Key Factors Influencing Business Success of Logistics SMEs in South Africa

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I, the undersigned, am registered for the course **MECN7018A – Research Project** in the year 2020/2021. I herewith submit the following task **"Key Factors Influencing Business Success of Logistics SMEs in South Africa"** in partial fulfilment of the requirements of the above course.

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Signed this 27th day April 2021

K. Desraj

ABSTRACT

This research seeks to identify key factors that influence the success of small and medium enterprises (SMEs) in the South African logistics sector. Noting the well documented high failure rate facing South African SMEs, sustainable development of small businesses in the logistics sector and their ability to operate and thrive in the South African environment is vital for economic prosperity by ensuring sustainable, flexible and efficient practices that meet the current and future demands of customers in a challenging industry.

The study follows a deductive approach, in which a conceptual framework is developed from the extant literature. The framework guides the qualitative study and various factors are identified for consideration. Success factors are grouped into three categories, namely external factors, internal factors and owner/manager performance factors. An in-depth interview is used to obtain information from five successful owners/senior managers of logistics SMEs. The information obtained is based on their perceptions and experiences and is used to confirm the factors which positively influence business success. It is found that access to funding and capital, staffing decisions, professional services, strategic business planning, cashflow and revenue management, technology adoption, location decisions, competitive strategy, customer relationship management, innovation, owner/senior managers motive, previous industry experience and ambition are key influencing factors of business success.

The study provides valuable insight for logistics SMEs in South Africa and can be used as a practical guide for both new and existing companies to benchmark their path towards attaining profitability, sustainability and long-term business success in the sector.

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3PL	3rd Party Logistics Provider
4IR	Fourth Industrial Revolution
AI	Artificial Intelligence
BBBEE	Broad Based Black Economic Empowerment
CRM	Customer Relationship Management
GDP	Gross Domestic Product
IoT	Internet of Things
KSF	Key Success Factors
LPI	Logistics Performance Indicator
SA	South Africa
SME	Small and Medium Enterprise
SMME	Small Medium and Micro Enterprises
SOP	Standard Operating Procedure
TMS	Transport Management System
WMS	Warehouse Management System

1 INTRODUCTION

1.1 Research Background

Small and Medium Enterprises (SMEs) play a significant role in global economic growth and development. In South Africa (SA) it is estimated that SMEs account for as much as 91% of formalised businesses and employ approximately 47% of the country's workforce [1], [2]. Furthermore, SMEs contribute more than 20% to the country's gross domestic product (GDP) and account for approximately 6% of payable corporate taxes [2].

Research indicates a decrease in the South African formal private sector of employment over the past years and similar trends have been forecasted for the coming years [3]. Consequently, development and sustainability of SMEs is an area of increasing importance, as these businesses contribute significantly to the economy and play a vital role in reducing unemployment rates and improving wealth distribution.

According to the SME Landscape Report, South Africa is made up of relatively young businesses with approximately 60% of owners currently in operation for less than three years [4]. Further findings suggest that while there are several enthusiastic entrepreneurs across South Africa, only a few of these new businesses manage to evolve into small enterprises with more than 10 workers, with almost 80% of small businesses failing within the first three years of operation [5]. Increasing business competition, especially against larger corporations, leave SMEs in a vulnerable position. Research suggests that the main obstacles for SMEs in developing countries is not their small size, but rather their isolation and lack of know-how, which hampers access to markets, critical information as well as financial and operational support [6].

Given the current economic climate, the understanding of SMEs is a relevant field of study. In the traditional South African landscape, many of these businesses are family-owned and the management structure is largely dictated by the owner [7]. Furthermore, SMEs generally do not attract professional degree graduates or experienced staff, and as a result develop their own set of processes and systems over several years [7]. As such, these businesses potentially have a wealth of knowledge and expertise to share, and it follows then that the factors contributing to the growth and success of SMEs should be investigated.

