.

I take this opportunity to convey my gratitude to my family for perpetually being there for me and helping me through this long and hard road. I pay tribute to my late parents, Johannes Mohlala and Anna Sabina Matsimela, whose support and affection have guided me throughout my academic career. Thank you to Kumalo Thokozile and Maryjane Mohlahlo, my closest friend and cousin, for your unwavering encouragement, understanding, and support. I genuinely appreciate having you by my side; your support and faith in me have been a tremendous source of inspiration and fortitude.

LIST OF ACRONYMS

National Development Plan	NDP
South Africa	SA
Small and Medium- Sized Enterprises	SMEs
Small and Medium Sized Enterprise	SME
Gross Domestic Product	GDP
Small Business Development Corporation	SBDC
Local Economic Development	LED
Institutional Theory	IT
Theory of Planned Behaviour	TPB
Uniform Resource Locator	URL
Statistical Package for the Social Sciences	SPSS
Exploratory Factor Analysis	EFA
Dependent Variable	DV
Independent Variable	IV
Moderate Variable	MV
Companies and intellectual Property Commission	CIPC
Kaiser-Meyer-Olkin	KMO
Exploratory Factor Analysis	EFA
Kolmogorov-Smirnov	K-S
Shapiro-Wilk	S-W
Probability-Probability	P-P
Variance Inflation Factor	VIF
Department of Small Business Development	DSBD
Analysis of Variance	ANOVA

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CHAPTER 1. INTRODUCTION TO THE STUDY

1.1. INTRODUCTION

The chapter opens with study background, problem statement, research aims, conceptual definitions, contribution to the study, delimitations, and assumptions are followed by a section outlining the study's backdrop and context. A section summarising the chapter structure and themes will be included at the end.

1.2. CONTEXT OF THE STUDY

The National Development Plan (NDP) of South Africa (SA) envisions a transformative economic future, targeting a tripling of the nation's economy by 2030 (Cant & Wiid, 2020). Small and Medium-Sized Enterprises (SMEs) currently contribute to job creation, with the NDP projecting further expansion of their impact on the economy by 2030 (Nthite & Worku, 2020).This strategy puts a lot of attention on the SME sector, which is known to be a significant driver of job creation and economic growth. Successful economies worldwide have shown the noteworthy role of SMEs in development (Bvuma & Marnewick, 2020). SMEs in townships hold a really important part in boosting living standards, creating more jobs, and growing South Africa's economy, although their importance is usually undervalued (Mokoena & Liambo, 2023). South Africa showcases a segmented economic model, characterised by a well-established formal economic sector set against an informal sector that faces notable obstacles in achieving sustainability (Urban & Ndou, 2019). It is essential to comprehend how these institutional factors influence entrepreneurs' projected growth and control over their business outcomes in order to create effective strategies that support the success of SMEs in these communities (Aparicio, Urbano, & Audretsch, 2016).

The current literature identifies numerous determinants that influence Growth Intentions among SMEs, yet a significant void exists in scholarly research that particularly focuses on the interaction between institutional components and growth ambitions in the specific context of township SMEs in Johannesburg and Ekurhuleni metropolitan areas**,** South Africa. This gap highlights the imperative for further study that investigates how institutional frameworks influence the Growth Intentions of entrepreneurs and, subsequently, affect their business success. By exploring these interactions, it will be possible to learn more about how institutional elements either support or hinder township SMEs' objectives for growth.

This research sought to accomplish a number of important theoretical objectives. Its primary objective was to outline the factors that influence the growth aspirations of SMEs in

Johannesburg and Ekurhuleni townships, South Africa. Secondly, research assessed a series of previous research papers on how different institutional factors influence these Growth Intentions. Thirdly, it explored the historical development of South African townships and its influence on the local entrepreneurial environment. Finally, the study investigated how township SMEs' Growth Intentions were influenced by institutional elements such as access to finance, the regulatory environment, level of education, infrastructural availability, and innovativeness.

This research utilised a quantitative methodology, employing validated measurement tools to evaluate institutional factors and growth aspirations among SMEs located in townships. By systematically assessing the specific institutional barriers faced by township SMEs in Johannesburg and Ekurhuleni metropolitan areas and their implications for Growth Intentions, this research sought to make substantial contributions to existing entrepreneurial frameworks, which often overlook the unique challenges encountered by marginalised communities.

1.3. STUDY BACKGROUND

The socioeconomic framework of South Africa is profoundly influenced by its townships, which function as both residential locales and hubs of entrepreneurial endeavours (Thomas, 2021). Townships represent underdeveloped residential zones within South Africa, originating during the apartheid era, positioned on the peripheries of urban centres, and marked by a historical backdrop and socio-economic adversities (Zondi, 2017). In the academic analysis conducted by Nel, Mashalaba, and Mocwagae (2025), 'township' in the historical setting of South Africa is characterised as "areas that are historically constructed (through centralised planning) for the intent of racially segregating South African urban landscapes and for the establishment of labour reserves for the extensive colonial and apartheid economic frameworks." The Gauteng jobless rate as of the first quarter of 2024 in the province has been reported at 41.9%, with a broader interpretation indicating that 47% of the workforce is classified as unemployed (Gauteng City-Region Observatory, 2024).

In South Africa, the SME sector's expansion started to pick up speed in the 1970s and 1980s, leading to the emergence of the government's Small Business Development Corporation (SBDC) in the early 1980s to render indispensable assistance to these enterprises. This initiative is further enhanced in 1995 with the implementation of a holistic policy framework designed to promote inclusivity, thereby enabling SMEs to engage meaningfully in the economy (Shibiti, Masabo, & Ladzani, 2023). The 1996 National Small Business Act defines microenterprises as independent companies that operate across several different industries and subsectors. These

comprise classifications such as micro, very, and small (Shibiti et al. 2023). Comprehending the historical context and socio-economic dynamics of townships is imperative for steering the development and expansion of SMEs, ultimately nurturing a more equitable economic landscape in South Africa (Wiid & Cant, 2018).

Gauteng is renowned for both its thriving economy and its varied population. From being mostly residential regions during apartheid to becoming hubs of entrepreneurship and economic activity, the townships are historically significant places (Chetty & Govender, 2024). Despite obstacles including high unemployment rates, poor infrastructure, education and restricted access to financing, these townships are becoming more and more acknowledged for their capacity to spur economic growth through SMEs (Mhlongo & Daya, 2023). The revenues of SMEs are positively influenced by funding provided as part of public business development, and this ultimately benefits Gauteng's Local Economic Development (LED) claims. Molo (2018). A study by Ziyane, Arogundade, and Osei-Assibey (2024) explains that government regulations and support mechanisms are crucial in shaping entrepreneurial aspirations, providing a framework for SMEs to thrive despite existing obstacles. Additionally, the aspirations of entrepreneurs are shaped by the resources and guidance provided by small business development agencies, which play a vital role in offering training and mentorship (Charman, 2017). The Gauteng township economic revitalisation strategy (2014) provides a framework for supporting township entrepreneurs. According to Chetty and Govender (2024), entrepreneurial growth aspirations in these areas are significantly shaped by the existence of different institutional elements, such as government regulations designed to assist small enterprises. The creation of businesses and marketplaces highlights the tremendous potential of SMEs as engines of economic growth in these regions by providing a plethora of chances for communities to improve their well-being and strengthen the township economy (Matlala, 2021).

The study was carried out in Johannesburg and Ekurhuleni metropolitan areas, concentrating especially on the townships in these regions. Home to many SMEs, Johannesburg and Ekurhuleni are the country's economic centre. The townships in this region, including Soweto, Alexandra, Diepsloot, Katlehong, Tembisa, Kwa-Thema, Tokoza, Daveyton, Etwatwa and Duduza, are distinguished by distinct socio-economic dynamics that influence entrepreneurial activities.

1.4. RESEARCH PROBLEM

SMEs in Africa are vital to maintaining economic stability, contributing between 60% and 80% of job creation and approximately 40% of GDP (Mwami & Hapompwe, 2024). Within the South African context, SMEs are essential for tackling socioeconomic issues. Nonetheless, despite their significant potential, these enterprises encounter elevated failure rates within a relatively brief timeframe (Chimucheka & Mandipaka, 2015). The concerning rates of failure can be attributed to a multitude of challenges. Moreover, Tengeh (2016) emphasises that the prevailing regulatory framework presents significant impediments to the operational effectiveness of SMEs, with complex regulations hindering business establishment and restricting access to essential resources (Ndlovu, 2022). Additionally, growth and longevity of SMEs depend on the entrepreneurial skills of their owners, which may be lacking, making it challenging to meet growth objectives (Madzimure & Tau, 2021). Contemporary research suggests that township SMEs in Johannesburg and Ekurhuleni metropoles persistently confront barriers that impede their growth and operational efficiency (Makhubele, 2023; Ndlovu, 2022). Additionally, authors accentuate the imperative of augmenting institutional support to cultivate a favourable environment for SMEs (Bvuma & Marnewick, 2020). Research indicates that the existing regulatory frameworks often hinder the growth potential of township enterprises due to their complexity and burdensome nature. A research study carried out by Herrington, Kew, and Mwanga (2017) has shown that, despite specific interventions implemented by governments, the issues encountered by SMEs are varied, and these businesses continue to fail at a high rate. According to Herrington et al. (2017), the key contributors to business failure are the shortcomings in management capabilities and a lack of sufficient education. A lack of legislation that is specifically designed to take into account the particular difficulties experienced by township businesses, such as having inadequate funding and insufficient technical support systems, exacerbates this issue (Madzimure & Tau, 2021). Moreover, the entrepreneurial ambitions of SME proprietors have a substantial influence on their business performance; those exhibiting greater growth aspirations are more predisposed to achieve success despite unfavourable circumstances (Mohammadali & Abdulkhaliq, 2019).

Although previous research has highlighted a number of barriers that South African SMEs must overcome, there is still an extensive gap regarding the precise institutional factors influencing Growth Intentions among township SMEs in Johannesburg and Ekurhuleni metropoles. Small business skills, a lack of infrastructure, and dysfunctional SME policy issues are among the barriers to SMEs' growth and advancement, according to Leboea (2017). According to a study by Segotso, Mvunabandi, and Phesa (2024), South African SMEs face a few difficulties, including cultural constraints, legal, regulatory, and economic barriers; a lack of professional

organisation support; high implementation costs; an abundance of experience and a scarcity of capable employees. SME owners in South Africa face several obstacles; this includes not having enough knowledge or access to the right business skills providers, support networks, and local government programmes to help get things moving, according to recent research by Xulu (2025), which validated this idea. SMEs have several challenges; this includes inadequate coaching, mentoring, and training, restricted access to funding, and ignorance about programmes intended to help businesses (Nkonde & Utete, 2024). To foster an environment that is favourable for SME growth and development, national and provincial governments must implement supporting measures and initiatives.

This research attempted to fill this deficit by offering actual data available to informed subsequent initiatives meant to lower the failure rates of SMEs and advocate environmentally friendly corporate practices in these localities. Therefore, this research sought to investigate the influence of institutional factors on the Growth Intentions of township SMEs in the Johannesburg and Ekurhuleni metropoles, South Africa.

1.5. RESEARCH OBJECTIVES

1.5.1. Primary objective

The primary aim of this study was to examine the influence of institutional factors on the Growth Intentions of township SMEs in Johannesburg and Ekurhuleni metropoles, South Africa.

1.5.2. Sub-objectives

i. To examine the influence of access to finance on Growth Intentions of SMEs.

ii. To analyse the influence of the regulatory environment on Growth Intentions of SMEs.

iii. To investigate the influence of level of education on Growth Intentions of SMEs.

iv. To investigate the influence of infrastructure availability on Growth Intentions of SMEs.

v. To investigate the influence of innovativeness on the relationship between institutional factors (access to finance) and the Growth Intentions of SMEs.

1.6. CONCEPTUAL DEFINITIONS

- **Institutional factors –** Include a variety of official, informal rules, conventions, and institutions that regulate conduct and relationships in a community (Lushaku-Elshani, 2025).
- **Growth Intentions-** According to Lushaku-Elshani (2025) Growth Intentions refer to the plans or aspirations of individuals, businesses, or economies to expand their operations, increase productivity, or enhance overall economic performance.
- **Townships –** Defined as areas that, under apartheid laws, were set aside specifically for people classified as black, coloured, or Indian to live in separately from others. (Donaldson, 2024).
- **SMEs –** Defined as businesses distinguished by their relatively small size in terms of employees, revenue, and operations compared to large corporations (Lagüera González, Di Bella, & Katsinis, 2024).

1.7. CONTRIBUTION TO THE STUDY

The rising number of SMEs in South African townships, particularly Ekurhuleni and Johannesburg, has taken centre stage as governments work to decrease socioeconomic difficulties, promote economic growth, and increase employment in these places (Netshishivhe, 2021). In South Africa, SMEs develop slowly and fail frequently. In rural and disadvantaged regions, roughly half of humanity reside in townships; these SMEs are significant employers (Rens, Iwu, Tengeh, & Esambe, 2021). SMEs confront persistent obstacles such as an absence of capital, poor infrastructure, a shortage of trained people, and a shortage of mentoring and educational opportunities (Enaifoghe & Ramsuraj, 2023). In these dual metropolitan townships, the research fills a significant knowledge gap by offering new empirical information on the influence of institutional factors on the Growth Intentions of SMEs located in both of these regions. This research serves in the thought of how institutional elements like financial availability, the regulatory landscape, educational attainment, infrastructural accessibility, and innovativeness affect the growth goals of SMEs functioning in dynamic situations. The study suggests five variables that are essential to SMEs' growth in a dynamic business environment are examined in this study. This study is the first to look at all of these elements together in the context of township SMEs in Ekurhuleni and Johannesburg.

Prior research in these areas has mostly focused on the performance of SMEs, their survival tactics, and outside obstacles. Marecha (2020) examined how entrepreneurial education and business planning influenced the growth of SMEs in Gauteng. The regulatory environment, general education level of SME owners, and infrastructural availability were not considered in

this study. Comparably, Sithole and Ruhode (2021) dealt with the elements influencing South African firms' use of virtualisation; however, the study overlooked critical institutional factors, including infrastructure, level of education, and regulatory environment. A study by Dlamini (2019) emphasised external obstacles that township SMEs face, such as restricted access to financing, infrastructure issues, and regulatory difficulties. Although the study offered insightful information on limits, it did not look at how these obstacles influence SMEs' long-term success or internal Growth Intentions. Khumalo (2020) limited the breadth of strategic behavioural insights by analysing SME success using survival rates and profitability as metrics but omitted the institutional framework and entrepreneurs' growth objectives. A study by Naidoo and Moyo (2021) narrowed the focus to entrepreneurial growth objectives, including plans to expand operations or diversify services, though the study omitted to consider the role of institutional constraints that might support or impede these goals. Analo (2023) found that while facilitatory institutions (such as financial availability and enterprise aids) positively influenced SME growth, the direct link to Growth Intentions such as plans to expand, hire more staff, or enter new markets, was not thoroughly explored. Furthermore, Mhlongo and Daya (2023) recommended further research into entrepreneurial leadership issues, cultural norms and infrastructure constraints affecting entrepreneurship in Gauteng, while Marecha (2020) and Ebewo, Ndlovu-Hlatshwayo, and Maluleke (2023) called for better integration of education with practical business skills and competency development tailored to disruptive market conditions. A study by Wiid and Cant (2022) identified poor facilities, absence of funding, limited access to formal markets, and challenges in education and skills development as key obstacles and recommended future research on improving infrastructure availability, access to finance, regulatory simplification, and educational support to foster SME growth.

Despite the substantial study conducted on the institutional factors that influence township SMEs, little is known about how these factors influence the Growth Intentions of SMEs in Johannesburg and the Ekurhuleni Metropolitan. Madzivhandila and Mavhandu (2024) highlighted the significance of business support and stakeholder participation in local economic development initiatives. Ekene and Kelly (2023) studied the issue of access to capital faced by township SMEs, identifying it as a serious impediment to their growth. To further understand how institutional contexts influence Growth Intentions, this study further incorporates entrepreneurial behavioural approaches, along with the Theory of Planned Behaviour (TPB) and Institutional Theory (IT). According to Sandi (2024), the TPB framework offers a tried-and-true paradigm for describing how entrepreneurs develop intentions to pursue growth. It comprises views regarding actions, subjective criteria, and perceived behaviour management

(Kashif, Zarkada, & Ramayah, 2018). The IT framework investigates how businesses, including SMEs, adhere to laws, customs, and cultural values to win over important stakeholders and acquire their legitimacy (Kashif et al. 2018). By better understanding and utilising institutional supports, entrepreneurs will be able to overcome obstacles and more successfully seek growth (Lajqi & Krasniqi, 2017). The outcomes of this study will assist policymakers through the creation of additional specialised and effective policymakers within South Africa. To conduct additional research in comparable settings, researchers will have a thorough framework and empirical data to work from. Communities will benefit economically from increased job creation, sustainability, and SME success.

1.8. DELIMITATIONS

Delimitations are deliberate boundaries established by the researcher to exclude certain areas of the study and concentrate on others. These limits make it easier to keep the research within reasonable bounds and in line with its goals (Field, Thompson, De Rijcke, Penders, & Munafò, 2024). The study focuses exclusively on SMEs within Johannesburg and Ekurhuleni Metropolitan, excluding other regions in South Africa. This aligns with research emphasising location-specific challenges in township economies. The study targets SMEs in townships, excluding micro-enterprises and informal survivalist businesses. This study investigated how specific institutional factors influence SME Growth Intentions, with a focus on five critical dimensions: access to finance, regulatory environment, education levels, infrastructure availability, and innovativeness. These factors are pivotal in influencing SME operations and strategic decision-making. While other important factors like human capital, social and cultural norms, market access, government support, and reliability in institutions are also vital, they remain beyond the focus of this research. The research provided important insights into how SMEs might be effectively supported and developed within their institutional environments by focusing on these particular features.

Only managers or business owners in charge of registered SMEs were eligible to participate in this survey operating within the township areas of Johannesburg and Ekurhuleni Metropolitan, South Africa. This emphasis ensured that the information acquired was pertinent to the experiences and challenges faced by SMEs in these specific urban environments (Mabogoane, 2016). The study sought to gather first-hand opinions on how institutional factors influence SMEs' Growth Intentions in different locations by focusing on individuals who hold decision-making authority within these businesses.

1.9. ASSUMPTIONS

Assumptions are propositions or statements that researchers accept as true without necessarily verifying them (Mascarenhas, Thakur, & Kumar, 2024). These assumptions serve as the foundation for conducting research and are often based on presuppositions rather than empirical evidence. This study assumed that participants answered all questions honestly and truthfully. Any errors in the answers might compromise the reliability of the study, produce untrustworthy results and possibly misrepresent the inferences made from the data in question.

1.10. CHAPTER STRUCTURE

Chapter 1: Introduction and overview- The chapter provided a comprehensive overview of the study subject, including its background, significance, research questions, objectives, and methodology, while outlining the foundation of the subsequent chapters.

Chapter 2: Literature review- The chapter explored literature on institutional factors and Growth Intentions and the influence between these variables.

Chapter 3: Research methodology- This chapter included broad coverage of the study design, sampling process, data collecting techniques, validity and reliability measurement techniques, and thorough data analysis processes.

Chapter 4: Data analysis and interpretation- This chapter's main goal centred on the interpretation and analysis of the data.

Chapter 5: Discussion of results- The study's analysed findings were presented in this chapter.