The purpose of this study is to identify and confirm key success factors of small to medium logistics businesses in South Africa. Due to the ease of access to data for the researcher, coupled with the fact that South Africa's logistics industry is one of the biggest contributors to the country's GDP [4], this study will focus on SMEs in the logistics sector. Some of the best practices in the logistics industry are universal by nature and may be applied across various industries worldwide. Therefore, the results of this study will serve to add value to current or prospective small to medium business owners as it is intended to provide insights into the key factors of SME success.

1.2 Problem Statement

South Africa is confronted with a high unemployment rate and is in critical need of sustainable economic growth. As shown in Figure 1, unemployment rates have been increasing since 2008 with approximately 55% of the population (equivalent to 30.3 million people) living below the poverty line [8].

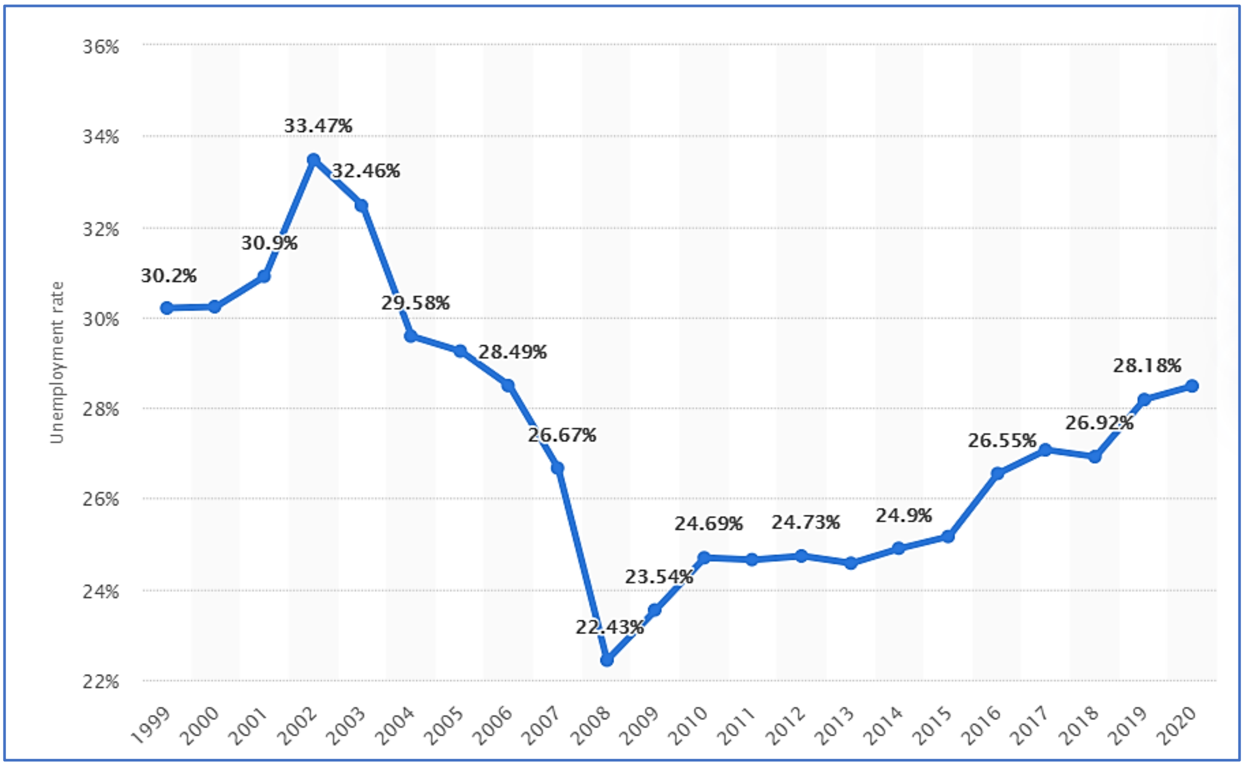

Figure 1: Unemployment Rates in South Africa from 1999 – 2020 [8]

The growth and sustainability of small to medium businesses can potentially serve as a solution to this problem as these organisations have tremendous opportunity for job creation and positive economic stimulation.