Chapter 6: Conclusions, recommendations and limitations- The study's limits, suggestions, and findings were covered in the preceding chapter.

CHAPTER 2. REVIEW OF LITERATURE

2.1. INTRODUCTION

This chapter presents an overview of literature that supports the fundamentals of institutional factors and Growth Intentions. It also includes the research's theoretical overview, conceptual framework, and hypotheses.

2.2. BACKGROUND DISCUSSION

Entrepreneurs function under institutional structures that impact their growth, which include both formal and informal structures (Thomas, 2021). The way that these institutional factors interact with the unique traits of SMEs has a big effect on how they develop (Ntshangase, Linda, Mabaleka, & Mhlongo, 2024). SMEs may have trouble getting the funds that they need to make investments that will help them grow (Anderson, 2018). Urban (2020) pointed out that insufficient funding options could impede efforts for innovation and growth. A study by Fajarika, Trapsilawati, and Sopha (2024) highlighted that inadequate physical space and unstable electricity are two instances of poor infrastructure that present serious obstacles for SMEs and limit their ability to grow and operate efficiently. Sharma (2024) mentions that complex registration and licensing procedures can discourage new initiatives and stifle established businesses, which can result in hurdles to entrance and growth. According to Ntshangase et al. (2024), while supportive government policies can improve market access and supply essential resources, conflicting policies can cause uncertainty and impede economic growth. SME-focused financial systems, anti-corruption initiatives, and tax simplification policy changes are necessary to close these disparities (Ntshangase et al. 2024).

The township economy holds considerable importance within the South African context, especially through SMEs, which act as essential catalysts for economic progress, job creation, and alleviation of poverty (Mokoena & Liambo, 2023). Although their role is crucial, township SMEs often remain inadequately acknowledged. The term 'township' signifies an urban locality that is historically designed to impose racial segregation among South Africans (Scholtz, Cronje, & Cilliers, 2023). Although legal restrictions on movement have been abolished, historical spatial inequalities continue to shape patterns of mobility and residence in South Africa (Karunananthan, 2024). Presently, residents of townships are confronted with a multitude of risks and a scarcity of viable pathways to success. The concept of the 'township economy' encapsulates the microeconomic endeavours that transpire within these regions, which are influenced by the competencies and purchasing capacity of the inhabitants (Scholtz et al. 2023). While townships exhibit dynamic local economies, they are impeded by both

intrinsic challenges and the overarching, more advanced South African economy. A comprehensive understanding of this economy is imperative for promoting the development and expansion of SMEs. SMEs in townships employ a sizable percentage of the workforce, particularly in industries like manufacturing, services, and retail, according to Cant and Wiid (2016). These businesses provide employment for both skilled and unskilled labour, contributing to the reduction of unemployment rates in impoverished areas (Silalahi & Walsh, 2023). Due to limited resources, township entrepreneurs tend to develop creative solutions to local problems, such as creating affordable products or offering innovative services tailored to the community's unique needs (Khosa & Kalitanyi, 2023). According to Fatoki and Smit (2022), SMEs in townships give individuals from historically underprivileged backgrounds a chance to engage in the economy. However, for township SMEs to thrive and sustain their positive influence, targeted interventions are needed to address the challenges they face.

2.3. THEORETICAL OVERVIEW

The study utilised the Institutional Theory (IT) and the Theory of Planned Behaviour (TPB). The internal cognitive processes of SME managers or owners are the focus of the TPB. It emphasises how their attitudes, perceived behavioural control, and subjective standards influence their intentions and actual behaviours (Latip & Sharkawi, 2021). TPB clarifies how managerial attitude and internal resource capacities regulate reactions to outside demands (Al-Mamary, Abdulrab, Alwaheeb, & Alshammari, 2020). By analysing the interactions between internal capabilities and intentions and external demands, overall offer more knowledge regarding the many influencing factors in the growth and sustainability of SMEs.

2.3.1. Institutional theory

The IT has long been employed by scholars studying entrepreneurship to take into consideration the effects of the surroundings on start-up rates and legitimising strategies in particular, as well as entrepreneurship in general (Su, Zhai & Karlsson, 2017). The work of John Meyer and Brian Rowan was the main contributor to the development of this theory in the late 1970s (Alshbili & Elamer 2020). They introduced the concept to examine how organisations adapt to their environments and conform to societal norms and expectations, thereby gaining legitimacy and stability (Hallett, 2019). This early concept highlighted how institutions shape organisational structures and behaviours, implying that businesses frequently adopt techniques to look legitimate in the minds of stakeholders rather than necessarily for efficiency (Andriof, Waddock, Husted, & Rahman, 2017). The legislative, normative, and cultural-cognitive aspects of IT work together to influence business actions (Harun, 2021).

The cultural-cognitive part is concerned with the common ideas and values that influence how institutions function (Holm, 2020). Organisational conduct is heavily influenced by social norms. These standards influence how businesses organise their operations and specify what constitutes appropriate behaviour in a certain setting. Organisations often adopt practices that align with these norms to avoid sanctions or gain approval from peers and regulatory bodies. According to Andriof et al. (2017), it illustrates how different institutional organisations interact and economic dynamics, emphasising that organisations do not operate in isolation but are embedded within broader social frameworks. The focus of the IT is on how different organisations and groups preserve their legitimacy and positions by following the rules and regulations of the institutional environment (Ahmad, Rahman, Rajendran, & Halim, 2020). The behaviour of SMEs seeking legitimacy in complicated situations can be better understood by applying the IT (Balzano, Marzi, & Turzo, 2025). SMEs may increase their resilience and competitiveness in both home and global markets by understanding and responding to the institutional factors they confront, according to Balzano et al. (2025).

2.3.2. Theory of planned behaviour

Icek Ajzen created the TPB, a psychological system, in 1991 with the intention of projecting social actions in humans. Based on the Theory of Reasoned Action (TRA), perceived behavioural control is included into the TPB (Tornikoski & Maalaoui, 2019). The TPB claims that three essential elements influence a person's behaviour: perceived behavioural regulation, personal standards, and one's mind-set towards the behaviour. According to Sok, Borges, Schmidt, and Ajzen (2021), these elements work together to influence an individual's intellectual ambitions, which are thought to be the best gauges of their actual conduct. According to the TPB, behavioural intentions are modified by the three previously stated elements, which in turn predict reality. Ajzen (1991) argued that human behaviour is intentional, strategic, and moderated, contemplating the predicted results of envisioned actions. Therefore, intention operates as a significant element in evaluating whether an individual will involve themselves in a particular behaviour (Farrukh, Alzubi, Shahzad, Waheed, & Kanwal, 2018). The TPB has been expertly used within the domain of modest business research particularly in elucidating financing decisions pertinent to privately held enterprises (Al Balushi, Locke, & Boulanouar, 2018). Furthermore, it provides an insightful framework for comprehending the variables that affect growth aspirations within SMEs. The TPB's instinctual predictive capability is crucial to analysing decision-making in the setting of small enterprises, since many financial decisions have been, certainly in part, dependent on business owners' personal preferences (Singh, Chakraborty, & Roy, 2018). An affirmative stance on business

development significantly increases the inclination to adopt growth-orientated tactics (Singh et al. 2018). When proprietors of SMEs recognise substantial backing from their online communities, such as family members, peers, and industry affiliations, they exhibit a greater likelihood of articulating intentions to enhance their business operations (Talebi, Tanbakouchian, & Bozorgi Amiri, 2020). Talebi et al. (2020) further underscore that social support can considerably amplify entrepreneurial aspirations, thereby facilitating business advancement. Moreover, an elevated perception of control is correlated with an increased probability of participating in behaviours aimed at growth (Benachenhou, Arzi, & Belkhir Djaoued, 2017).

2.4. GROWTH INTENTIONS

Growth in businesses is a complex phenomenon that has been examined from multiple perspectives and assessed in various ways (Byman & Lashgari, 2022). Understanding growth goals and the factors influencing them is essential for developing support networks and policies that effectively promote business progress (Ismail, 2022). Business growth is not solely an evolutionary process; it is also influenced by market opportunities, resource availability, and capabilities (Carbajal-Marrón, Herrero-Crespo, & Collado-Agudo, 2024). Eesley, Eberhart, Skousen, and Cheng (2017) assert that IT holds that entrepreneurial behaviour is shaped and constrained by larger institutional settings. The perception of entrepreneurs on the feasibility and desirability of growth is shaped by formal and informal institutions, including financial and policy frameworks, social norms, and cultural expectations (Eesley et al. 2017). When a business has operated for more than three years, grown, and made substantial profits, it enters the growth phase, indicating successful navigation of its early years and readiness for profitability (Diéguez-Soto, Martínez-Romero, Corten, & Michiels, 2022). Organic growth, often enabled by institutional support such as access to capital and regulatory clarity, can serve as a key competitive advantage during peak stages (Wangdi, 2023). Larger firms typically show higher growth rates, and company size has a favourable influence on profitability (CarbajalMarrón, 2024). Understanding and explaining SME growth as a form of business expansion requires focusing on the entrepreneur (Rasmussen et al. 2018). Business owners' aspirations, or "Growth Intentions," shape entrepreneurial decisions and behaviours and serve as strong indicators of actual business growth (Freel, Rostamkalaei, & Tran, 2025). According to Li, Wang, and Long (2019), mind-set to growth, personal criteria, and perceived behavioural control are the components that contribute to clarifying these desires. Entrepreneurial dedication to expansion is greatly influenced by the intricate interplay among individual attitudes, contextual signals, and self-efficacy (Yeboah, 2021). Growth Intentions can thus be

systematically categorised into personal characteristics, business attributes, and contextual or institutional elements (Maheshwari, Kha, & Arokiasamy, 2023). Entrepreneurial purpose is essential to economic progress, particularly in terms of acquiring wealth and creating employment (Taneja, Kiran, & Bose, 2024). Growth Intentions represent the ambitions an entrepreneur harbours concerning their enterprise's trajectory (Ali, 2018) and are often proactive in nature, aimed at achieving defined growth objectives (Wasilczuk, 2017). Entrepreneurs with strong Growth Intentions driven by favourable attitudes and supportive institutional environments are more likely to scale their businesses and contribute to macroeconomic development (Doran, McCarthy, & O'Connor, 2018). Managerial experience and organisational goals further shape these intentions, enhancing perceived control and readiness to act on growth opportunities (Eide, Moen, Madsen, & Azari, 2021). Entrepreneurs who perceive growth as achievable and beneficial are more inclined to pursue it (Pratiwi Octasylva, Noor, Hartoyo, & Soehadi, 2021). Social and professional networks reinforce subjective norms and influence growth aspirations either positively or negatively (Schachtebeck, Groenewald, & Nieuwenhuizen, 2023). Innovation capabilities also play a pivotal role, as SMEs with strong innovation potential are more inclined to pursue growth by exploring new markets and differentiating their offerings (Oh & Kim, 2023). Key growth drivers include product and service innovation, market expansion, and the integration of technology (Freel et al. 2025). Fostering a growth mind-set aligned with institutional support helps communities generate employment and drive economic transformation (Enaifoghe & Ramsuraj, 2023). A growth-orientated entrepreneurial culture must be fostered by politicians, educators, and business support agencies in emerging economies like those in Africa, where SMEs play an essential part in growth. Yeboah (2021) suggests that SMEs should focus on the five interconnected growth stages: inception, survival, growth, expansion, and maturity.

Moreover, strong personal attributes enable entrepreneurs to overcome developmental barriers and thrive in mature ventures (Wei, Chen, Zhang, & Gong, 2019). Even setbacks, when interpreted through a positive institutional and behavioural lens, can be reframed as growth opportunities, promoting resilience and sustained development (Hui, 2019). Table 2.1 summarises the managerial responsibilities and techniques used during the various stages of small company growth. The Five Stages of Small Business Growth describe how businesses evolve from owner-controlled, informal beginnings to mature, decentralised organisations. Initially, the owner makes all decisions independently (Yeboah, 2021). As mentioned by Yaboah (2021) the business survives and develops, structure and collaboration increase, with management becoming more coordinated and decision-making centralised. During growth, leadership spreads out, and management becomes skilled with a decentralised setup for faster

decisions (Yeboah, 2021). At maturity, leadership oversees rather than controls daily operations, maintaining decentralisation for efficiency and scalability. This progression helps entrepreneurs adapt management strategies as their business grows (Yeboah, 2021).

Table 2. 1: Five stages of small business growth.

Phase	**Senior leadership**	**Management approach**	**Organisation Framework**
1. Commencing	Control	Independent	Unorganised
2. Survival	Guidance	Administrative	Simple
3.Development	Cooperation	Coordinate	Centralised
4. Growth	Dispersal	skilled	Decentralised
5. Maturation	Decentralisation	Observer	Decentralised product

Source: Yeboah (2021).

2.5. INSTITUTIONAL FACTORS

In both established and emerging countries, SMEs are essential factors in promoting employment, innovation, and economic progress (Lushaku-Elshani, 2025). According to Lushaku-Elshani (2025), several institutional factors, including normative, academic, informal, and regulatory aspects, have a substantial influence on SME growth. These factors influence SMEs' environment of operation as well as their capacity to adjust and prosper in a cutthroat market (Thaheer, Radieah, & Wan Norhaniza, 2021). Consequently, understanding and addressing these institutional influences is crucial for policymakers aiming to foster a supportive ecosystem for SMEs (Agyei, 2018). As noted by Basson and Omoruyi (2025) supportive regulatory frameworks positively relate to SME growth intentions by reducing barriers and enhancing feasibility in South African SMEs. A study by Scheba, and Turok (2020) identifies regulatory stability and simplified procedures as key external factors driving growth ambitions among township enterprises.

Benos and Karagiannis (2022) define institutional factors as the formal and informal structures, conventions, and rules that influence the social and economic milieu. The official laws, regulations, and policies that control how businesses operate are referred to as formal institutions (Ho & Nguyen, 2024). Supportive regulatory frameworks, including stable policies and efficient administration, positively correlate with SME growth intentions. A study Akang (2023) found that regulatory stability enhances entrepreneurial feasibility for expansion,

refuting claims of regulation as a barrier. Similarly, government policies like tax reliefs and streamlined procedures boost SME performance and ambitions in developing economies (Akang, 2023). According to Athanasios, Charalampos, and Eleni (2022) efficient tax administration and policy consistency further support expansion plans in the formal sector. Depending on how they are set up and run, these organisations can either help or destroy the expansion of SMEs (Ho & Nguyen, 2024). Therefore, it is imperative that policymakers carefully weigh the effects of these formal institutions and create frameworks that support SMEs' innovation and growth while also offering stability (Ho & Nguyen, 2024). A well balanced approach could lead to a thriving entrepreneurial environment that benefits both the economy and the communities involved.

On the other hand, SMEs may face obstacles due to excessively complicated and constantly shifting rules, which could raise transaction costs and limit their capacity to grow (Peci, 2021). Bureaucratic red tape, excessive regulatory procedures, limited access to finance, complex tax compliance, and inadequate intellectual property protection are major obstacles of formal institutions faced by SMEs (Mehjabeen & Khan, 2024). These barriers lead to delays, increased costs, and a competitive landscape that diverts resources from core business activities. According to Mehjabeen and Khan (2024), these barriers create a challenging environment for SMEs to thrive. A study by Mwombeki (2023) mentions that administrative burdens and taxation policies are two other crucial components of formal institutions.

According to Mohlomi (2019), access to markets is among the main challenges entrepreneurs face. Concurrently, globalisation has had a substantial influence on product specifications, industry standards, and customs rules, making it more challenging for small enterprises to compete with bigger companies and carry out international operations (Mohlomi, 2019). Furthermore, SME growth has been found to be significantly influenced by access to financing, with financial limitations frequently restricting their capacity to grow (Iwasaki, Kočenda, & Shida, 2021). According to a study by Baloyi and Khanyile (2022) improved financial access drives SME growth intentions through better resource allocation in South Africa. A study by Mutsonziwa and Fanta (2021) reveals formal credit access correlates with larger SME size, as measured by employee numbers in sole proprietorships. As noted by Chibueze (2024) financial inclusion via fin-tech enables scaling and competitive performance amid economic pressures. A study by Nyoni and Moos (2022) shows reliable infrastructure boosts SME growth intentions by improving operational efficiency in Gauteng townships. According to Ligthelm (2023), infrastructure gaps constrain ambitions, while enhancements like electricity and roads align with upliftment recommendations. As noted by Bris, Pawlak, and Polak (2017) reliable ICT

and transport access significantly predict higher growth aspirations among owners.According to Carbajal-Marrón, Herrero-Crespo, and Collado-Agudo, (2024) higher owner education strengthens SME growth intentions via enhanced decision-making in manufacturing SMEs. A study by Lajqi and Krasniqi (2017) confirms educated owners exhibit stronger growth orientations amid institutional challenges. As noted by Ruiz, Arvate, and Xavier (2017) advanced education links to superior management and performance outcomes in emerging markets.

Informal institutions refer to the unwritten rules, norms, and practices that govern business operations (Erhardt, 2022). SMEs frequently leverage informal institutions like social capital and trust and leverage local skills to boost their growth potential and compensate for the inadequacies of official institutions. As stated by Olarewaju, Adebisi, George, and GonzalezTamayo (2023), these organisations greatly influence the proliferation of SMEs, especially in nations that are developing. Social expectations and cultural norms can either support or impede the growth of SMEs, depending on how they influence attitudes towards risk, entrepreneurship, inclusion, and trust (Olarewaju et al. 2023). According to Xego (2020), corruption, in addition to poor access to capital and markets, is a significant informal impediment to SMEs' growth and development. A study by Baez-Camargo, Costa, and Koechlin (2022) explains that another important informal institutional obstacle that SMEs in emerging countries must contend with is informal networks. Omeihe and Omeihe (2024) highlight that start-ups and entrepreneurs can traverse difficult environments by using these networks as a problem-solving tool. A study by Urban (2020) identified that public attitudes towards entrepreneurship significantly influence how SMEs develop their growth plans.

Networking and social capital are important normative factors influencing SME growth (Stojčić, Dabic, & Musteen, 2024). The growth of SMEs depends on collaboration and trust in the workplace. Istipliler (2023) highlighted that trust and collaboration lessen the detrimental effects of institutional restraints on SME performance in transition economies. Additionally, entrepreneurs' and business leaders' behaviour and decision-making are influenced by cognitive institutions, including beliefs, knowledge, and mental frameworks (Klein & Braido, 2023). These cognitive institutions shape how entrepreneurs perceive opportunities and threats, ultimately dictating their strategic choices (Bui, Nguyen, & Nguyen, 2018). The resilience and flexibility of SMEs in a constantly changing market landscape may thus be greatly increased by creating an atmosphere that values trust and cooperation (Bui et al. 2018). These entities have an important influence on the creativity and digital business rise of SMEs (Urbano, Aparicio, Scott, & Martinez-Moya, 2023). It has been discovered that entrepreneurs'

educational attainment has a positive influence on the growth of their firms when it comes to capital growth (Kryeziu, Krasniqi, Bagis, Hajrullahu, Zhushi, Bytyçi, & Ismajli, 2023). The development of SMEs is greatly influenced by institutional elements, each of which offers its own set of opportunities and problems. According to Kryeziu et al. (2023), to promote the growth of SMEs, policymakers, researchers, and entrepreneurs must have a thorough understanding of these elements.

2.5.1. Access to finance

SMEs need funding to start production and evolve (Rusu, Roman, & Tudose, 2022). However, a major issue that small firms encounter is a lack of funding. This results in poor efficiency and a failure to invest in innovative technologies (Rusu et al. 2022). SMEs often face considerable obstacles in securing financing, which is widely recognised as one of the most critical barriers to their growth (Iyelolu, Agu, Idemudia, & Ijomah, 2024). The ability to obtain funding, including loans, credit, and investment capital, is indispensable for the effective functioning, expansion, and advancement of businesses (Amadasun & Mutezo, 2022). The term "access to finance" describes how easily and affordably people and organisations can get financial services like credit, savings, payments, and insurance (Kassa & Kegne, 2025). It targets structural impediments to fair access to formal financial institutions, especially for marginalised groups, including women, low-income groups, and SMEs. Small firms frequently struggle with a lack of funding (Gunjati & Adake, 2020). As a result, there is a lack of investment in the newest technologies and poor performance. However, many banking organisations manifest apprehension in granting financial aid to SMEs, primarily because of the prevailing scarcity of collateral in these businesses, unlike their larger, more established counterparts that display confirmed financial solidity (Baporikar, Nambira, & Gomxos, 2016). Kim and Kim (2018) have also shown that innovation development is unlikely to occur in small enterprises that are struggling financially. Financial limitations are the primary variables influencing SMEs' growth and innovative capability (Fatoki, 2021). As noted by Fatoki (2021), a considerable percentage of SMEs struggle to attain funding from the formal financial sector, thereby intensifying the gap between their potential and actual growth. Considering the information presented, access to finance is positively correlated with the growth of SMEs; consequently, the hypothesis that follows has been established:

H1: Access to finance has a positive influence on the Growth Intentions of SMEs.

2.5.2. Regulatory environment

SMEs are especially negatively influenced by a regulatory environment that is too burdened with regulations and barriers to business start-ups and operation because they lack the capacity to address issues that arise in this area (Thomassen & Haner, 2024). Thomassen and Haner (2024) assert that a number of regulatory environment hurdles, such as the taxation framework, legislative restrictions, procedural mandates, and institutional evolution, are essential to the overall economic consolidation. According to Alshebami and Seraj (2022), the framework of laws, rules, regulations, and standards set by governmental organisations, trade associations, or other organisations that control corporate operations in a particular area or sector is known as the regulatory environment. Legislative and administrative stipulations are frequently regarded as formidable barriers for SMEs (Alshebami & Seraj 2022). Extended licensing and registration procedures postpone market entry and operational preparedness (Onwe, Agada, Onwe, Williams, & Ogba, 2024). Such regulations can engender a formidable environment for entrepreneurs, thereby adversely affecting their growth aspirations and overall operational efficacy. The regulatory environment, according to Ndlovu (2022), is overflowing with laws and procedures that discourage and impede business owners while simultaneously encouraging unofficial economic activity. The intricacies of compliance obligations, elevated costs, erratic enforcement, and restricted access to financial resources contribute to a challenging milieu for entrepreneurs (Madzimure & Tau, 2021). To foster an atmosphere more conducive to SMEs' proliferation in townships, it is essential to simplify rules and undertake supporting government programmes in order to mitigate these obstacles (Owusu-Ansah, 2024). By comprehending and alleviating the repercussions of these impediments, stakeholders can amplify the prospects for sustainable economic development within marginalised communities. The subsequent hypothesis is constructed:

H2: Regulatory environment has a positive influence on the Growth Intentions of SMEs.

2.5.3. Level of education

Insufficient investment in employees is among the primary barriers to SMEs' long-term development and continued existence (Saah, 2022). Education is necessary to strengthen the workforce's knowledge, skills, and decision-making abilities in order to overcome this barrier (Trumbach, Payne, & Walsh, 2022). Inadequate abilities and knowledge among workers may hinder competitiveness and ultimately lead to company collapse. According to Tsegaye (2019), entrepreneurs may set themselves apart from the competition by using their skills to turn unorganised business situations into well-run, profitable enterprises. The greatest degree or level of formal education that an individual has earned is referred to as their level of education,

according to Jenyé and Vári (2023). Developing qualities such as drive, self-assurance, problem-solving skills, dedication, and discipline is equally as important as learning technical skills (Jenyé & Vári, 2023). According to Meressa (2020), a college education equips individuals with the abilities they need to seize new opportunities and conquer challenges. Additionally, learning new information also helps people make better decisions and be more creative, which has a favourable effect on how commodities and services are produced and distributed (Leza, Rajan, & Kuma, 2016). The influence on small enterprises makes the connection between education and firm growth even more clear. According to Leza et al. (2016), existing knowledge and experience are crucial for achieving both professional and personal success. They offer an intellectual foundation and valuable skills that improve decision-making, problem-solving, and overall performance in a variety of aspects of life (Ndungo & Rucha, 2017). Higher-educated business owners are more likely to make wise choices that increase company efficiency and boost profitability (Gementi, 2017). This implies that having more education also lowers the chance of failing while simultaneously enhancing problem-solving and decision-making skills (Albizu, Estensoro, & Franco, 2022). Consequently, companies run by entrepreneurs with higher levels of education typically see faster growth and more profitable outcomes than those run by their less educated counterparts. In relation to the evidence provided, the below hypothesis is established:

H3: Level of Education has a positive influence on the Growth Intentions of SMEs.

2.5.4. Infrastructure availability

A company's ability to swiftly incorporate changes in business operations through the development of and consent to innovative ideas that offer worth through enhanced products, services, or processes is known as innovation, and it is crucial to a company's ability to grow (Salisu & Abu Bakar, 2018). Innovation involves not only the generation of creative ideas but also their practical implementation to solve problems, reach new customers, or enhance organisational performance (Kuswati, 2018). Innovative SMEs can use their imagination to develop alternative solutions when institutional constraints provide obstacles, such as restricted access to financial resources or unfavourable regulatory frameworks, hence boosting their growth objectives (Divisekera & Nguyen, 2018). The growth and innovation of SMEs depend heavily on their ability to obtain financing (Rasheed, Mughal, Ahmad, Jafary, & Anam, 2024). Financial resources enable SMEs to invest in new technology and procedures, fostering innovation. According to research by Rasheed et al. (2024), SMEs perform better overall and

innovate more when they have a learning orientation backed by financial access. According to Istipliler (2023), innovative skills enable SMEs to successfully negotiate institutional barriers. According to research by Velasco-Gutiérrez, Montoya, Orozco, and Capelleras (2020), they discovered that several institutional factors, including funding, technology, skilled workers, and government support, predict organisational creativity. According to Velasco-Gutiérrez et al. (2020), strong managerial skills and expertise enable SMEs to overcome obstacles and create a long-term innovation plan. Muriithi (2017) also emphasised how crucial government assistance is for SMEs since it may foster their growth and innovation. By providing advantageous regulations, streamlining licensing processes, and providing financing for innovative project systems, the government may foster an atmosphere that is conducive to SMEs. Abdu and Jibir (2018) found that enterprise innovation and technological capabilities were positively correlated. Additionally, SMEs' inventive success is influenced by their participation in technical innovation across a range of sectors. Innovativeness' ability to magnify these characteristics' beneficial benefits can result in stronger Growth Intentions (Abdu & Jibir, 2018). Additionally, being innovative enables SMEs to spot global prospects, which further affects their growth paths (Aghazadeh & Zandi, 2021). This connection is especially noticeable in businesses with substantial institutional knowledge (Meramveliotakis & Manioudis, 2021). Therefore, developing an innovative culture inside the organisation is essential for SMEs to thrive in complicated institutional contexts and achieve development objectives. Understanding this dynamic can influence laws intended to encourage the growth of SMEs and the economy. The following hypothesis is established considering the evidence provided:

H4: Infrastructure availability has a positive influence on the Growth Intentions of SMEs.

2.6. INNOVATIVENESS

Innovation plays a vital role in the survival and growth of businesses, which can be defined as a firm’s propensity and capability to rapidly incorporate change in business practices through the creation and adoption of new ideas that add value in the form of improved products, services, or processes (Salisu & Abu Bakar, 2018). Innovation involves not only the generation of creative ideas but also their practical implementation to solve problems, reach new customers, or enhance organisational performance (Kuswati, 2018). Innovative SMEs can use their imagination to develop alternative solutions when institutional constraints provide obstacles, such as restricted access to financial resources or unfavourable regulatory frameworks, hence boosting their growth objectives (Divisekera & Nguyen, 2018). The growth and innovation of SMEs depend heavily on their ability to obtain financing (Rasheed,

Mughal, Ahmad, Jafary, & Anam, 2024). Financial resources enable SMEs to invest in new technology and procedures, fostering innovation. According to research by Rasheed et al. (2024), SMEs perform better overall and innovate more when they have a learning orientation backed by financial access. According to Istipliler (2023), innovative skills enable SMEs to successfully negotiate institutional barriers. A study by Velasco-Gutiérrez, Montoya,Orozco, and Capelleras (2020) highlights that several institutional factors have been identified as predictors of organisational innovation, including finance, technology, skilled personnel, and government support. SMEs that possess solid managerial skills and expertise are better able to overcome obstacles and create a sustainable innovation strategy (Velasco-Gutiérrez et al. 2020). Muriithi (2017) also emphasised how crucial government assistance is for SMEs since it may foster their growth and innovation. By providing advantageous regulations, streamlining licensing processes, and providing financing for innovative project systems, the government may foster an atmosphere that is conducive to SMEs. Abdu and Jibir (2018) found that enterprise innovation and technological capabilities were positively correlated. Additionally, SMEs inventive success is influenced by their participation in technical innovation across a range of sectors. Innovativeness ability to magnify these characteristics beneficial benefits can result in stronger Growth Intentions (Abdu & Jibir, 2018). Additionally, being innovative enables SMEs to spot global prospects, which further affects their growth paths (Aghazadeh & Zandi, 2021). This connection is especially noticeable in businesses with substantial institutional knowledge (Meramveliotakis & amp, Manioudis, 2021). Therefore, for SMEs to prosper in complex institutional environments and attain growth goals, it is crucial to cultivate an innovative culture within the company. Policies intended to foster the growth of SMEs and the economy can be influenced by a comprehension of this dynamic. The following hypothesis is established considering the evidence provided:

H5: Innovativeness positively moderates the relationship between institutional factors (access to finance) and the Growth Intentions of SMEs.

2.7. CONCEPTUAL FRAMEWORK

A conceptual framework explaining how many factors influence township SMEs' growth goals is shown in Figure 2.1. The SMEs' aspirations to grow are reflected in the dependent variable, Growth Intentions. Access to Finance (H1), Regulatory Environment (H2), Education Level (H3), and Infrastructure Availability (H4) are the independent variables that are anticipated to have a direct impact on growth intentions. As a moderating variable, innovativeness (H5) either increases or decreases the influence of these factors on growth ambitions. These hypothesised links are represented by arrows in the illustration, which provides a clear model for analysing

how financial, educational, regulatory, infrastructure, and innovativeness elements influence SME growth plans in Johannesburg and Ekurhuleni.

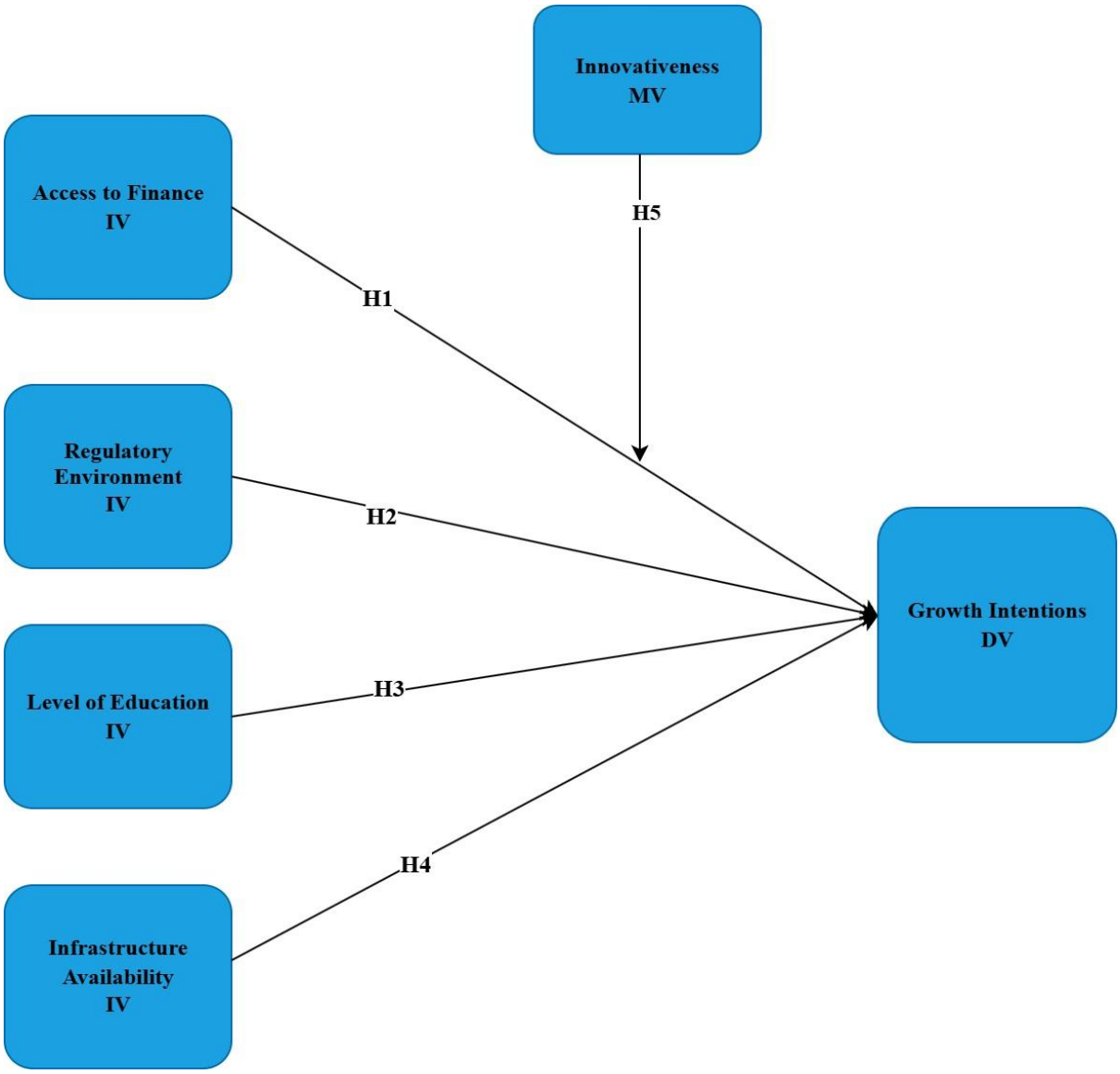


Figure 2. 1: Conceptual Framework.

Source: (Saah & Musvoto, 2020; Nhleko, Ladzani, & Seeletse, 2023).

2.8. CONCLUSION ON LITERATURE REVIEW

This section evaluated the background literature, theoretical overview, and presented a conceptual framework. The research questions and their corresponding hypotheses were then

covered in the chapter. In order to provide context for how the major constructs support the study's goals, it was crucial for the research to address the research questions.

CHAPTER 3. RESEARCH METHODOLOGY

3.1. INTRODUCTION

The research strategy and methods employed in the study will be part of the subsequent section. This chapter discusses the sampling process, data collection techniques, data analysis methods, and the procedures used to assess the validity and reliability of the study.

3.2. RESEARCH PARADIGM

The research paradigms are crucial structures that guide researchers' investigations, shape their understanding of reality, inform knowledge acquisition, and underscore the significance of ethical considerations in their work (Gururaj, Scheuermann, & Lin, 2024). By comprehending these paradigms, researchers can create studies that are meaningful, cohesive, and consistent with their philosophical views on knowledge, reality, and values. "The post-positivist paradigm is grounded in the belief that knowledge is derived from observable phenomena and that reality can be quantified through empirical data" (Bryman, 2016, p. 26). This approach emphasises empirical evidence, objective measurement, and statistical analysis, making it particularly suitable for investigating the dynamics affecting SMEs Growth Intentions. This paradigm facilitates structured data collection through surveys, enabling a clear analysis among variables. Bryman (2016) asserts that by keeping a distance from their subjects, researchers can lessen partiality in gathering information and evaluation. The study adopts a positivist paradigm to strengthen the validity of quantitative results and to examine objectively the role of institutional factors in SME Growth Intentions. Positivism aligns with the study’s goals of capturing and quantifying relationships between variables, allowing reliance on observable, measurable data rather than subjective interpretations (. Additionally, a critical realism perspective is acknowledged, recognising that institutional factors such as access to finance, regulatory environment, infrastructure, and education objectively influence SME Growth Intentions in Ekurhuleni and Johannesburg. Empirical observation and structured data-gathering methods, such as surveys, are used to systematically assess these relationships and generate evidence-based conclusions.

3.3. RESEARCH APPROACH

An investigation's systematic setup to deliver reliable and accurate outcomes that tackle the study's objectives and queries is examined by a research technique (Kapur, 2018). The overarching plan and strategy that direct the research's execution will be included in the research approach. It discusses the exact procedures for collecting, calculating, and evaluating

data in addition to the philosophical assumptions (ontology and epistemology) and the choice between mixed, qualitative, and quantitative methods (Shrivastava, Singh, Gurjar, & Kushawaha, 2024). It also specifies how the researcher formulates assumptions or questions, outlines the research topic and ensures that the results are reliable and valid (Shrivastava et al. 2024).

A quantitative research approach was used to assess how institutional issues influenced SMEs' growth ambitions. Since this posits that the variables are observable, and identifiable that the researcher does not change them, this approach is suitable for the study.

3.4. RESEARCH DESIGN

The overarching plan that logically and cogently combines the many study components, including techniques for gathering data, estimation, and analysis is referred to as the research design (Al Maktoum & Al Kaabi, 2024). The study focused on collecting primary quantitative data, which is essential for testing hypotheses or answering specific research questions (Taherdoost, 2021). To obtain data from a broad set of township SMEs at one particular period, this study's cross-sectional survey technique was ideal to attain its objectives (Creswell & Creswell, 2018). Cross-sectional surveys facilitate efficient data collection within a short timeframe and support quantitative analysis by allowing the application of statistical methods to identify correlations between variables.

3.5. TARGET POPULATION

The characteristics of a population, such as size, diversity, and geographic distribution, affect data collection methods. The phrase 'target population' describes a specific population that a scholar is interested in exploring in deeper detail (Casteel & Bridier, 2021). According to Hossan, Dato'Mansor, and Jaharuddin (2023), to successfully determine the target population, one needs to carefully consider all the factors that define its boundaries. Determining South Africa's SME headcount has proven challenging because of the distinction between official and informal enterprises. The Centre for Development and Enterprise (2025) contends that in the nation of South Africa, there are more than 2.5 million SMEs. This group includes many microbusinesses that the government does know about.

The SMEs in the Johannesburg township and Ekurhuleni metropolitan areas were the study's target group, with a specific focus on managers and business owners. The ages of township SME owners varied across adult age groups, reflecting diverse entrepreneurial participation. The metro areas of Johannesburg and Ekurhuleni have been selected given that they constitute vibrant economic centres with a high concentration of SMEs, ongoing local government

development initiatives, and significant barriers to financial access and literacy. As a result, they were ideal for investigating SME issues of growth that have obvious policy implications.

3.6. SAMPLING

3.6.1. Sample size estimation

Sample size estimates can be significantly influenced by the population's overall size, yet for large populations, a smaller sample size can still produce accurate findings (Gupta & Gupta, 2019). The sample size refers to how many samples or individuals are used in an experiment or study. According to Gupta and Gupta (2019), it is an essential part of research design that shapes the reliability and coherence of the findings.