Unfortunately, the South African business environment has not been favourable in terms of SME business growth with almost 80% of small businesses failing within the first three years of operation [5]. The high failure rate of SMEs in South Africa is a major challenge impeding sustainable job creation in the country. The Quarterly Labour Force Survey indicated an unemployment rate of 30.8% in the third quarter of 2020, translating to a need for approximately 6.5 million jobs in South Africa [9]. SMEs potentially have an important role to play in the rehabilitation of South Africa's ailing economic state. Hence, the overarching issue driving this research is how to improve long-term success of SMEs. This study will specifically serve to better inform South African logistics SMEs.

1.3 Research Question

The study included one central research question:

What key factors positively influence business success of logistics SMEs in South Africa?

1.4 Research Objectives

The following objectives were developed to address the research question:

1. Develop a conceptual framework from the existing literature to identify key factors of business success.
2. Determine if the factors identified positively influence the business success of logistics SMEs in South Africa.
3. Present a revised framework which can be used to better inform South African logistics SMEs on the key aspects which may contribute to business success.

1.5 Research Motivation

According to the 2018/2019 South African SME Landscape Report, SMEs in South Africa are "young, vulnerable and in need of support" [4]. This study acknowledges the importance that small businesses play in the economy, particularly that of logistics SMEs in South Africa, and that additional assistance and research should be focused on enabling owners to advance small businesses into a stage of growth and sustainability. The successful development of logistics SMEs and their ability to operate and thrive in the South African environment is vital not only to achieve economic prosperity, but also to ensure sustainable, flexible and efficient logistics practices that are reliable in meeting potential future demands in this already challenging industry.

This research is intended as a practical guide to assist new and existing SMEs to benchmark their path towards attaining long-term business success in identifying factors which may be related to business success. In doing so, owners/senior managers of businesses will be able to channel their approach to obtain the relevant skills-training and resources, as well as proactively intervene where business inefficiencies exist.

1.6 Delimitations

Delimitations to this study are acknowledged below:

- The focus of the study is on logistics SMEs in South Africa. As such, the generalisability of this study in relation to SMEs in other sectors may be limited.
- The process of data collection, analysis and interpretation of a qualitative data samples is lengthy [10] for the limited time available for this study. Hence, the sample size will be limited to five business owners/senior managers.

1.7 Assumptions

To avoid misrepresenting the facts of this study the following assumptions are acknowledged [11]:

- It is assumed that all South African logistics SMEs are similar and therefore comparable.
- The chosen sample size would be sufficient to provide saturation.
- Research participants would provide adequate responses to interview questions and disclose truthful information.

1.8 Structure of Research Report

Chapter one outlined the background and significance of this study in relation to the South African landscape. The chapter also presented the central research question addressed by the study together with the objectives, which describe what the study aims to achieve in support of the central research question.

Chapter two reviews the extant literature and covers keys concepts related to the research study. The chapter presents key definitions, an overview of the South African logistics industry and related work on business success factors of SMEs.

Chapter three details the development of a conceptual framework which forms the foundation of the study and discusses the research methodology undertaken to complete the study.

Chapter four presents the analysis and interpretations of the findings. Data for this study was obtained through structured interviews. Five interviews were conducted with owners/senior managers of successful logistics SMEs in South Africa in order to confirm possible key factors contributing towards business success.

Chapter five discusses significant findings of the study in relation to the literature reviewed and presents the refined conceptual framework.

Lastly, Chapter six reiterates the important findings in relation to the objectives of the study and summarises the limitations and recommendations for further research.

2 LITERATURE REVIEW

This chapter has been divided into the following sections: SME Definition and Classification, The Importance of SMEs, The Logistics Industry, Key Business Success Factors Definition, Business Success Definition, Related Work on Business Success Factors of SMEs, Covid-19 Pandemic and the Effect on South African SMEs.