This complexity makes it difficult to obtain an accurate count. Based on the variables and design of the study, a few rules and ratios are suggested for calculating sample size. Everitt (1975) and Nunnally (1978) advocate a 1:1 participant-to-variable ratio, which emphasises simplicity but may impair statistical power. A more thorough strategy is suggested by Kass and Tinsley (1979), who especially support research with up to 300 respondents and advocate for 5–10 individuals per variable. As a result, statistical analyses such as regression or factor analysis are more reliable. A more stringent ratio of 20:1 is also suggested by Hair, Anderson, Tatham, and Black (1995), which is frequently chosen for multivariate studies to improve the stability and generalisability of results. Using the participant-variable ratio, the study's sample size was 300, in line with the first technique.

3.6.2. Sampling technique

In study findings, sampling strategies are crucial tools for choosing participants or data points from a broader population (Liu, Sang, Wang, Chen, & Liu, 2024). These methods may be divided into two groups: non-probability sampling and probability sampling. Non-probability sampling is a sampling technique used when there is no known or equal likelihood for every member of a population to be selected (Liu et al. 2024). By using random selection, reliable statistical conclusions about the entire population may be drawn by researchers using probability sampling (Di Franco, 2024).

The study utilised random probability sampling, as it enhances representativeness, reduces bias, supports statistical validity, allows for generalisability, accommodates diverse analytical techniques, and lays the groundwork for future research. These advantages collectively contributed to producing reliable and actionable insights regarding the influence of institutional

factors on the Growth Intentions of township SMEs in Johannesburg and Ekurhuleni metropoles, South Africa.

3.7. RESEARCH INSTRUMENT

Research instrument is a technique for gathering, calculating, and evaluating data from respondents or sources, tailored to the study's aims and data type (Oben, 2021). Surveys remain essential in quantitative research for collecting structured data, with platforms like Qualtrics supporting the design and delivery of various items such as Likert scales, multiple-choice, and open-ended questions (Cui et al. 2022). This study used a structured questionnaire administered via Qualtrics, consisting of 18 items measured on a seven-point Likert scale (1 = strongly disagree to 7 = strongly agree), organised into seven sections.

The independent variable consisted of 12 items spread across four subconstructs, the moderating variable innovativeness included three items, and the dependent variable growth intention had three items. Exploratory Factor Analysis (EFA) was applied to confirm construct validity by grouping related items and reducing variables. Detailed measurements are presented in Table 3.1. The questionnaire was adapted from established instruments in prior entrepreneurship research to ensure reliability and contextual relevance (Su, Zhai & Karlsson, 2017; Fatoki & Smit, 2022; Urban & Ndou, 2019). Minor modifications were made to better suit South African SME contexts, specifically township enterprises, while maintaining core wording for comparability. Social networking sites were used alongside Qualtrics links for survey distribution, leveraging their broad reach among digitally active SME owners and youth entrepreneurs in the study area. Prior research supports the use of social networking sites for data collection in entrepreneurship studies: Su, Zhai & Karlsson (2017) employed digital platforms to gather longitudinal networking data effectively, Fatoki & Smit (2022) and Makhubele (2023) demonstrated high response rates and representativeness using SNS in South African SME samples, and Urban & Ndou (2019) showed social networking sites effectiveness in reaching hard-to-access innovators while reducing cost and bias compared to traditional methods. This combination aligns well with the focus on township SME growth, improving inclusivity and accessibility (Muhongya, 2022).

Table 3. 1: Measurements used in the study.

Variable Type	**Variable**	**Literature Sources**	**Section**	**Measurement Scales**
Categorical variable	Demographics	(Oladinrin, 2019)	Section A	Ordinal
Independent Variable	Access to finance	(Menburu, 2018; Njagi, 2023)	Section B	Ordinal (7-point Likert scale)
Independent Variable	Regulatory environment	(Analo, 2023)	Section C	Ordinal (7-point Likert scale)
Independent Variable	Level of education	(Maduna, 2024)	Section D	Ordinal (7-point Likert scale)
Independent Variable	Infrastructure availability	(Benedict, 2019; Jayantha & Oladinrin, 2019)	Section E	Ordinal (7-point Likert scale)
Dependent Variable	Growth Intensions	(Blose, 2018)	Section F	Ordinal (7-point Likert scale)
Moderate Variable	Innovativeness	(Mabenge, NgororaMadzimure, & Makanyeza, 2022).	Section G	Ordinal (7-point Likert scale)

Source: Primary data.

3.8. PROCEDURE FOR DATA COLLECTION

Primary data is essential for researchers aiming to test hypotheses or answer specific research questions (Taherdoost, 2021). Primary quantitative data is gathered first-hand by researchers through methods such as experiments, surveys, or statistical measurements to address research questions or test hypotheses (Smith, 2020). This involves gathering original data directly from participants through structured surveys designed to capture specific variables relevant to the research questions.

The purpose of the study was to gather primary data. The findings were more applicable to the particular context of township SMEs in Johannesburg and the Ekurhuleni metropolitan area due to the direct method, which also improved the findings' reliability and validity. Qualtrics was used to distribute the survey, utilising a variety of digital platforms to reach as many respondents as possible. According Bakare, (2018), to guarantee widespread accessibility, the survey Uniform Resource Locator (URL) was shared through email invites as well as social media portals including LinkedIn, Twitter, Facebook, and Messenger. Furthermore, printed questionnaires were distributed to SMEs who were reluctant to access social networking sites. By ensuring inclusivity and facilitating data gathering from a variety of respondent groups, this dual strategy improved the study's accuracy (Farsi, 2021).

3.9. DATA ANALYSIS AND INTERPRETATION APPROACH

3.9.1. Data cleaning

Data clean-up, often referred to as data cleaning or data scrubbing, is an essential research procedure that entails identifying and eliminating oversights, inconsistencies, or inaccuracies in a dataset to enhance its reliability and accuracy (Rahman & Muktadir, 2021). To guarantee that data is accurate, comprehensive, consistent, and suitable for analysis or decision-making, this procedure is crucial (Albalawi, Abdulhakeem, & ALShammari, 2024).

Data cleaning in this study was done using the Statistical Package for the Social Sciences (SPSS), a tool designed for in-depth statistical data analysis. Qualtrics' initial data collection has been uploaded to SPSS, where it underwent an accurate cleaning process. The process of data analysis occurred once the data was cleansed. SPSS is extensively used to handle complex sets of data and facilitate data-driven decision-making across multiple disciplines, including the social sciences, market research, and healthcare, as well as higher education (Jalolov, 2024).

3.9.2. Data analysis

A robust analytical method for examining the connection between a dependent variable and several independent variables is multiple regression analysis (Istiyono & Syamsuddin, 2023). To determine causal relationships, multiple regression analyses the relationship between one dependent variable and a number of independent variables (Ruan, 2024). By considering the complexity of real-world data, this approach goes beyond basic linear regression and provides a more sophisticated view of how multiple variables work together to influence an outcome (Albalawi et al. 2024).

Multiple regression analysis was implemented in the present study using SPSS. This approach was appropriate for measuring the influence of institutional factors on SME growth when examining how these factors influence the Growth Intentions of township SMEs in Johannesburg and Ekurhuleni Metropolitan, South Africa. The simultaneous analysis was made possible by this technique of the influence between multiple independent variables (access to finance, regulatory environment, level of education, infrastructure availability, and innovativeness) and a dependent variable (Growth Intentions). The dataset was first imported into SPSS for analysis, making sure that all variables have been appropriately coded and cleaned. The process started by eliminating all superfluous or undesired lines and columns from the data collection, altering the variables' measure type to make them quantifiable, and eliminating any inaccurate responses. The findings were analysed using regression coefficients, p-values for significance thresholds, and values for the overall model fit in terms of R-squared along with modified R-squared. This methodology served its purpose for investigating the complex interaction between institutional factors and the aim of SMEs to grow.

3.10. VALIDITY AND RELIABILITY OF RESEARCH

Key concepts in studies that guarantee the calibre and validity of findings are validity and reliability. The term "validity" describes the manner in which a method works or a tool evaluates what it is meant to evaluate and if the outcomes align with actual occurrences or theoretical concepts (Antsygina, Rollo, McRae, Chaput, & Tremblay, 2024). In contrast, a measurement tool's consistency, that is, its capacity to yield trustworthy and accurate outcomes under the same circumstances, is what reliability is all about. The findings' validity and reliability were improved by this straightforward technique, which also increased their relevance to the particular context of township entrepreneurship in Johannesburg and the Ekurhuleni metropolitan area.

3.10.1. Validity testing

The level to which an outcome or technique properly captures what it aims to convey is known as its validity. It all comes down to ensuring that the outcomes accurately convey the intended idea. This concept is crucial to ensuring that study findings are meaningful and relevant to real-world situations (Tavakol & Wetzel, 2020). Testing is a crucial phase in the probe approach to ensure a measurement tool or test captures what it's supposed to document. This concept is essential in fields like psychological testing, educational evaluation, and research.

The factor analysis was performed post data collection to verify that items group according to theoretical constructs. EFA assists in determining the fundamental elements or concepts that account for the relationships between the variables that are being examined (Cohen, Manion, & Morrison, 2017). EFA significantly helps the ultimate validity of a research study by demonstrating construct validity, which is crucial for ensuring that the measures accurately represent the theoretical ideas they are intended to test.

3.10.2. Reliability testing

The consistency or dependability of measurement findings when produced using the same process under the same circumstances is what Cohen et al. (2017) define as reliability. It guarantees reproducibility of the results, which is essential for building confidence in the conclusions. The practice of assessing how consistently and dependably a system, piece of software, or product operates over time under circumstances is known as reliability testing. It seeks to guarantee long-term performance, enhance stability, and spot possible faults.

Cronbach's alpha was calculated for multi-item scales in order to assess internal coherence. A value above 0.70 is generally considered acceptable (Scribbr, 2020). The survey instrument was reviewed by experts in SME research to verify that the dimensions being measured are sufficiently covered by the objects.

3.11. ETHICAL CONSIDERATIONS

Research ethics entails the application of foundational ethical principles across various dimensions of research endeavours, encompassing stages such as design, execution, and dissemination (American Psychological Association, 2020). It considers the ethical concerns that need to be acknowledged to safeguard the advantages, social security, research respondents' honesty, and upholding the integrity of the research's conclusion (Cohen et al. 2017). According to Cohen et al. (2017), it is required for ensuring informed consent, protecting confidentiality, safeguarding human and animal subjects, and enhancing the accuracy of procedures for data gathering and analysis.

The subsequent ethical principles were addressed:

- Consent was acquired from the SME owners prior to gathering data.
- The study's engagement was entirely optional.
- The anonymity of the respondents was upheld.
- No individual received the details provided by the respondents.
- The survey did not include the private data of the respondents.
- The data collecting process was completed with professional competence.
- When analysing the survey's results, independent integrity was retained.
- Ethical clearance was obtained before any data was collected.
- To outline the main elements that influence township SMEs' Growth Intentions.
- To present an in-depth overview of the body of available literature on the Growth Intentions of SMEs.

3.12. CHAPTER SUMMARY

The study's background and problem statement are provided in this section, which also explains why it is crucial to investigate the influence of institutional factors on the Growth Intentions of township SMEs in Johannesburg and Ekurhuleni metropoles, South Africa. The hypotheses, conceptual model, theoretical foundation, brief literature review and study aims are emphasised in this chapter. In the following chapter, the research on Growth Intentions, institutional factors and the influence between these variables will be examined.

CHAPTER 4. PRESENTATION OF RESULTS

4.1. INTRODUCTION

This chapter's objective is to present and assess the study's results. An overview of the respondents' demographic information is provided first. Following that, the data undergoes reliability and validity tests, including correlation results, exploratory factor analysis, and descriptive analysis. The chapter concludes with hypothesis testing, which entails assessing whether or not the proposed hypotheses are supported.

4.2. DATA SCREENING

A total of 200 responses were collected and assessed. During data cleaning, 12 values were missing, representing 6% of the dataset; these missing values were replaced using mean substitution in SPSS to maintain data integrity and ensure completeness for subsequent analyses. The missing data were distributed across 11 respondents, with nine respondents having one missing value each and two respondents having two missing values each. Missing values occurred in variables including Finance_Q2, Finance_Q3, Regulation_Q2, Regulation_Q3, Education_Q1, Infrastructure_Q1, GrowthIntentions_Q2, Innovativeness_Q2, and Innovativeness_Q3. These missing observations were located and examined using SPSS's Missing Value Analysis tool. Using the Expectation-Maximisation (EM) method, Little's MCAR test was performed to ascertain if the missing values were entirely random (Chuan, Deni, Fam, & Ismail, 2020). The test yielded a chi-square value of 96.944, over the 0.05 cut-off, with 80 degrees of freedom and a p-value of 0.096 (Chuan et al. 2020). According to Chuan et al. (2020) this result supports the use of mean substitution as an alternative to imputation, as it demonstrates that the missing data is completely random (MCAR). Any missing values for each affected variable were then substituted with the series mean variable using SPSS's "Replace Missing Values" feature, preserving the dataset's integrity (Malik, Suliman, Rahman, Hussain, Javed, Ullah, & Khalid, 2025). Therefore, the sample size of 200 was retained, and no cases needed to be excluded.

4.3. DEMOGRAPHICS PROFILES OF RESPONDENTS

The demographic results for the study's sample will be shown in the section that follows. These include the distribution of ages and genders, educational attainment, company role, and business age.

4.3.1. Distribution by age

It was proposed that respondents select the option that best reflected their age range. The results showed that 37.0% of respondents were between the ages of 25 and 34, and 26.5% of respondents were between the ages of 35 and 44. The proportion of respondents between the ages of 18 and 24 was just 11.0%, while 16.0% were between the ages of 45 and 54. Furthermore, only 1.5% of respondents were older than 65, and 8.0% were between the ages of 55 and 64. Figure 4.1, the bar chart below, shows this data. This implies that young individuals have a major role in the entrepreneurship landscape within these communities.

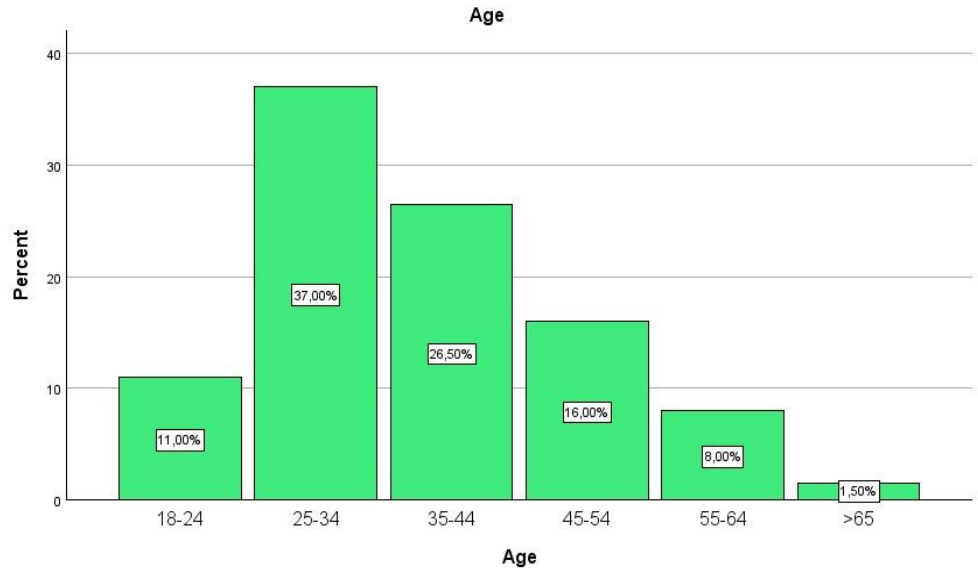


Figure 4. 1: Respondents age distribution.

Source: Primary data.

4.3.2. Distribution by gender

The choice that most accurately represented the respondents' gender range was asked to be chosen. The data collected showed that out of 200 respondents, 52.5% indicated that they were female, while 42.5% indicated that they were male. Furthermore, 1% chose not to disclose, and 4% identified as non-binary. Figure 4.2 below displays a pie chart of these results. To enhance financial inclusion for township women entrepreneurs, various government-led initiatives have been implemented, focusing on empowerment through financial assistance, mentorship, and business development support. These programmes aim to address structural injustices and encourage the active involvement of women in the economy. The results of this study suggest that these targeted interventions appear to be effective, as increased participation and improved access to financial and developmental support were evident among women entrepreneurs.

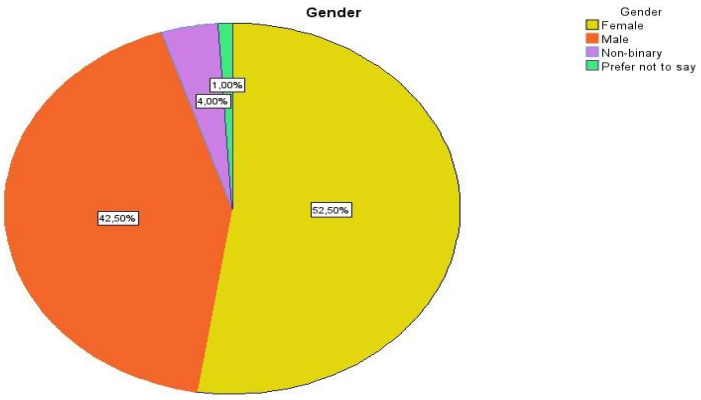


Figure 4. 2: Respondents gender distribution.

Source: Primary data.

4.3.3. Distribution by level of education

The results in figure 4.3 show that 22.5% of respondents held a degree, 19% had a diploma, 11.5% held a master's degree, 19% had completed matric, 9% held a PhD, 5% had completed only basic schooling, and 14% reported secondary education as their highest level. In the South African education system, "matric" refers specifically to the National Senior Certificate (Grade 12), which represents the completion of secondary schooling, while "secondary education" refers more broadly to high school education that may not have been completed to the matric level. The results indicate that a substantial proportion of township SME participants possessed post-secondary qualifications, demonstrating relatively high levels of educational attainment among the respondents. According to Ngenge (2025), universities, TVET colleges, and government programmes are increasingly incorporating entrepreneurial education to promote self-employment, job creation, and innovation. DSBD and the South African government have put into practice important initiatives to aid in the growth of SMEs and inspire youth to start their own enterprises (Department of Small Business Development, 2023).

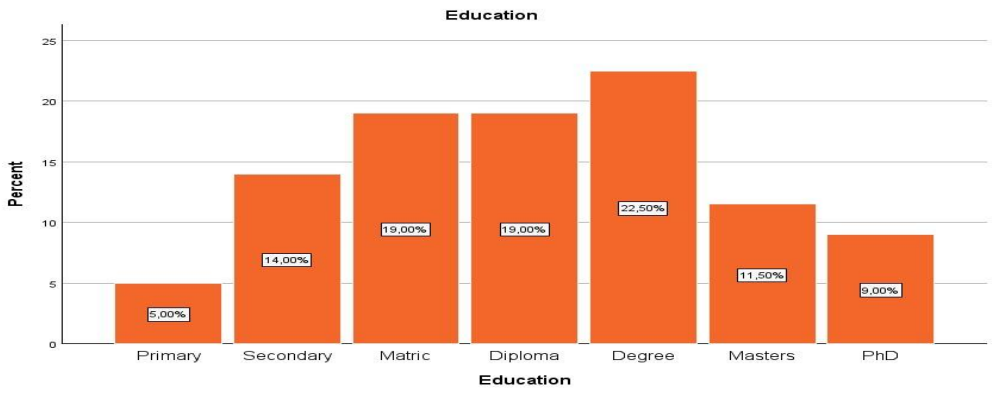


Figure 4. 3: Respondents highest level of education.

Source: Primary data.

4.3.4. Respondents' role in the business

Respondents were asked to select the option that best reflected their position in the business. 65% of respondents identified as owners, 18% as managers, and 17% as doing both jobs, as seen in Figure 4.4. Most participants are business owners, indicating that those with direct ownership and decision-making authority in their businesses provided most of the responses. A significant proportion of 65% of respondents identified as owners and 18% as managers. The rise of owner-operated businesses in townships reflects a significant shift towards localised economic activity, driven by individuals seeking self-employment amid high unemployment rates. The Small Enterprise Development Agency (2023) reports that government assistance programmes and easier access to microfinance have contributed to a consistent growth in the number of registered township company owners in Gauteng. The growth in owner-managed and professionally managed SMEs in townships is a positive indicator of economic empowerment and resilience, as these businesses contribute significantly to local employment and community development. The growth in owner-managed and professionally managed SMEs in townships is a positive indicator of economic empowerment and resilience, as these businesses contribute significantly to local employment and community development.

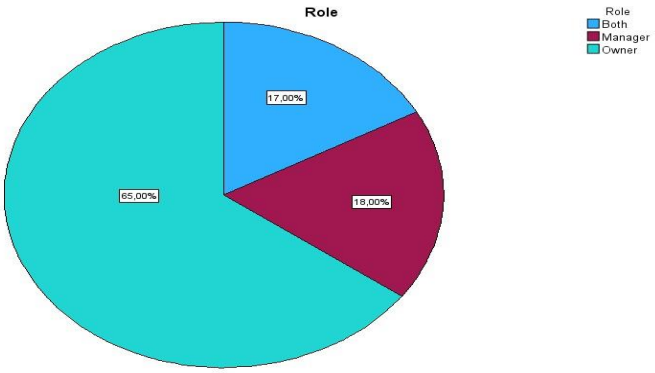


Figure 4. 4: Respondents role in the business.

Source: Primary data.

4.3.5. Distribution of the business age

The question prompted respondents to choose the one that most accurately represented their business age. About 55.5% of businesses have been in operation for 0–5 years, 20% for 6–10 years, 11.5% for 11–20 years, 10.5% for 21–30 years, and 2.5% for 31 years or more, according to Figure 4.5. Approximately 55.5% of businesses have been in existence for 0–5 years, and

20% for 6–10 years. A successful business in its early years requires not only sound financial management but also adaptability, innovation, and strong leadership to navigate the challenges of start-ups and growth phases (Mokoena & Dlamini, 2024). According to Mokoena and Dlamini (2024), businesses that have operated for less than five years often cultivate vital abilities, including strategic planning, client relationship management, and problem-solving through hands-on experience, which are essential for survival and expansion. A study by Khumalo (2022 revealed that young enterprises are bound to be versatile and open to adopting fresh technologies and firm models, which enhances their competitiveness in rapidly changing markets.

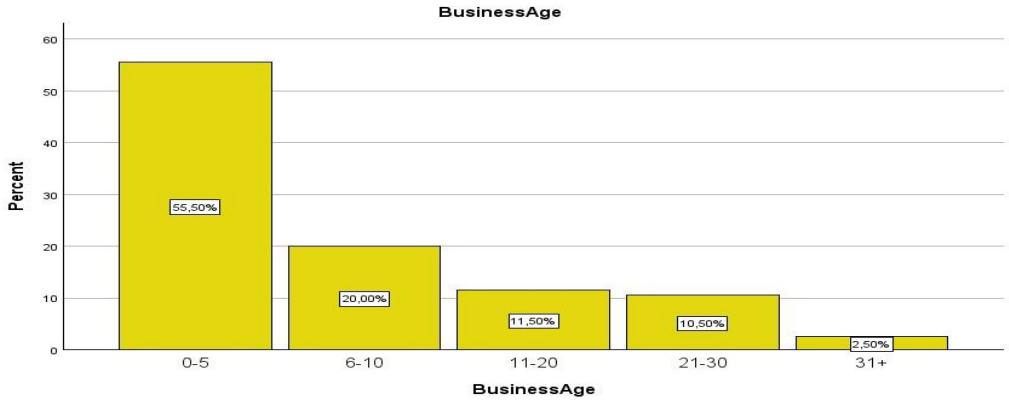


Figure 4. 5: Respondents age in the business.

Source: Primary data.

4.4. VALIDITY TESTING RESULTS

Validity reflects how accurately a study or measurement tool assesses the concept it intends to measure, embodying the truthfulness and authenticity of its results (Perron et al. 2017). EFA was used in this work to assess construct validity, and preliminary tests confirmed that the data was appropriate for factor analysis. The Kaiser-Meyer-Olkin (KMO) table 4.1 measure of sample adequacy was 0.742, which is higher than the acceptable threshold of 0.5, according to Hasim, Jabar, and Wei (2024). This demonstrates that the factorability and sample size are sufficient. Additionally, there were enough intercorrelations between the variables to support factor analysis, as demonstrated by the significant results of Bartlett's Test of Sphericity (χ^2 = 2267.442, df = 153, $p < 0.001$) (Gebremedhin, Gebrewahd, & Stafford, 2022).

Using main principal axis factoring with promax rotation, the factor extraction generated six factors based on the Kaiser Criterion (eigenvalues > 1). Without any cross-loadings or negative loadings, the pattern matrix displayed significant item loadings over 0.80 on their respective factors. This clear factor structure demonstrates the measurement's construct clarity, where

each item reflects a distinct underlying dimension with minimal overlap (Morin, Arens, Tran, & Caci, 2016). According to Morin et al. (2016) the results presented give strong support for convergent validity (items within a factor relate closely) and discriminant validity (factors are distinct), confirming the instrument's accuracy and credibility in measuring the intended constructs.

Table 4. 1: KMO and Bartlett's test.

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		,742
Bartlett's Test of Sphericity	Approx. Chi-Square	2267,442
	df	153
	Sig.	<,001

Source: Primary data.

EFA was used to clarify the pattern of inter-correlations and determine the fundamental structure of the variables. According to Zhu, Liu, and Dong (2022), factors are latent variables that account for the correlational patterns among observable data. All six of the constructs that the study intended to examine loaded successfully during the factor analysis. The "Initial Eigenvalues" column of the total variance explained table 4.2 displays the results, which indicate that six factors have eigenvalues of >1 (Kaiser, 1960). These six factors have eigenvalues of 3.390, 2.852, 2.687, 2.274, 2.069, and 1.774. The factors have eigenvalues of 3.390, 2.852, 2.687, 2.274, 2.069, and 1.774. These six factors collectively explain 83.588% of the variance. This observation is further supported by the scree plot. The line flattens out, and the eigenvalues fall below one after the sixth factor, creating a distinct 'elbow' that suggests further factors only slightly contribute to the variance explanation (Auerswald, & Moshagen, 2019).

Table 4. 2: Total variance explained.

Total Variance Explained

Factor	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings[a]
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total
1	3,390	18,834	18,834	3,153	17,514	17,514	2,504
2	2,852	15,844	34,678	2,607	14,484	31,999	2,458
3	2,687	14,926	49,604	2,437	13,539	45,537	2,403
4	2,274	12,631	62,234	2,033	11,296	56,833	2,377
5	2,069	11,496	73,730	1,831	10,171	67,004	2,269
6	1,774	9,857	83,588	1,530	8,497	75,501	2,327
7	,363	2,017	85,605				
8	,334	1,854	87,459				
9	,300	1,666	89,125				
10	,278	1,543	90,668				
11	,264	1,466	92,134				
12	,237	1,314	93,448				
13	,230	1,278	94,726				
14	,220	1,220	95,946				
15	,206	1,146	97,092				
16	,188	1,045	98,138				
17	,176	,976	99,114				
18	,160	,886	100,000				

Extraction Method: Principal Axis Factoring.

a. When factors are correlated, sums of squared loadings cannot be added to obtain a total variance.

Source: Primary data.

Table 4. 3: Pattern matrix.

Pattern Matrix[a]

	Factor					
	1	2	3	4	5	6
Infrastructure_Q3	,898					
Infrastructure_Q2	,878					
Infrastructure_Q1	,870					
Education_Q2		,898				
Education_Q1		,872				
Education_Q3		,846				
Innovativeness_Q2			,893			
Innovativeness_Q1			,873			
Innovativeness_Q3			,828			
Regulation_Q3				,920		
Regulation_Q1				,850		
Regulation_Q2				,802		
GrowthIntentions_Q1					,910	
GrowthIntentions_Q2					,861	
GrowthIntentions_Q3					,807	
Finance_Q3						,892
Finance_Q2						,849
Finance_Q1						,838

Extraction Method: Principal Axis Factoring.
Rotation Method: Promax with Kaiser Normalization.
a. Rotation converged in 5 iterations.

Source: Primary data.

The pattern matrix from an EFA employing principal axis factoring with promax rotation (Kaiser Normalisation) is shown in table 4.3. Six variables were retrieved in accordance with the Kaiser Criterion (eigenvalues > 1) and theoretical predictions pertaining to the topics being studied. A loading cut-off of 0.40 was applied, and cross-loadings below this threshold were suppressed to improve clarity (Maskey, Fei, & Nguyen, 2017). The promax rotation converged after five iterations, indicating a stable solution. Multiple iterations and evaluations of the factor solution were performed to ensure construct validity and to address potential cross-loadings or item ambiguity (Goecke, Weiss, & Barbot, 2025). The final factor structure was clear and well-defined, with each factor comprising three items that loaded strongly (all above 0.80) on their respective constructs, and minimal cross-loadings observed. This clean and coherent factor solution supports the construct validity of the measurement instrument and justifies its use in subsequent analyses (Clark, & Watson, 2019). Notably, Regulation_Q3 exhibited the highest loading on factor 4 (0.920), highlighting the distinctiveness and strength of the construct measurement.

The scree plot in figure 4.6 shows the number of components with eigenvalues greater than one. The elements chosen for the study's constructs are frequently shown graphically using scree plots (Vakili, 2018).

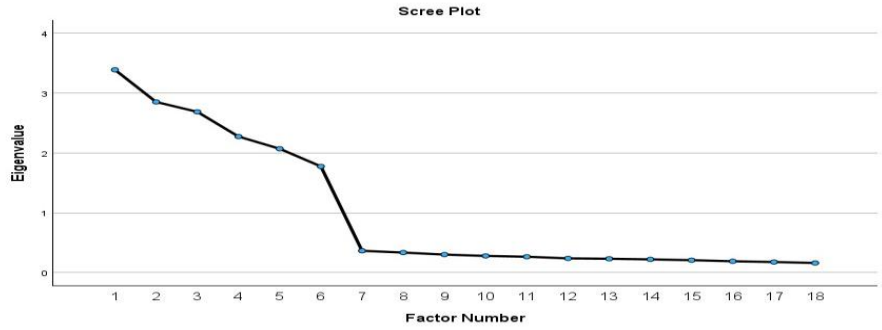


Figure 4. 6: Scree plot.

Source: Primary data.

An EFA, employing the Kaiser Criterion, yielded six factors with eigenvalues exceeding one. These factors, such as infrastructure, education, innovativeness, regulatory environment, Growth Intentions, and access to finance, exhibited a clean structure with strong, uncrossed loadings, confirming their suitability for further analysis, including reliability assessment via Cronbach's alpha.

4.5. RELIABILITY OF MEASUREMENT SCALE

Field (2018) suggested a minimal dependability criterion of 0.7, which is a well-recognised benchmark in several research fields (Cromwell, 2023). In this study, factors identified through factor analysis were further validated using independent reliability testing, providing Cronbach's alpha values for each component that are about 0.8, suggesting high reliability. Table 4.4 provides a summary of these dependability scales, and detailed item-total statistics tables are included to demonstrate that each item meaningfully contributes to the constructs and supports the robustness of the measurement scales.

Table 4. 4: Reliability table of the constructs.

Construct	Factor	Cronbach's Alpha	Cronbach's Alpha on Standardised Items	No of Items	Reliability
Access to finance	1	0.893	0.893	3	Good
Regulatory environment	2	0.890	0.891	3	Good
Level of education	3	0.904	0.904	3	Excellent
Infrastructure availability	4	0.912	0.912	3	Excellent
Innovativeness	5	0.898	0.899	3	Good
Growth Intentions	6	0.893	0.893	3	Good

Source: Primary data.

All constructs showed reliability ratings ranging from moderate to outstanding, as shown by the results in table 4.4. Infrastructure availability exhibited the highest reliability with a Cronbach's alpha of 0.912, followed closely by level of education at 0.904, innovativeness at 0.898, and access to finance and Growth Intentions both at 0.893. The regulatory environment construct has the lowest reliability score (Cronbach's alpha = 0.890). These results demonstrated the measuring tools' dependability, enabling the researcher to move forward with more data analysis with assurance.

Table 4. 5: Item-Total Statistics Factor 1.

Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Squared Multiple Correlation	Cronbach's Alpha if Item Deleted
Finance_Q1	9,92	1,547	,765	,587	,868
Finance_Q2	9,97	1,472	,791	,634	,846
Finance_Q3	9,93	1,553	,814	,665	,827

Source: Primary data.

In Table 4.5, the Cronbach's alpha for the access to finance construct was 0.893, showing strong internal consistency. Every item provided a significant contribution, as demonstrated by the strong corrected item-total correlations for every item and the observation that removing any will lower the overall alpha. Therefore, no additional iterations were required given the scale is conceptually balanced and statistically trustworthy, and there is no proof that modifications will improve its performance.

Table 4. 6: Item-Total Statistics Factor 2.

Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Squared Multiple Correlation	Cronbach's Alpha if Item Deleted
Regulation_Q1	9,95	1,696	,792	,637	,840
Regulation_Q2	9,92	1,722	,753	,569	,872
Regulation_Q3	9,95	1,475	,819	,675	,817

Source: Primary data.

Table 4.6 shows item-total data for the regulatory environment construct. The construct has a Cronbach's alpha of 0.890, indicating strong internal consistency. All three items correlated drastically, with adjusted item-total correlations ranging from 0.753 to 0.819. The "Cronbach's Alpha if Item deleted" values, which were all less than the overall alpha, further demonstrate that each item positively adds to the scale. The scale structure is statistically reliable and theoretically sound, therefore no more changes were required.

Table 4. 7: Item-Total Statistics Factor 3.

Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Squared Multiple Correlation	Cronbach's Alpha if Item Deleted
Education_Q1	10,07	1,643	,806	,656	,866
Education_Q2	10,08	1,631	,830	,690	,846
Education_Q3	10,06	1,644	,792	,630	,878

Source: Primary data.

The level of education construct has a good degree of internal consistency, according to item total statistics table 4.7. Every item has a substantial correlation with the overall construct, as evidenced by the adjusted item-total correlations, which vary from 0.792 to 0.830. It is also established that removing items will diminish the scale's dependability considering the Cronbach's alpha values, if any, range from 0.846 to 0.878, all of which are lower than the total

Cronbach's alpha (0.904). Based on these results, it is concluded that all three measures evaluate the degree of education construct in a meaningful and consistent manner.

Table 4. 8: Item- Total Statistics Factor 4.

Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Squared Multiple Correlation	Cronbach's Alpha if Item Deleted
Infrastructure_Q1	9,89	1,847	,821	,674	,875
Infrastructure_Q2	9,92	1,813	,822	,675	,874
Infrastructure_Q3	9,95	1,776	,827	,684	,870

Source: Primary data.

The item-total statistics table 4.8 for the infrastructure availability construct demonstrates a good level of internal consistency. Each item has a corrected item-total correlation ranging from 0.821 to 0.827, indicating strong alignment with the entire scale. Furthermore, the Cronbach's alpha values (which range from 0.870 to 0.875) would always be lower than the current total alpha of 0.912 if any item were removed, implying that keeping all items maximises dependability.

Table 4. 9: Item-Total Statistics Factor 5.

Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Squared Multiple Correlation	Cronbach's Alpha if Item Deleted
Innovativeness_Q1	9,97	1,562	,806	,654	,850
Innovativeness_Q2	10,05	1,410	,817	,670	,840
Innovativeness_Q3	10,00	1,547	,777	,604	,873

Source: Primary data.

Table 4.9 displays the innovativeness construct's reliability analysis. The Cronbach's alpha is 0.898, which implies strong internal consistency. With "Cronbach's Alpha if Item Deleted" values of 0.850 (Q1), 0.840 (Q2), and 0.873 (Q3), all items had excellent adjusted item-total correlations.

Table 4. 10: Item- Total Statistics Factor 6.

Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Squared Multiple Correlation	Cronbach's Alpha if Item Deleted
GrowthIntentions_Q1	10,01	1,643	,822	,679	,820
GrowthIntentions_Q2	10,04	1,732	,791	,638	,847
GrowthIntentions_Q3	10,05	1,766	,758	,579	,875

Source: Primary data.

The Growth Intentions construct's reliability analysis, which is shown in table 4.10, displayed a Cronbach's alpha of 0.893, indicating strong internal consistency. The "Cronbach's Alpha if Item Deleted" scores for Q1, Q2, and Q3 were all below the cut-off point needed to support item removal, at 0.820, 0.847, and 0.875, respectively. Consequently, all three objects were kept (Zulkipli, Mohammad, & Ahmad, 2022).

4.6. COMPUTE VARIABLES

The process of computing variables is complex and includes the creation, use, and transformation of variables for a range of analytical objectives (Bagan, Méndez, & Pujolàs, 2024). Numerous situations, including statistical modelling, time series analysis, and feature computing, can benefit from this procedure (Bagan et al. 2024). In this study, composite variables were derived in SPSS through the transform and compute variable function by calculating the arithmetic mean of scale items corresponding to each latent construct. Specifically, six composite variables were generated, each reflecting the average score of three items associated with its respective dimension: Factor1_Mean (Infrastructure), Factor2_Mean (Education), Factor3_Mean (Innovativeness), Factor4_Mean (Regulatory Environment), Factor5_Mean (Growth Intentions), and Factor6_Mean (Access to Finance). The computations utilised the standard mean function, with no further data transformation or weighting applied.

4.7. CORRELATIONS

The process by which the degree of relationship between variables is measured is called correlation (Padilla, 2023). It assesses the trend of answers for each variable. According to Padilla (2023), the correlation test determines if two variables grow, drop, or remain constant as one rises. For this study, the linearity assumptions were not violated; as a result, the table 4.11 constructs were tested for correlation using Pearson correlation.

Table 4. 11: Correlation Table.

Constructs	**Infra_ Con**	**Inn_ Con**	**Fin_ Con**	**Edu_ Con**	**Grow_ Con**	**Reg_ Con**
Infra_Con						
Pearson Correlation	1	-.003	-.032	-.188**	-.037	.139*
Sig. (2-tailed)		.970	.648	.008	.602	.050
N	200	200	200	200	200	200
Inn_Con						
Pearson Correlation	-.003	1	-.169*	-.083	.039	.139*
Sig. (2-tailed)	.970		.017	.245	.583	.050
N	200	200	200	200	200	200
Fin_Con						
Pearson Correlation	-.032	-.169*	1	.041	.010	.050
Sig. (2-tailed)	.648	.017		.566	.890	.416
N	200	200	200	200	200	200
Edu_Con						
Pearson Correlation	-.188**	-.083	.041	1	.186	.248
Sig. (2-tailed)	008	.245	.566		.186	.058
N	200	200	200	200	200	200
Grow_Con						
Pearson Correlation	-.037	.039	.010	.186	1	.041
Sig. (2-tailed)	.602	.583	.890	186		.568
N	200	200	200	200	200	200
Reg_Con						
Pearson Correlation	139*	.139*	.050	.248	.041	1.000
Sig. (2-tailed)	.050	.050	.416	.058	.568	
N	200	200	200	200	200	200

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

Source: Primary data.