To develop the framework to answer the research question of this study, a systematic literature review approach was utilised. A systematic literature review identifies, selects and evaluates research to answer a clearly formulated question [12].

Searching is a critical aspect of conducting a systematic literature review as it provides the evidence base for research [13]. A systematic search of studies for inclusion was completed by using keywords such as “logistics businesses in South Africa” and “business success factors of logistics SMEs” to search online databases. Databases that were searched include Wits LibGuides, ScienceDirect, Emerald Insight, ResearchGate, Google Scholar and MyScienceWork. Data from relevant studies were extracted and categorised, which categories are presented as sections that follow. To ensure the literature review is comprehensive and unbiased approximately 75 sources were referenced across multiple scholarly journal articles, conference papers, newspaper articles, academic reports, websites and textbooks.

2.1 SME Definition and Classification

SME definition and classification varies based on the economic size of countries [14]. Due to the diversity of these businesses, most countries accept that the number of employees is a common measurement of SMEs definition.

The South African National Small Business Amendment Act defines a small business as “a separate and distinct entity, including co-operative enterprises and non-governmental organisations, managed by one owner or more which, including its branches or subsidiaries, is predominantly carried on in any sector or sub-sector of the economy [15]”. SMEs are further classified by industry and economic activities carried out by the firm. SMEs that focus on logistics operations form part of the transport, storage and communication category as outlined by the Standard Industrial Classification [15]. Principal parameters for classification of these SMEs include total full-time equivalent of paid employees and total annual turnover and have been summarised in Table 1.

Table 1: Classification of transport, storage and communication SMEs as per the National Small Business Amendment Act [16]

SME CATEGORY	CLASSIFICATION
Medium	Part of the formal economy. Up to 250 paid employees. Mainly owner managed but a decentralised management structure prevalent with a division of labour. Operates from fixed premises with all formal requirements. Total Fulltime Equivalent of Paid Employees ≤ 250 Total Annual Turnover ≤ R140 million
Small	Part of the formal economy. Between 5 and 100 paid employees. More established than very small enterprises as the business is registered and operates from fixed premises. Generally, owner managed however, a more complex management structure is prevalent. Total Fulltime Equivalent of Paid Employees ≤ 50 Total Annual Turnover of ≤ R45 million
Very Small	Part of the formal economy. Less than 20 paid employees. This includes self-employed artisans (such as electricians or plumbers) and professionals. Total Annual Turnover of ≤ R7.5 million
Micro	Operates in the informal sector of the economy with no license or formal business premises. Does not pay value-added tax. Between one to 10 employees, usually made up of the owner and family members. Basic business skills and training are observed. There is potential to make the transition to a viable formal small business. Total Annual Turnover ≤ R3 million

Only SMEs operating in the in the formal sector will be considered for this study. This refers to all medium, small and very small businesses as classified in accordance with the Standard Industrial classification and shown in Figure 2:

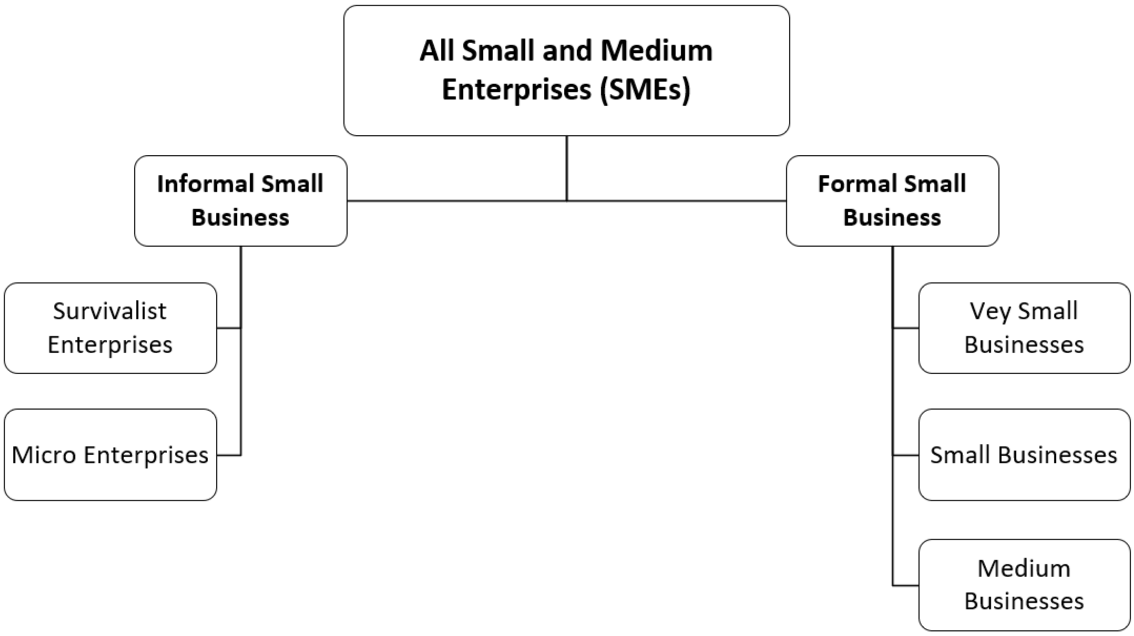

Figure 2: Graphical Classification of SMEs [17]

2.2 The Importance of SMEs

SMEs are considered the "lifeblood of modern economies [18]". These businesses stimulate and advance the development of entrepreneurship, industry and the economy [19]. Research shows that the economic growth of a country is closely linked with SME development [19]. In relation to this, a study conducted by Moodley [20] explains that SMEs are important because of their potential for job creation and wealth distribution, which in turn enhances the developmental activities of a country.

Inequality is one of the most defining and concerning features in South African society [21]. With a Gini coefficient of 0.63 as at 2015, South Africa has one of the highest inequality rates in the world [22]. As described by the World Bank, inequality in South Africa has been persistent, having increased year-on-year from 0.61 in 1996. The article indicates that this has been propagated by "a legacy of exclusion and the nature of economic growth, which is not pro-poor and does not create sufficient jobs at the appropriate skills level [22]."

The SME Growth index indicated that the hiring patterns of these businesses lean towards unskilled employees [23]. Unemployment is most severe among women and those with educational qualifications below a matric (the low-skilled). However, a study conducted by Wadhwa et al indicated that if employed, people from these groups are disproportionately likely to be employed in SMEs [24]. Hence, SMEs have the potential to improve the inequality gap and redistribute income because 1) small firms employ people whose labour market characteristics make them most likely to be marginalised and unemployed, and 2) the geographical location of these businesses (mostly located outside of city centres and big metropolitan areas) suggests that SMEs provide an opportunity for the employment of people in rural areas [25].

Due to their size and informal structures, SMEs are flexible and can therefore provide a variety of goods and services, some of which larger organisations are not able to provide to consumers [26]. This ultimately improves the competitiveness of countries on a global platform.

Lastly, SMEs can be viewed as incubators for entrepreneurial talent and new ideas because they provide a platform for innovation and diversification through the development of new and unsaturated sectors of the economy [25].

SME prosperity is considered far more important in Third World countries than in comparison to First World countries [27]. This is because these businesses potentially have the ability to solve major social and economic issues plaguing Third World countries such as economic growth, job creation and poverty alleviation [28].

2.3 The Logistics Industry

Logistics can broadly be described as the management of flow of goods such as equipment, food and inventory from point of origin to point of consumption [29]. As such, the logistics industry provides services that no modern society can do without and is an essential function in business. The main aspects of logistics are packaging, storage and transportation, which is underpinned by information flows from the materials handling process through to delivery at final destination [29]. This is displayed in Figure 3 which indicates the flow of raw materials and finished goods from the supplier (inbound) side to the customer (outbound) side.