The results reported in Table 4.11 were interpreted as follows:

- Infrastructure availability and regulatory environment revealed a weak positive correlation that was significant ($r=0.139$, $p<0.05$).
- Regulatory environment and innovativeness demonstrated a weak positive correlation that was significant ($r=0.139$, $p<0.05$).
- Regulatory environment and access to finance presented no significant correlation ($r=0.050$, $p>0.05$).
- Regulatory environment and Growth Intentions revealed no significant relationship ($r=0.041$, $p>0.05$).
- Level of education and Growth Intentions exhibited a weak positive correlation that was significant ($r = 0.186$, $p < 0.05$).
- Regulatory environment and level of education displayed a weak positive correlation that was approaching significance ($r = 0.248$, $p > 0.05$).
- Access to finance and level of education revealed no significant correlation ($r = 0.041$, $p > 0.05$).
- Innovativeness and Growth Intentions demonstrated no significant correlation ($r = 0.039$, $p > 0.05$).
- Infrastructure availability and Growth Intentions showcased no significant correlation ($r = -0.037$, $p > 0.05$).
- Level of education and infrastructure availability revealed a weak negative correlation that was significant ($r = -0.188$, $p < 0.05$).
- Innovativeness and access to finance presented a weak negative correlation that was significant ($r = -0.169$, $p < 0.05$).
- Innovativeness and level of education revealed no significant correlation ($r = -0.083$, $p > 0.05$).
- Access to finance and infrastructure availability presented no significant correlation ($r = -0.032$, $p > 0.05$).
- Infrastructure availability and innovativeness demonstrated no significant correlation ($r = -0.003$, $p > 0.05$).

These results indicated that multiple regression analyses ought to be used in this study given that the observed correlations between the variables provide credence to the study's concept.

4.8. MULTIPLE REGRESSION RESULTS

4.8.1. Assumption testing results

Multiple regression assumptions are the fundamental conditions that must be satisfied for the results of a multiple regression analysis to be valid and reliable (Bansal & Singh, 2023). These assumptions include linearity, error independence, homoscedasticity, residual normality, predictor multicollinearity, and the lack of significant outliers or important data points.

Assumption 1 - Test for no outliers

The boxplot in figure 4.7, generated in SPSS, examines outliers for six variables: infrastructure availability, innovativeness, access to finance, level of education, Growth Intentions, and regulatory environment. Each factor shows a median around 5, indicating moderate ratings, with similar variability across the groups. Outliers are not present in every category, marked by circles and case numbers, reflecting some respondents with notably higher or lower scores.

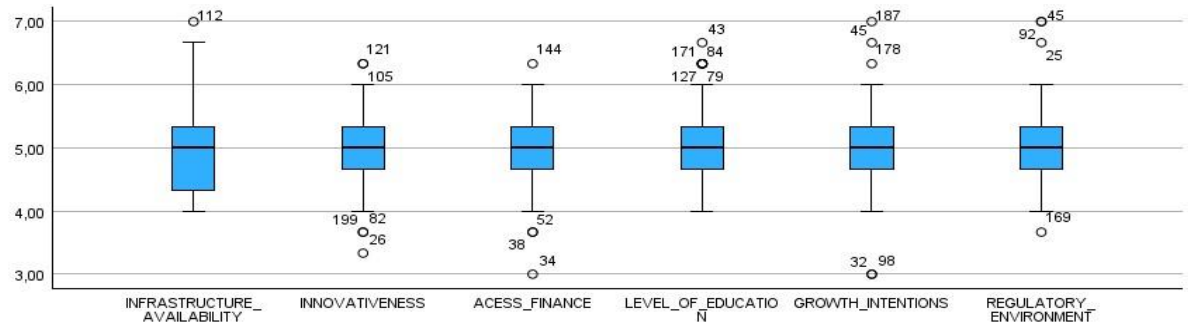


Figure 4. 7: Test for no outlier.

Source: Primary data.

Assumption 2 - Normality

In this study, normality was evaluated using skewness and kurtosis, given that larger sample sizes are necessary for the Shapiro-Wilk (S-W) and Kolmogorov-Smirnov (K-S) tests to be effective (Demir, 2022). Skewness within ±2 and kurtosis within ±7 are the generally recognised cut-off values for evaluating distribution shape; values above ±2 indicate significant asymmetry, while values above ±7 indicate a notable departure from normality in the "tailedness" of the distribution (Borroni & Capitani, 2023). Table 4.12 below demonstrates the

skewness and kurtosis summary for each construct. Since the findings were within the ranges, the skewness and kurtosis were not infringed.

Table 4. 12: Summary of skewness and Kurtosis.

Construct	**Mean**	**Standard Deviation**	**Skewness**	**Kurtosis**
Access to Finance	4.9716	0.60130	-0.188	-0.026
Level of Education	5.0351	0.62545	0.183	-0.352
Regulatory Environment	4.9699	0.62173	0.391	0.317
Infrastructure Availability	4.9600	0.65870	0.299	-0.345
Innovativeness	5.0034	0.59859	-0.052	-0.163
Growth Intentions	5.0150	0.63780	0.008	0.437

Source: Primary data.

The normality of the regression standardised residuals for the dependent variable, Growth_Intentions, is evaluated using the Normal Probability-Probability (P-P) Plot in figure 4.8. Normal Probability-Probability (P-P) plots are essential tools in statistical analysis, particularly for assessing the normality of data distributions (Momeni, Pincus, Libien, Momeni, Pincus, & Libien, 2018). This supports the validity of statistical inferences made from the regression analysis, as the normality assumption is a key requirement for many parametric tests (Momemi et al. 2018). The anticipated cumulative probability from a normal distribution is compared to the observed cumulative probabilities in figures 4.8 and 4.9 below.

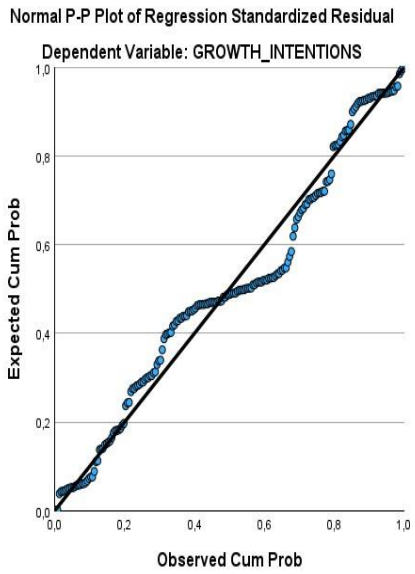


Figure 4. 8: Growth Intentions.

Source: Primary data.

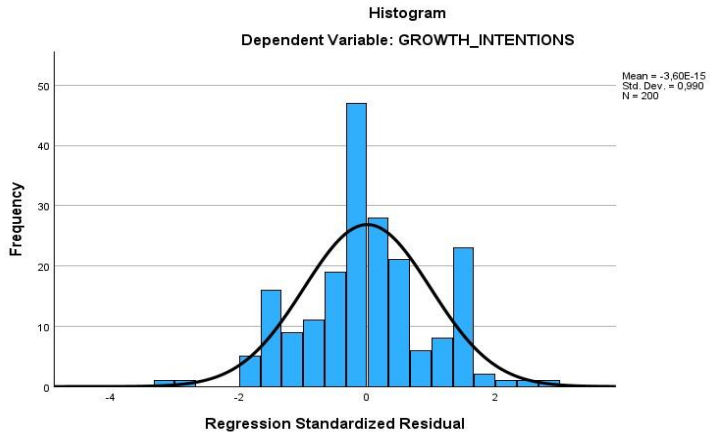


Figure 4. 9: Histogram Growth Intentions.

Source: Primary data.

Assumption 3 - Linearity

Linearity – The linearity assumption posits that the relationship between independent and dependent variables is linear, which is crucial for accurate predictions (Alita, Putra, & Darwis, 2021). According to Alita et al. (2021), the independence assumption requires that observations

be independent, as violations can lead to biased estimates. The regression model for Growth_Intentions satisfies the assumptions of homoscedasticity, linearity, and error independence, as shown by the scatterplot in figure 4.10. The range of the regression standardised residuals is roughly -3.5 to +3.0.

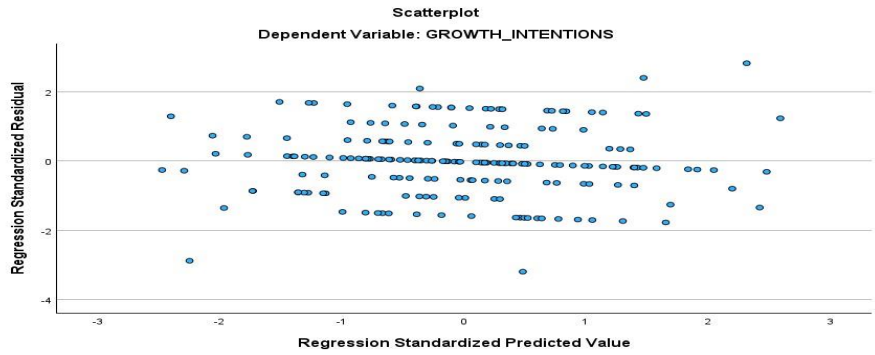


Figure 4. 10: Scatterplot.

Source: Primary data.

Assumption 4 - Multicollinearity

A statistical phenomenon known as multicollinearity happens when two or more independent variables in a multiple regression model are substantially connected or have a strong linear connection with one another (Oke, Akinkunmi, & Etebefia, 2019). Oke et al. (2019) state that a Variance Inflation Factor (VIF) value of more than 10 signifies a significant multicollinearity defect in the regression model and a breach of the assumption of no multicollinearity. In this study, multicollinearity was assessed utilising tolerance and VIF values, which were obtained as collinearity diagnostic results while using SPSS. The regression's VIF values, which range from 1.007 to 1.054, are well below the 10-point cut-off (Belair, 2022). The assumption of no multicollinearity is satisfied by model table 4.13, which shows that the independent variables do not significantly exhibit multicollinearity.

Table 4. 13: Collinearity Statistics.

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients			95,0% Confidence Interval for B		Collinearity Statistics	
		B	Std. Error	Beta	t	Sig.	Lower Bound	Upper Bound	Tolerance	VIF
1	(Constant)	4,391	,742		5,914	<,001	2,927	5,855		
	INFRASTRUCTURE_AVAILABILITY	-,026	,071	-,027	-,366	,715	-,166	,114	,948	1,054
	REGULATORY_ENVIRONMENT	,053	,074	,052	,718	,473	-,093	,199	,973	1,027
	LEVEL_OF_EDUCATION	,095	,074	,093	1,279	,202	-,051	,241	,960	1,041
	ACESS_FINANCE	,002	,076	,002	,031	,976	-,147	,152	,993	1,007

a. Dependent Variable: GROWTH_INTENTIONS

Source: Primary data.

4.8.2. Regression testing results

A statistical technique for assessing a population assumption based on sample data is hypothesis testing. It entails developing two opposing hypotheses: the alternative hypothesis (Ha), which postulates the existence of an effect, and the null hypothesis (H0), which assumes no effect or difference. To investigate the influence of institutional factors on the Growth Intentions of township SMEs in the Johannesburg and Ekurhuleni metropolitan areas of South Africa, a multiple regression analysis was conducted. Innovativeness was examined as a potential moderating variable in the relationship between access to finance and Growth Intentions.

The model summary in Table 4.14 analysed one dependent variable Growth Intentions against five independent institutional factors: access to finance, regulatory environment, level of education, and infrastructure availability. In addition, Table 4.17 presents the model summary where innovativeness was examined as a possible moderating variable between access to finance and Growth Intentions. The section presents the results from the integrated ANOVA models in tables 4.15 and 4.18. It also includes the coefficients used to test the study's hypotheses for the dependent variable, independent variables, and the moderating variable, which are shown in tables 4.16 and 4.19.

A linear regression analysis was conducted with Growth Intentions as the dependent variable and the relevant institutional factors as independent variables. In SPSS, linear regression was performed with Growth Intentions as the dependent variable and institutional factors as independent variables. The Model Summary, ANOVA, and Coefficients tables were produced as core outputs. Additionally, standardised predicted values (ZPRED) and standardised residuals (ZRESID) were generated through regression options to support diagnostic checks of model assumptions.

Table 4. 14: Model Summary – Institutional Factors on SME Growth Intentions.

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	,109[a]	,012	-,008	,64048	1,994

a. Predictors: (Constant), ACESS_FINANCE, INFRASTRUCTURE_AVAILABILITY, REGULATORY_ENVIRONMENT, LEVEL_OF_EDUCATION

b. Dependent Variable: GROWTH_INTENTIONS

Source: Primary data.

Institutional variables predicted a 1.2% variation in township SMEs' Growth Intentions, according to the model summary in table 4.14. A score of 1.994 for the Durbin-Watson statistic, which is near to two and bigger than one, indicates that there was no association between the error items. According to Field (2013), a value less than one or greater than three would indicate a possible correlation between error terms. However, the negative adjusted R-squared suggests that the predictors did not enhance the model fit, and the low R-squared denotes that the model had minimal explanatory power.

Table 4. 15: ANOVA- Institutional Factors on SME Growth Intentions.

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	,958	4	,240	,584	,675[b]
	Residual	79,992	195	,410		
	Total	80,950	199			

a. Dependent Variable: GROWTH_INTENTIONS

b. Predictors: (Constant), ACESS_FINANCE, INFRASTRUCTURE_AVAILABILITY, REGULATORY_ENVIRONMENT, LEVEL_OF_EDUCATION

Source: Primary data.

The ANOVA results in Table 4.15 show that the overall regression model was not statistically significant, with F (4, 195) = 0.584, p = 0.675. Since the p-value (0.675) > 0.05 (the standard alpha level), the null hypothesis is not rejected. This points out that the predictors' access to finance, regulatory environment, level of education, and infrastructure availability do not significantly influence the Growth Intentions of township SMEs. The complete absence of statistical significance of the model is further supported by the Sig. value (0.675). Additionally, the model summary showed a very low R^2 of 0.012 (1.2%) and a negative adjusted R^2, reinforcing that these institutional factors have limited predictive power in explaining the Growth Intentions of township SMEs in the Johannesburg and Ekurhuleni metropolitan areas.

Table 4. 16: Coefficient- Institutional Factors on SME Growth Intentions.

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95,0% Confidence Interval for B		Collinearity Statistics	
		B	Std. Error	Beta			Lower Bound	Upper Bound	Tolerance	VIF
1	(Constant)	4,391	,742		5,914	<,001	2,927	5,855		
	INFRASTRUCTURE_AVAILABILITY	-,026	,071	-,027	-,366	,715	-,166	,114	,948	1,054
	REGULATORY_ENVIRONMENT	,053	,074	,052	,718	,473	-,093	,199	,973	1,027
	LEVEL_OF_EDUCATION	,095	,074	,093	1,279	,202	-,051	,241	,960	1,041
	ACESS_FINANCE	,002	,076	,002	,031	,976	-,147	,152	,993	1,007

a. Dependent Variable: GROWTH_INTENTIONS

Source: Primary data.

Table 4.16's results show that none of the institutional factors; Regulatory Environment (B = 0.053, p = 0.473), Level of Education (B = 0.095, p = 0.202), Infrastructure Availability (B = 0.026, p = 0.715), and Access to Finance (B = 0.002, p = 0.976) - were statistically significant predictors of Growth Intentions among township SMEs, as all p-values exceeded the 0.05 threshold. Although level of education showed the strongest positive relationship, it still failed to reach significance. Additionally, the 95% confidence intervals for all predictors included zero, confirming the lack of statistical influence. This insignificance is further supported by the low t-values, and the VIF values (which range from 1.007 to 1.054) show that there are no multicollinearity issues among the predictors.

4.9. HYPOTHESIS TESTING RESULTS AND INTERPRETATION

This section presents the interpretation of the hypothesis testing results derived from the multiple regression analysis conducted using SPSS. The analysis aimed to test the influence of institutional factors (independent variables) on the Growth Intentions (dependent variable) of township SMEs, while also including innovativeness as a moderating variable in the model.

The regression analysis was carried out using SPSS, which produced outputs including the model summary, ANOVA table, and coefficients table that included R-squared values, p-values, and beta coefficients. To include the moderating variable in the analysis, interaction terms were calculated.

4.9.1. Results pertaining to Hypothesis 1

H1: Access to finance has a positive influence on the Growth Intentions of township SMEs in Johannesburg and Ekurhuleni metropolitan, South Africa.

A multiple regression analysis was carried out to examine the influence of access to finance on the Growth Intentions of township SMEs in the Johannesburg and Ekurhuleni metropolitan areas, South Africa. The results revealed that access to finance had a very weak positive influence on Growth Intentions ($\beta = 0.002$, SE = 0.076), but this was not statistically significant ($t = 0.031$, $p > 0.05$).

Therefore, this influence was not significant, and the hypothesis that access to finance influences SME Growth Intentions was supported but not significant.

4.9.2. Results pertaining to Hypothesis 2

H2: Regulatory environment has a positive influence on the Growth Intentions of township SMEs in Johannesburg and Ekurhuleni metropolitan, South Africa.

A multiple regression analysis was conducted to investigate the influence of the regulatory environment on the Growth Intentions of township SMEs in the Johannesburg and Ekurhuleni metropolitan areas, South Africa. The results indicated that the regulatory environment had a weak positive influence on Growth Intentions ($\beta = 0.052$, SE = 0.074), but this effect was not statistically significant ($t = 0.718$, $p > 0.05$).

Consequently, the influence of the regulatory environment on SME Growth Intentions was not statistically significant. Therefore, the hypothesis that the regulatory environment has a positive influence SME Growth Intentions was not supported by the results.

4.9.3. Results pertaining to Hypothesis 3

H3: Level of education has a positive influence on the Growth Intentions of township SMEs in Johannesburg and Ekurhuleni metropolitan, South Africa.

The influence of the level of education on the Growth Intentions of township SMEs in Johannesburg and Ekurhuleni was examined using multiple regression analysis. The coefficient for education indicated a weak positive influence (B = 0.095, standardised $\beta = 0.093$, SE = 0.074), but this was not statistically significant ($t = 1.279$, $p > 0.05$), indicating that the independent variable does not have a significant influence on the dependent variable.

As such, this influence was not significant, and the hypothesis regarding education's influence on Growth Intentions was not supported.

4.9.4. Results pertaining to Hypothesis 4

H4: Infrastructure availability has a positive influence on the Growth Intentions of township SMEs in Johannesburg and Ekurhuleni metropolitan, South Africa.

A multiple regression analysis was conducted to examine the influence of infrastructure availability on the Growth Intentions of township SMEs in the Johannesburg and Ekurhuleni metropolitan areas, South Africa. The results showed that infrastructure availability had a weak negative influence on Growth Intentions (B = -0.026, SE = 0.071), but this effect was not statistically significant ($t = -0.366$, $p > 0.05$).