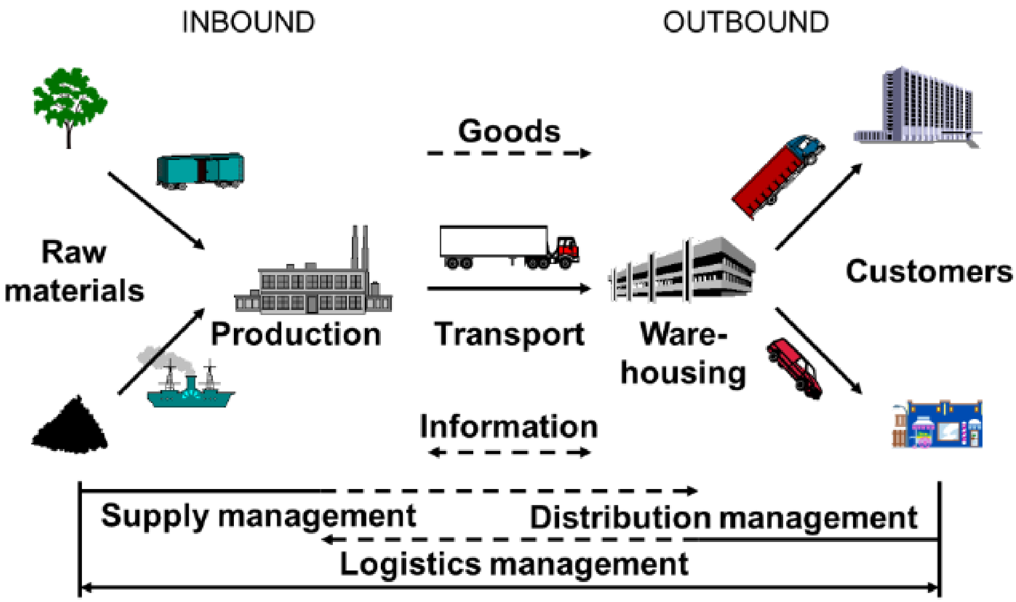

Figure 3: Logistics Management Overview [30]

As the complexity of this industry continues to increase, more companies are following the trend to outsource their logistics operations to specialists referred to as Third Party Logistics Providers (3PLs). These are niche businesses focused solely on the management and flow of goods along the supply chain, adding value by designing specialised operations to enhance efficiencies and improve cost savings [31].

2.3.1 The South African logistics environment and SMEs

With a sophisticated logistics infrastructure relative to that of other African countries, South Africa acts as a valuable gateway to sub-Saharan Africa. A study conducted in 2018 by Stellenbosch University in conjunction with the World Bank estimates that the total annual turnover for the logistics sector in South Africa was approximately R480 billion, with the cost of logistics accounting for 11.8% of the country's GDP [32]. In 2018, The World Bank Logistics Performance Indicator (LPI) placed South Africa in the 33rd position out of 160 countries [33]. The LPI utilises a weighted average of the scores related to six criteria to measure a country's performance, namely, infrastructure quality, clearance process (including customs) efficiency, international shipments pricing, logistics quality and competence, tracking and tracing ability and shipment timeliness [33].

Table 2 indicates the top 10 countries as ranked by the LPI versus South Africa in 2018:

Table 2: 2018 Top 10 LPI Score Versus SA [33]

2018 TOP 10 LPI SCORES VERSUS SA	
Country	**LPI**
Germany	4.20
Sweden	4.05
Belgium	4.04
Austria	4.03
Japan	4.03
Netherlands	4.02
Singapore	4.00
Denmark	3.99
UK	3.99
Finland	3.97
South Africa	**3.38**

As shown in Figure 4, South Africa has an extensive transport infrastructure network, which includes approximately 750 000 km of roads, 30 400 km of rail tracks, eight commercial ports and 11 airports [34], [35], [36].