Therefore, the influence of infrastructure availability on SME Growth Intentions was not significant, and the hypothesis that infrastructure availability significantly influences SME Growth Intentions was not supported by the results.

4.9.5. Results pertaining to Hypothesis 5

H5: Innovativeness positively moderates the relationship between access to finance and the Growth Intentions of township SMEs in Johannesburg and Ekurhuleni metropolitan, South Africa.

The analysis for the moderating variable was conducted to examine whether innovativeness moderates the relationship between access to finance and Growth Intentions. Using Growth Intentions as the dependent variable and access to finance, innovativeness, and their interaction term (access to finance × innovativeness) as independent variables, a linear regression analysis was conducted in SPSS. The study produced the Model Summary, ANOVA, and Coefficients tables for analysing the main and interaction effects when these variables were entered in the relevant areas.

Table 4. 17: Model Summary- Moderating Effect of Innovativeness on SME Growth Intentions.

Model Summary[c]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	,042[a]	,002	-,008	,64045	,002	,178	2	197	,837	
2	,045[b]	,002	-,013	,64201	,000	,041	1	196	,839	2,038

a. Predictors: (Constant), INNOVATIVENESS, ACESS_FINANCE

b. Predictors: (Constant), INNOVATIVENESS, ACESS_FINANCE, ACCXINN

c. Dependent Variable: GROWTH_INTENTIONS

Source: Primary data.

The results in Table 4.17 indicate that innovativeness, access to finance, and their interaction do not significantly influence Growth Intentions. In Model 1, which includes innovativeness and access to finance as predictors, the R^2 value is only 0.002, meaning these variables explain just 0.2% of the variance in Growth Intentions. The adjusted R^2 is negative (−0.008), suggesting the model does not perform better than random chance. An R^2 change of 0.000 and a nonsignificant p-value (0.839) imply that the explanatory power of Model 2 is not improved by the inclusion of the interaction term between innovativeness and access to finance. The overall model is still minimal given that the Durbin-Watson statistic (2.038) verifies that there is no autocorrelation in

the residuals. These results suggest that access to finance, innovativeness, and their combined effect do not meaningfully influence Growth Intentions in this analysis**.**

Table 4. 18: ANOVA – Moderating Effect of Innovativeness on SME Growth Intentions.

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	,146	2	,073	,178	,837[b]
	Residual	80,804	197	,410		
	Total	80,950	199			
2	Regression	,163	3	,054	,132	,941[c]
	Residual	80,787	196	,412		
	Total	80,950	199			

a. Dependent Variable: GROWTH_INTENTIONS
b. Predictors: (Constant), INNOVATIVENESS, ACESS_FINANCE
c. Predictors: (Constant), INNOVATIVENESS, ACESS_FINANCE, ACCXINN

Source: Primary data.

The ANOVA results presented in Table 4.18 indicate that the predictors under investigation do not exert a significant influence on Growth Intentions. Model 1, which incorporates innovativeness and access to finance, yields statistically non-significant results (F (2, 197) = 0.178, p = 0.837) and accounts for only a negligible portion of the variance (Sum of Squares Regression = 0.146). Likewise, Model 2, which includes the interaction term (Access_Finance × Innovativeness), demonstrates no significant effect (F (3, 196) = 0.132, p = 0.941) and shows virtually no enhancement in explanatory power (Sum of Squares Regression = 0.163). The residual sums of squares remain nearly unchanged between the two models (Model 1 = 80.804; Model 2 = 80.787), further reinforcing the conclusion that neither the individual predictors nor their interaction significantly influence Growth Intentions.

Table 4. 19: Coefficient- Moderating Effect of Innovativeness on SME Growth Intentions.

Coefficients[a]

Model		Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	t	Sig.	Collinearity Statistics Tolerance	Collinearity Statistics VIF
1	(Constant)	4,702	,587		8,006	<,001		
	ACESS_FINANCE	,018	,077	,017	,235	,815	,971	1,029
	INNOVATIVENESS	,045	,077	,042	,581	,562	,971	1,029
2	(Constant)	5,397	3,477		1,552	,122		
	ACESS_FINANCE	-,119	,681	-,113	-,175	,861	,012	81,058
	INNOVATIVENESS	-,097	,702	-,091	-,138	,890	,012	85,215
	ACCXINN	,028	,138	,170	,203	,839	,007	137,453

a. Dependent Variable: GROWTH_INTENTIONS

Source: Primary data.

As shown in table 4.19's regression results, none of the factors have a statistically significant influence on Growth Intentions. The dependent variable is influenced by Access_Finance (B =

0.018, β = 0.017, p = 0.815) and Innovativeness (B = 0.045, β = 0.042, p = 0.562) in a weakly positive but statistically insignificant manner in Model 1. Upon introducing the interaction term (ACCXINN) in Model 2, the interaction effect remains positive (B = 0.028, β = 0.170) but also non-significant (p = 0.839). Notably, the inclusion of the interaction term results in a reversal of the direction of the coefficients for Access_Finance and Innovativeness, which become negative despite remaining non-significant. This, combined with the exceedingly high variance inflation factors (VIFs > 80) in Model 2, indicates severe multicollinearity among the predictors.

A multiple regression analysis was conducted to examine whether innovativeness positively influences the relationship between access to finance and the Growth Intentions of township SMEs in Johannesburg and Ekurhuleni, South Africa. Innovativeness exhibited a positive but statistically insignificant moderating result, based on the data (B = 0.170, t = 0.203, p = 0.839). As the t-value (0.203) was below the threshold value of 1.96 for a two-tailed test at the 5% significance level and the p-value (0.839) was higher than the alpha level (α = 0.05), the moderating influence of innovativeness was not statistically supported. Therefore, the hypothesis that innovativeness significantly influences the relationship between access to finance and Growth Intentions was rejected.

The results of the multiple regression analysis indicated that none of these variables have a statistically significant influence on Growth Intentions. Specifically, access to finance exhibited a very weak positive influence, but this was not significant. Similarly, both the regulatory environment and level of education showed weak positive influences that were not statistically significant. Infrastructure availability demonstrated a weak negative influence, which also lacked statistical significance. Additionally, innovativeness did not significantly influence the relationship between access to finance and Growth Intentions as a moderator. Collectively, these results suggest that the tested influences of these key variables do not meaningfully shape Growth Intentions among township SMEs in these metropolitan areas, indicating that other unexamined factors may exert a stronger influence on SMEs' growth aspirations. The results are concisely presented in table 4.20 beneath.

Table 4. 20: Hypothesis Analysis.

Predictor	**β (Beta)**	**Sig (p)**	**t-value**	**Interpretation**
Access to Finance	0.002	0.976	0.031	Weak, positive, and not significant
Regulatory Environment	0.052	0.473	0.718	Weak, positive, and not significant
Level of Education	0.093	0.202	1.279	Weak, positive, and not significant
Infrastructure Availability	-0.027	0.715	-0.366	Weak, negative, and not significant predictor
Innovativeness	0.002	0.976	0.031	Weak, positive, and not significant

Source: Primary data.

4.10. CHAPTER SUMMARY

The data obtained from the study's sample was described in depth in this chapter. The validity and reliability of the research instrument were evaluated using statistical tests from SPSS, and because both conditions were satisfied, the researcher was allowed to move forward with further testing and analysis. This study investigated the influence of five key variables: access to finance, regulatory environment, level of education, infrastructure availability, and the moderating influence of innovativeness on the Growth Intentions of township SMEs in Johannesburg and Ekurhuleni.

CHAPTER 5. DISCUSSION OF RESULTS

5.1. INTRODUCTION

This chapter's objective is to evaluate and understand the results of the research by integrating them with the Chapter 2 literature review. It then goes into great detail on the outcomes in regard to the hypotheses that were set up for the research, evaluating the data in light of previous research and coming to conclusions that answer the research questions.

5.2. DISCUSSION OF RESULTS

5.2.1. Access to finance and Growth Intentions

Hypothesis 1: Access to finance has a positive influence on the Growth Intentions of township SMEs in Johannesburg and Ekurhuleni metropoles, South Africa.

As to the above-mentioned hypothesis, the accessibility and availability of financial resources influence the Growth Intentions of SMEs that operate in townships. Entrepreneurs who can afford larger sums are more likely to make plans for growth and additional business ventures. According to Changwesha and Mutezo (2025), low financial knowledge, an absence of collateral, and conventional credit evaluation methods make it challenging for many township SMEs to secure official funding. Herrington and Mwanga (2017) mentioned that having access to financing affects entrepreneurs' confidence and readiness to accept moderate risks; all of these are required for seizing growth opportunities. SME owners in townships who can access financing are more likely to invest in new products, markets, and technologies, thereby increasing the likelihood of business growth and sustainability (Herrington et al. 2017). A study by Mokoena (2023) established that liquidity is a vital enabler of growing businesses in township environments by discovering that SME turnover and employment growth were positively influenced by access to government-provided funding.

A study by Analo (2023) explored how institutional variables drove the proliferation of SMEs in Midrand, Gauteng. It emerged that financial assistance and business incubators are prominent instances of facilitative organisations, significantly influencing SME growth. Research by Ekene and Kelly (2023) claimed having a means of financing is another critical institutional factor influencing the Growth Intentions of township SMEs. However, the influence of financing may be moderated by institutional constraints, as demonstrated by Rogerson's (2020) study, which indicated a positive but statistically insignificant association

between financial access and SME growth objectives in township settings. A study by Nkosi (2023) found that SMEs in Ekurhuleni lacked entrepreneurial and financial management skills, hindering their ability to effectively utilise available capital for business growth. Despite access to finance, these SMEs often struggle with company planning, financial literacy, and market strategy, leading to cautious growth aspirations or stagnation.

The results of this study showed a positive but not insignificant influence between access to finance and Growth Intentions of township SMEs in Johannesburg and Ekurhuleni metropoles, South Africa, despite previous research demonstrating both positive and negative influences between these two variables in Gauteng.

5.2.2. Regulatory environment and Growth Intentions

Hypothesis 2: Regulatory environment has a positive influence on the Growth Intentions of township SMEs in Johannesburg and Ekurhuleni metropoles, South Africa.

In accordance with the above-mentioned hypothesis, the regulatory environment has a positive influence on the Growth Intentions of township SMEs. Many businesses face impediments that keep them from growing and achieving their objectives, such as stringent regulations, bureaucracy, and complex compliance requirements (Hansen-Addy, Parrilli, & Tingbani, 2025). According to a study by Tsuruta (2020), SMEs' entry and growth are influenced by the policies' disproportionate control. Additionally, the inconsistent application of laws and the insufficient interaction across local government entities and small business owners further erode confidence and deter growth-orientated investment (Hansen-Addy et al. 2025). Uncertainty in regulations, such as changing tax rules, licensing costs, or enforcement procedures, makes businesses risk-apprehensive and hinders their ability to make innovative decisions (Li & Abdullah, 2024). According to Li & Abdullah (2024), township SMEs are more inclined to invest in innovation, enter new markets, and explore strategic growth prospects when they function in a stable and open regulatory environment. A simplified and encouraging regulatory environment can help SMEs formalise, access resources, and grow, whereas a complicated and onerous regulatory environment can hinder development and deter entrepreneurial aspirations (Akang, 2023).

A study by Motala (2020) examined the effect of local government regulations on Soweto's informal enterprises' institutionalisation, Johannesburg. As stated in the report, when municipal regulations are clear, consistently applied, and fairly enforced, they can encourage SME Growth Intentions by promoting business legitimacy and improving access to formal markets. Moos and Sambo (2023) also noted that in Gauteng townships, streamlined licensing processes

and proactive municipal involvement resulted in greater compliance rates and more entrepreneurs' confidence to grow their companies. On the other hand, Sibiya (2017) discovered that because of the inconsistent enforcement, many township SMEs in Ekurhuleni saw the regulatory environment as a barrier to growth due to high costs of compliance and insufficient assistance from local authorities. According to Shai (2021), entrepreneurs are frequently deterred from growing or formalising their firms by erratic regulatory changes and disjointed municipal regulations across Gauteng townships. These results show that while regulatory frameworks can support the growth of SMEs, their inappropriate use can restrict or even undermine growth goals.

The results of this study revealed a positive but statistically insignificant relationship between the regulatory environment and the growth intentions of township SMEs in the Johannesburg and Ekurhuleni metropolitan areas. A study by Benedict (2019) have reported both positive and negative associations between regulatory factors and SME growth intentions, this study suggests that regulatory influence in township contexts is limited. This may be explained by the predominance of informal entrepreneurial activities in townships, where many SMEs operate outside formal regulatory frameworks, reducing the practical visibility and impact of regulatory mechanisms (Nieuwenhuizen, 2019). As noted by Akang (2023) immediate operational challenges such as securing finance, navigating infrastructural deficits, accessing new markets, and ensuring business survival appear to exert greater influence on growth intentions than regulatory considerations. Furthermore, regulatory processes are often perceived by township entrepreneurs as complex, inconsistent, or poorly communicated, diminishing their relevance in shaping strategic growth decisions (Nyoni, 2021). Consequently, despite the theoretical support that regulatory environments may offer, their capacity to directly affect growth intentions among township-based SMEs remains weak in practice, highlighting a potential disconnect between regulatory frameworks and the lived realities of entrepreneurs in these communities (Mathebula, 2023).

5.2.3. Level of education and Growth Intentions

Hypothesis 3: Level of education has a positive influence the Growth Intentions of township SMEs in Johannesburg and Ekurhuleni metropoles, South Africa.

The results shows that level of education has a positive influence on the Growth Intentions of township SMEs. The ability to innovate, manage resources, comprehend market dynamics, and overcome financial and regulatory obstacles are all improved by entrepreneurial education, and these skills together have a favourable influence on SMEs' growth goals (Ziyane, Arogundade,

& Osei-Assibey, 2023). This emphasises how education shapes aspirations for growth and business achievement (Ogunmuyiwa, 2022). Ziyane et al. (2023) identifies entrepreneurial education as a vital leverage instrument for boosting township SMEs' firm development and competitiveness. Owners with more education are better equipped to detect and take benefit of opportunities for growth in the business climate (Virglerova, Dobeš, Kramoliš, & Kotaskova, 2017). Additionally, it has been shown that entrepreneurial education improves problem-solving abilities, flexibility, and risk management qualities necessary for functioning in unpredictable and resource-constrained township settings (Mmbengeni, Mavhungu, & John, 2021).

A study by Ziyane, Arogundade, and Osei-Assibey (2023) found that entrepreneurial education enhances key skills such as innovation, resource management, and opportunity recognition among township SMEs, which theoretically supports stronger Growth Intentions. Mmbengeni, Mavhungu, and John (2021) investigated how entrepreneurial education influenced the resilience of SMEs in Gauteng townships and discovered that education greatly improves problem-solving and risk-management abilities, which in turn have a good influence on Growth Intentions. However, Ndlovu (2023) discovered that even though a large number of Ekurhuleni entrepreneurs had degrees, their plans for growth were constrained by a lack of useful business abilities like strategic planning and financial literacy. Adams' empirical research from 2023 showed that while education has a positive but non-statistically significant influence on ambitions for growth, other factors either mitigate or override this effect.

The study's results demonstrated that, although the literature in Gauteng offered both positive and negative support for this hypothesis, the influence of level of education on the Growth Intentions of township SMEs in the South African metropoles of Johannesburg and Ekurhuleni was positive but not significant enough to substantiate the hypothesis.

5.2.4. Infrastructure availability and Growth Intentions

Hypothesis 4: Infrastructure availability has a positive influence on the Growth Intentions of township SMEs in Johannesburg and Ekurhuleni metropoles, South Africa.

This hypothesis posits that the availability of infrastructure positively influences the Growth Intentions of township SMEs. South African SMEs face significant challenges due to inadequate public utilities and transport infrastructure. Frequent power outages (load shedding) force SMEs to invest in costly alternatives or reduce working hours, directly affecting profitability and Growth Intentions. According to Akyuz and Opusunju (2020), infrastructure

components like dependable water and energy supplies, transportation networks, internet connectivity, and physical company spaces lower operating costs, increase market accessibility, and boost competitiveness, all of which support more ambitious growth goals. A study by Usman, Mustapha, Dokochi, Umar, and Maitala (2019) found that the availability of infrastructure has a direct influence on SMEs' capacity to function effectively, reach markets, and cut expenses, all of which in turn influence their aspirations for expansion. Infrastructure quality and availability are significant factors that influence SMEs' growth. Good infrastructure reduces costs, improves market accessibility, and increases operational capacity, all of which enable SMEs, even those in township settings, to set more aggressive growth targets (Usman et al. 2019).

According to Msimango-Galawe and Majaja's (2022) research, township entrepreneurs in Johannesburg gain a great deal from having access to formal office space and co-working hubs since they boost scalability, professionalism, and client trust, all of which positively influence plans for growth. Despite difficult circumstances, township entrepreneurs in Gauteng exhibit resilience and resourcefulness by utilising networks and sharing formal or co-working office spaces, according to a study by Koape and Mamabolo (2023). This has a positive influence on their operational capacity, client base expansion, and Growth Intentions. However, Tshabalala (2021) noted that a significant number of township SMEs continue to operate in unapproved or temporary locations and that Ekurhuleni's lack of safe office space and inadequate facilities hinder formalisation and market access, both of which have an adverse influence on growth. Lastly, Ramaboa (2020) found that although office space is recognised as a critical need, its direct influence on the growth of SMEs was statistically insignificant.

The results in this study showed a negative but statistically insignificant influence of infrastructure availability on the Growth Intentions of township SMEs in Johannesburg and Ekurhuleni metropoles, South Africa, despite theoretical expectations suggesting a positive influence.

5.2.5. Innovativeness, access to finance and Growth Intentions

Hypothesis 5: Innovativeness positively moderates the influence between access to finance and the Growth Intentions of township SMEs in Johannesburg and Ekurhuleni metropoles, South Africa.

This hypothesis suggests that the influence between access to finance and Growth Intentions among township SMEs in Johannesburg and Ekurhuleni is strengthened by the level of innovativeness. Innovation is crucial for fostering access to finance, which in turn can enhance

Growth Intentions among SMEs. Entrepreneurs that are inventive are more likely to successfully use financial resources, which can enhance the relationship between Growth Intentions and availability of financing (Nguli & Odunga, 2019). Nguli and Odunga (2019) discovered that creative business owners are more likely to apply for funding and convert to strategic growth projects like the creation of new products or market expansion. Innovativeness increases the usefulness of financial access, according to a study by Makanyeza, Mabenge, and Ngorora-Madzimure (2023). SMEs with high internal innovation capacities were better positioned to transform financial inputs into performance gains. Innovation renders SMEs more credible and appealing to investors and financial institutions, as it shows flexibility and dynamism in a business environment that is changing quickly (Makanyeza et al. 2023). Overall, fostering innovation within SMEs not only boosts their ability to secure finance but also maximises the effective use of these resources, driving sustainable growth and long-term business success (Dichovska & Boskoska, 2018).

Entrepreneurs with high levels of innovativeness are better at converting financial resources into growth-orientated endeavours like new product creation and market expansion, according to 2019 research by Nguli and Odunga. This finding emphasises the moderating influence of innovation. Similarly, Makanyeza, Mabenge, and Ngorora-Madzimure (2023) concluded that SMEs possessing strong internal innovation capabilities outperform their peers in converting financial resources into tangible performance outcomes. Collectively, these results imply that innovation facilitates the strategic use of resources, which strengthens the beneficial impact of financial access on Growth Intentions. Similarly, Mokoena (2022) found that Growth Intentions were low among Johannesburg township firms, even though they had high innovativeness scores and access to financing. This suggests that innovation alone was unable to overcome legislative and infrastructure hurdles. Ramaphos Ogujiuba, Eggink, and Olamide (2023), on the other hand, found that while innovativeness had a favourable influence on growth goals, its moderating effect on financing availability was not statistically significant. This suggests that other contextual factors were more important for Gauteng Township SMEs.

The study's results showed that, despite the fact that previous research both affirms and refutes the anticipated influence in Gauteng, infrastructure availability had a positive but no statistically significant influence on the Growth Intentions of township SMEs in the South African metropolises of Johannesburg and Ekurhuleni.

5.8. CHAPTER SUMMARY

This section discussed the findings of the study and apply them to the literature review in Chapter 2 in light of the study's objectives and research questions.

CHAPTER 6. CONCLUSIONS AND RECOMMENDATIONS

6.1. INTRODUCTION

The study's goals and purpose are reiterated at the outset, and then the results are revisited in light of the research questions. In addition, the chapter discusses the study's limits and implications. Lastly, suggestions for further research are made by the researcher.

6.2. CONCLUSIONS OF STUDY

The primary objective of this study was to examine the influence of institutional factors on the Growth Intentions of township SMEs in Johannesburg and Ekurhuleni metropoles, South Africa.

Thus, analysis was focussed on institutional factors and how they influence the Growth Intentions of township SMEs. There is evidence in the literature that SMEs' institutional factors influence their Growth Intentions (Fajarika, Trapsilawati, & Sopha, 2024). It has been shown that formal and informal institutions, from tax laws and regulatory frameworks to political stability, corruption, and the availability of support services, have a direct and indirect influence on the growth patterns of township SMEs (Molahloe, 2024). The findings of this study indicate that institutional factors, namely access to finance, regulatory environment, level of education, and infrastructure availability, influence the Growth Intentions of township SMEs in Johannesburg and Ekurhuleni. However, these effects were statistically insignificant, reflecting a low level of confidence in the model. Innovativeness was examined as a moderating variable, but its influence on strengthening or altering these relationships was also not significant. This study’s conceptual framework highlights the key institutional factors that influence the Growth Intentions of township SMEs in the Johannesburg and Ekurhuleni metropolitan areas. Institutional Theory and the Theory of Planned Behaviour (TPB) were adopted as the guiding theoretical perspectives. The framework emphasises how these institutional factors influence the growth aspirations of SMEs operating within township contexts.

6.3. IMPLICATIONS OF THE STUDY

The findings of the research have major implications for researchers who focus on the South African setting. Even while township SMEs are receiving more attention as drivers of equitable economic growth, little empirical study has been done on the institutional obstacles that specifically influence these small enterprises (Meressa, 2020). This study offers significant evidence of issues that impede the growth of township SMEs, including restricted access to financing, inadequate infrastructure, complicated regulations, and market limitations.

Township SMEs' plans for growth seem to be hindered by the existence of several institutional barriers (Lekunze & Moloi, 2023). The overall effect of these limitations on SME Growth Intentions may not be immediately apparent due to its subtle and cumulative nature, which includes low infrastructure, complicated regulatory requirements, deficiency of expertise, and constrained access to funding. When creating focused interventions meant for fostering sustainable growth within township SMEs, policymakers and stakeholders must carefully consider the influence and interdependencies of these institutional hurdles in comparison to others.

6.4. LIMITATIONS OF THE STUDY

This study used a relatively small sample of township SMEs therefore, the results could have been more accurate and representative if the geographic sampling had been larger and more varied. Additionally, the sample may have been skewed towards companies with a strong digital presence since SMEs with poor internet connection or low technology literacy may not have been included in the online questionnaires. Future research could benefit from greater inclusivity and diversity if online surveys are combined with other data collection techniques like focus groups or interviews. Furthermore, only four significant institutional elements were chosen, excluding many more that could seriously hinder township SMEs' intentions for growth in the metropolises of Johannesburg and Ekurhuleni.

6.5. SUGGESTIONS FOR FURTHER RESEARCH

In South Africa, township SMEs serve a crucial role for fostering social inclusion and prosperity, representing a dynamic segment of the local economy with significant potential to alleviate poverty and create employment. Following the study's shortcomings, the researchers made the following recommendations for future research.

- Future research could build on the current study by exploring additional dimensions of institutional factors beyond access to finance, regulatory environment, education level, and infrastructure. By considering a broader range of institutional aspects, future studies may provide deeper insights into the influences shaping township SME Growth Intentions.
- The study sampled 200 respondents representing approximately 2.5 million SMEs in South Africa (Centre for Development and Enterprise, 2025), resulting in a 20:1 ratio, which is acceptable in entrepreneurship research. However, since 300 respondents are often recommended for optimal statistical power, future studies in South Africa would benefit from increasing the sample size to 500 or more respondents, as this would

enhance the statistical power of the analysis, improve the representativeness of diverse township SMEs, and increase the robustness and generalisability of the findings.

- Qualitative research should be conducted to gain deeper insights into the institutional factors influencing the Growth Intentions of township SMEs in the Johannesburg and Ekurhuleni metropolitan areas of South Africa.
- Future research should explore the mediation of innovativeness on the relationship between other predictor variables and SME. This would provide understanding of how innovation drives growth in township SMEs, particularly within the context of Gauteng, South Africa.
- More research is required to better understand these particular barriers and inform context-sensitive policies that enhance SME sustainability and integration into larger value chains, especially in light of South Africa's changing township economy and ongoing government initiatives to support local businesses.

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APPENDIX A: CONSISTENCY MATRIX.

The influence of institutional factors on the Growth Intentions of township SMEs in Johannesburg and Ekurhuleni metropolitan, South Africa.							
Sub Objectives	**Literature review**	**Research questions**	**Hypothesis**	**Variables**	**Source of Data**	**Type data**	**Analysis**
To examine the influence between access to finance and Growth Intentions of SMEs.	Su, Zhai & amp, Karlsson (2017).	To what extend does access to finance influence the growth intensions of SMEs.	**Hypothesis 1:** Access to finance has a positive influence on the Growth Intentions of SMEs.	Access to Finance **(IV)** Growth Intentions **(DV)**	Section B	Ordinal,	Regression Analysis, Descriptive Analysis, Correlational Analysis.
To analyse the influence between the regulatory environment and Growth Intentions of SMEs.	Fatoki & amp, Smit (2022).	To what extend does regulatory environment influence the Growth Intentions of SMEs.	**Hypothesis 2**: Regulatory environment has a positive influence on the Growth Intentions of SMEs.	Regulatory Environment **(IV)** Growth Intensions **(DV)**	Section C	Ordinal,	Regression Analysis, Descriptive Analysis, Correlational Analysis.

To investigate the influence between level of education on Growth Intentions of SMEs.	Makhubele (2023).	To what extend does level of education influence the Growth Intentions of SMEs.	**Hypothesis 3:** Level of education has a positive influence on the Growth Intentions of SMEs.	Level of Education **(IV)** Growth Intensions **(DV)**	Section D	Ordinal,	Regression Analysis, Descriptive Analysis, Correlational Analysis.
To investigate the influence of infrastructure availability on the Growth Intentions of SMEs.	Urban & amp, Ndou (2019).	To what extend does infrastructure availability influence the Growth Intentions of SMEs.	**Hypothesis 4:** Infrastructure availability has a positive influence on the Growth Intentions of SMEs.	Infrastructure Availability **(IV)** Growth Intentions **(DV)**	Section E	Ordinal,	Regression Analysis, Descriptive Analysis, Correlational Analysis.

To investigate the influence of innovativeness on the relationship between access to finance and the Growth Intentions of SMEs.	Kassa & Kegne, (2025	To what extend does innovativeness moderates the influence between access to finance and Growth Intentions of SMEs.	**Hypothesis 5:** Innovativeness positively moderates the influence between access to finance and the Growth Intentions of SMEs.	Innovativeness **(MV)** Growth Intentions **(DV)**	Section G	Ordinal,	Regression Analysis, Descriptive Analysis Correlational Analysis.

APPENDIX B: RESEARCH INSTRUMENT SURVEY.

Block: PIS/ Consent Clause (1 Question)

Standard: SECTION A: DEMOGRAPHICS (5 Questions)

Standard: SURVEY INSTRUCTIONS (1 Question)

Standard: SECTION B: ACCESS TO FINANCE (3 Questions)

Standard: SECTION C: REGULATORY ENVIRONMENT (3 Questions)

Standard: SECTION D: LEVEL OF EDUCATION (3 Questions)

Standard: SECTION E: INFRASTRUCTURE AVAILABILITY (3 Questions)

Standard: SECTION F: GROWTH INTENTIONS (3 Questions) Standard: SECTION G: INNOVATIVENESS (3 Questions)

Page Break

Start of Block: PIS/ Consent Clause

To Small Medium Enterprises Owners/Managers

Dear Sir/Madam

My name is Nthabiseng Ngoanamagedi Mohlala, and I am currently a postgraduate student at the University of the Witwatersrand, Johannesburg. I am enrolled at the Wits Business School for a Master of Management in Entrepreneurship and New Venture Creation. As part of my academic requirements, I am conducting research that involves collecting data from small, medium enterprises (SMEs) owners and managers within the Johannesburg and Ekurhuleni Metropolitans, South Africa.

The aim of the study is to investigate the influence of institutional factors on the Growth Intentions of township SMEs in these regions. This questionnaire is designed to gather relevant data to enhance understanding and advance knowledge on SME growth within the township economy of Johannesburg and the Ekurhuleni Metropolitan. I would sincerely appreciate it if you could spare approximately 10–15 minutes of your time to complete the survey. Please be assured that your responses will remain confidential and will be treated with the utmost privacy. Participation in this research study is entirely voluntary and anonymous, and you may withdraw at any stage without any consequences. Please note that by continuing to complete the survey, you are providing your consent to participate in this research study.

If you have any questions or concerns regarding this research, please contact:

Researcher: Mohlala Nthabiseng Email: 871888@students.wits.ac.za

Research Supervisor: DR Jabulile Msimango- Galawe

Email: jabulile.msimango-galawe@wits.ac.za

This study has been approved by the University of the Witwatersrand's Ethics Committee. If you have any concerns or complaints regarding the ethical procedures of this study, you may contact the University Human Research Ethics committee (Non-medical) via email hrec medical.researchoffice@wits.ac.za or telephonically on 011 717 1408.

Yours sincerely, Mohlala Nthabiseng Ngoanamagedi.

End of Block: PIS/ Consent Clause

Start of Block: SECTION A: DEMOGRAPHICS

Q1 What is your age? o 18 - 24 (1)

- 25 - 34 (2)
- 35 - 44 (3)
- 45 - 54 (4)
- 55 - 64 (5) o >65 (6)

Q2 What is your gender?

o Male (1) o Female (2)

- Non-binary / third gender (3)
- Prefer not to say (4)

Q3 What is your level of education? o No formal education (1) o Primary School (2) o Secondary School (Without Grade 12) (3) o Matric (Grade 12) (4) o Diploma (5) o Degree (6) o Masters (7) o PHD (8)

Q4 What is your role in the business?

Owner (1) o Manager (2) o Both (3)

Q5 What is the age of your business?

0-5 years (1)

6-10 years (2)

11-20 years (3)

21-30 years (4)

○ 31 years and above (5)

End of Block: SECTION A: DEMOGRAPHICS

Start of Block: SURVEY INSTRUCTIONS

Please indicate the extent to which you agree or disagree with the following statements by ticking the corresponding number on the 7-point scale below: with 7= Strongly Agree, 6= Agree, 5= Somewhat agree, 4= Neither agree nor disagree, 3= Somewhat disagree, 2= Disagree, 1= Strongly Disagree.

End of Block: SURVEY INSTRUCTIONS

Start of Block: SECTION B: ACCESS TO FINANCE

X→

Q7 The business has been able to access enough finance in the last 3 years.

o Strongly disagree (1) o Disagree (2)

○ Somewhat disagree (3) o Neither agree nor disagree (4) o Somewhat agree (5) o Agree (6)

○ Strongly agree (7)

X→

Q8 There is available information on who is offering credit facilities.

o Strongly disagree (1) o Disagree (2) o Somewhat disagree (3)

o Neither agree nor disagree (4) o Somewhat agree (5) o Agree (6)

Strongly agree (7)

Q9 Past experience in obtaining loan finance was successfully.

o Strongly disagree (1) o Disagree (2) o Somewhat disagree (3) o Neither agree nor disagree (4) o Somewhat agree (5) o Agree (6)

Strongly agree (7)

End of Block: SECTION B: ACCESS TO FINANCE

Start of Block: SECTION C: REGULATORY ENVIRONMENT

Q10 Time spent in registering a business with the Companies and intellectual Property Commission (CIPC), is too long. o Strongly disagree (1) o Disagree (2) o Somewhat disagree (3) o Neither agree nor disagree (4) o Somewhat agree (5) o Agree (6)

Strongly agree (7)

Q11 Policies governing small businesses are clear and easy to follow.

Strongly disagree (1) o Disagree (2) o Somewhat disagree (3) o Neither agree nor disagree (4) o Somewhat agree (5) o Agree (6)

○ Strongly agree (7)

Q12 Fines issued for non-compliance for small businesses are high.

o Strongly disagree (1) o Disagree (2) o Somewhat disagree (3) o Neither agree nor disagree (4) o Somewhat agree (5) o Agree (6)

○ Strongly agree (7)

End of Block: SECTION C: REGULATORY ENVIRONMENT

Start of Block: SECTION D: LEVEL OF EDUCATION

Q13 The business employs personnel with advanced educational qualifications.

o Strongly disagree (1) o Disagree (2) o Somewhat disagree (3) o Neither agree nor disagree (4) o Somewhat agree (5) o Agree (6)

○ Strongly agree (7)

Q14 The organisation has employees whose credentials contribute positively to business.

o Strongly disagree (1) o Disagree (2) o Somewhat disagree (3) o Neither agree nor disagree (4) o Somewhat agree (5) o Agree (6)

○ Strongly agree (7)

Q15 The organisation maintains sufficient educational expertise among employees to ensure smooth operations. o Strongly disagree (1) o Disagree (2) o Somewhat disagree (3) o Neither agree nor disagree (4) o Somewhat agree (5) o Agree (6)

○ Strongly agree (7)

End of Block: SECTION D: LEVEL OF EDUCATION

Start of Block: SECTION E: INFRASTRUCTURE AVAILABILITY

Q16 It is very difficult to get appropriate business premises.

o Strongly disagree (1) o Disagree (2) o Somewhat disagree (3) o Neither agree nor disagree (4) o Somewhat agree (5) o Agree (6)

○ Strongly agree (7)

Q17 Utility (rent, telecommunications, electricity & water) prices are too high.

o Strongly disagree (1) o Disagree (2) o Somewhat disagree (3) o Neither agree nor disagree (4) o Somewhat agree (5) o Agree (6)

○ Strongly agree (7)

Q18 There are fewer number of workstations than the workers (staff density).

o Strongly disagree (1) o Disagree (2) o Somewhat disagree (3) o Neither agree nor disagree (4) o Somewhat agree (5) o Agree (6)

○ Strongly agree (7)

End of Block: SECTION E: INFRASTRUCTURE AVAILABILITY

Start of Block: SECTION F: GROWTH INTENTIONS

X→

Q19 Our business has a strategy to grow the business.

o Strongly disagree (1) o Disagree (2) o Somewhat disagree (3) o Neither agree nor disagree (4) o Somewhat agree (5) o Agree (6)

○ Strongly agree (7)

X→

Q20 Our business intends to grow the business outside our local municipality area.

o Strongly disagree (1) o Disagree (2) o Somewhat disagree (3) o Neither agree nor disagree (4) o Somewhat agree (5) o Agree (6)

○ Strongly agree (7)

X→

Q21 My business needs government interventions to grow.

o Strongly disagree (1) o Disagree (2) o Somewhat disagree (3) o Neither agree nor disagree (4) o Somewhat agree (5) o Agree (6)

○ Strongly agree (7)

End of Block: SECTION F: GROWTH INTENTIONS

Start of Block: SECTION G: INNOVATIVENESS

X→

Q22 The company has introduced a product/service that was new to the organisation.

o Strongly disagree (1) o Disagree (2) o Somewhat disagree (3) o Neither agree nor disagree (4) o Somewhat agree (5) o Agree (6)

○ Strongly agree (7)

X→

Q23 The company made changes in the equipment or machinery used.

o Strongly disagree (1) o Disagree (2) o Somewhat disagree (3) o Neither agree nor disagree (4) o Somewhat agree (5) o Agree (6)

○ Strongly agree (7)

X→

Q24 The company has made important changes in production and management systems.

o Strongly disagree (1) o Disagree (2) o Somewhat disagree (3) o Neither agree nor disagree (4) o Somewhat agree (5) o Agree (6)

○ Strongly agree (7)

End of Block: SECTION G: INNOVATI

APPENDIX C: RESEARCH ETHICS CLEARANCE CERTIFICATE.

Graduate School of Business Administration
University of the Witwatersrand, Johannesburg

Wits Business School

Wits Business School Ethics Committee
Constituted under the University Human Research Ethics Committee (Non-Medical)

Ethics Clearance Certificate

Ethics protocol number: WBS/EN871888/305
This certificate is only valid with a legitimate ethics protocol number and signed by the Researcher (below).

This certificate is only valid if accompanied by formal permission from the relevant stakeholder(s).

Project title	The influence of institutional factors on the growth intentions of township SMEs in Johannesburg and Ekurhuleni Metropolitan, South Africa.
Investigator / Researcher	Ms Nthabiseng Ngoanamagedi Mohlala
Nature of Project	MM in Entrepr & New Venture Creation
Decision of the Committee	Approved, provided stakeholders and participants are guaranteed anonymity and confidentiality.
Issue Date of Certificate	20/05/2025
Expiry date	Date of submission of the project / research report
Chairperson	Dr Ayanda Magida ☎ +27 11 717 3953 ✉ ayanda.magida@wits.ac.za

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Declaration by Researcher

One copy must be signed by the Researcher and returned to the Chairperson of the Wits Business School Ethics Committee.

I fully understand the conditions under which I am authorized to carry out the abovementioned research and I guarantee to ensure compliance with these conditions. Should any departure to be contemplated from the research procedure as approved I undertake to resubmit the protocol to the Committee.

Signature

21/05/2025
Date:

APPENDIX D: PERMISSION LETTER FROM DSBD

small business development
Department:
Small Business Development
REPUBLIC OF SOUTH AFRICA

Private Bag X672, PRETORIA, 0001, the dti Campus, 77 Meintjies Street, Sunnyside, 0002, Tel: (012) 394 3075; Fax 012 394 0323; the dti Customer Contact Centre local: 0861 843 384 International: +27 12 394 9500, www.dsbd.gov.za

Enquiries: Mondli Qhum
Tel: 012 439 4943
E-mail: MQhum@dsbd.gov.za

Dear Ms Mohlala

RE: APPROVAL OF REQUEST APPROVAL TO CONDUCT RESEARCH WITHIN THE DSBD

It gives me pleasure to inform you that your request to conduct research at the Department of Small Business Development has been approved.

Furthermore, it remains the responsibility of the researcher to ensure that he / she safeguards all information received and shared during this process. The researcher also understands the legal implications should the information be compromised.

Regards,

MBALI MBATHA
CHIEF DIRECTOR: CORPORATE MANAGEMENT SERVICES
DATE: 28 May 2025