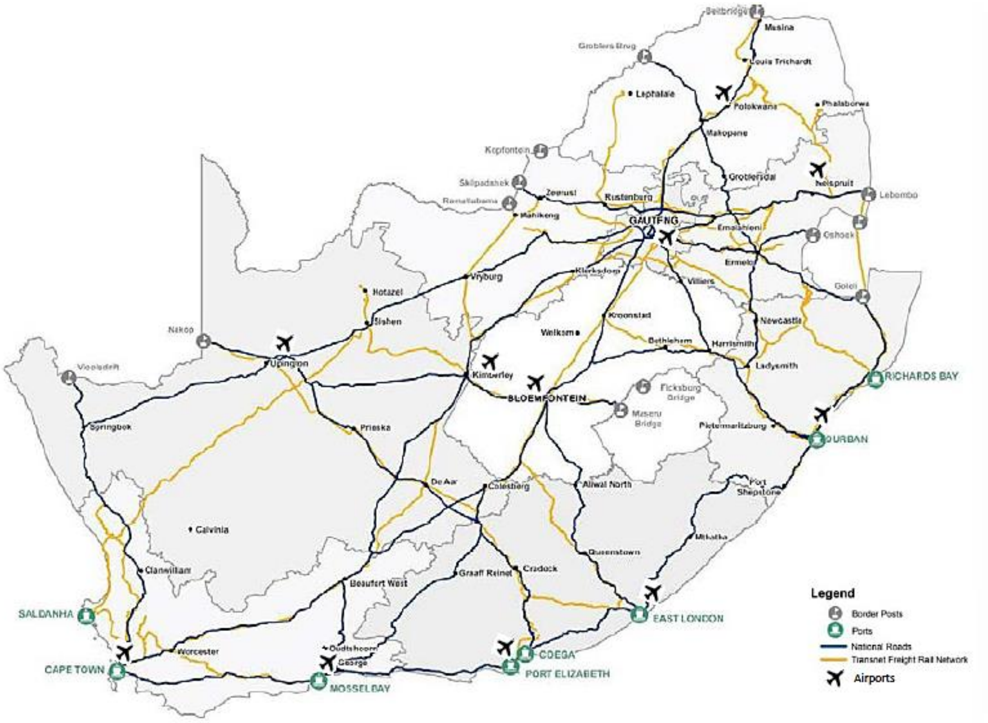

Figure 4: Overview of Transport Infrastructure in South Africa [34]

However, an industry study revealed that the current South African logistics environment is characterised by inefficiencies and poor service reliability, mainly related to underfunded government-owned infrastructure and an imbalance in freight flows between road and rail [37] As a result, businesses operating in the logistics sector face numerous challenges. The main challenges have been summarised as follows [37]:

- Maintenance and Infrastructure – Poor maintenance and failure to invest in the required infrastructure has caused a shift from rail transportation and placed pressure on the road network, as well as congested and inefficient ports. The ongoing road infrastructure deterioration has resulted in higher vehicle maintenance, downtime for repairs and longer driving times owing to the need for alternative routes and lower driving speeds. Further to this, the county's electricity supply issues cause major traffic congestion, interruptions to security and communication systems and disruption to temperature-controlled and automated storage facilities. All of these contribute to increased inefficiencies and higher operating costs.
- Technology Adoption - There are very few logistics companies developing strategies and responses to adopting new technologies. According to the study the major obstacles to technology adoption in South Africa are "the severe scarcity of relevant skills, lack of digital readiness and understanding of the benefits, absence of standardisation of technology, together with a shortage of successful projects to serve as benchmarks [37]". The adoption of modern technology in the South African logistics sector is critical to slow down increasing costs through improved efficiencies. Examples include the use of drones, warehouse management systems (WMS) or transportation management systems (TMS), the internet of things (IoT) and artificial intelligence (AI). This enables companies to remain relevant thereby facilitating long-term competitiveness.
- Skills shortage and Labour Unrest – There is a growing shortage of skills in the logistics sector [38]. The adoption of modern technologies follows the requirement of a more highly skilled labour force, creating a gap in the current available labour force and potential labour unrest. Labour-related issues and social unrest are often major sources of disruption in the logistics sector with various strikes and industry interruptions occurring in recent years.
- Government Support – South African policies, such as The Broad Based Black Economic Empowerment Act (BBBEE) and Co-operatives policy and development

draft strategy aim to support SME strategy and regulatory framework [39]. However, Ittmann and King [40] emphasise that because there are no "focused, formal and centralised" programs by government in South Africa (such as training and mentoring programs) to assist logistics enterprises, successful operation and sustainability is rarely achieved.

Given that the country serves as a gateway to the Southern African Region, the growing need for transparent, flexible, and easily adjustable logistics services in South Africa offers numerous new opportunities to small business owners [41]. However, as the nature of this industry requires extensive planning and implementation of complex process, coupled with the lack of skilled workers and ever-increasing costs of operations, small and medium logistics business owners are often faced with numerous challenges and barriers to success. This highlights the need for additional research relating to the survival of logistics SMEs in South Africa and further supports the purpose of this study.

2.4 Key Business Success Factors Definition

The concept of critical success factors was first presented by Daniel [42] in 1961 and was later popularised by Rockart [43] in 1979. Rockart [43] defined critical success factors as "the limited number of areas in which results, if they are satisfactory, will ensure successful competitive performance for the organisation. They are the few key areas where things must go right for the business to flourish."

Lampadarios [44] suggests that success is a multifaceted phenomenon, and that each industry has different contributing factors of success. This research attempts to identify the key success factors of logistics SMEs in South Africa.

2.5 Business Success Definition

A considerable amount of literature has been published on success. Success can broadly be defined as "the favourable or prosperous termination of attempts or endeavours; the accomplishment of one's goals [45]". Foley and Green [46] suggest there is no universally accepted definition of success and that business success in the SME sector can be perceived and interpreted in various ways [47]. To this end, business success can be attributed to different indicators, for example a great idea, sustainability, return on investment, sales growth, owner/manager knowledge on how to market the business, number of employees and brand reputation.

Pasanen [48] explained that the success factors of SMEs can be measured by five factors, namely:

- the firms age
- growth in terms of turnover
- the owner/managers self-evaluation of business success
- the owner/managers satisfaction of business success
- the firms competitive power in the market

Lussier and Pfeifer [49] attributed success to the ability of the business to survive. That is, in order to be classified as successful, businesses should generate an industry-average profit for the previous three years of operation.

In general, business success is often related to a company's financial performance and sustainability [50]. As such, for the purposes of this study, business success will be linked to two aspects: 1) financial profitability (businesses operating with a positive revenue after all costs and expenses related to the business activities have been paid) and 2) business sustainability (businesses operating in the industry for five years or longer).

2.6 Related Work on Business Success Factors of SMEs

This section serves to familiarise the researcher with the related work on success factors of SMEs. Both local and international content on key factors of SME success is reviewed to provide a richer understanding of the subject matter. It is noted that the extant literature related specifically to logistics SMEs in this field is scarce, providing further rationale of this study.

2.6.1 External factors

External factors relate to all aspects of the business which cannot be controlled and influenced by the firm's actions. Simpson et al [47] explained that factors external to the company may facilitate or hinder SME business success. Further to this, Dahlqvist et al [51] found that external factors present opportunities and threats which affect all entrepreneurs operating within that environment, despite their business area of interest, background or education. External factors in relation to the South African environment can be broadly grouped into three categories, including economic, socio-cultural and political-institutional factors. Economic factors relate to the state of the national economy [52]. These include inflation, taxation, market conditions and market attractiveness [52]. Socio-cultural factors refer to the social conditions and aspects of a country's culture that may benefit or hinder business success [52]. These include access to funding and capital, crime, access to technology, availability of skilled workers and public infrastructure [52]. Lastly, political-institutional factors refer to the political climate and legal requirements of conducting business operations in a country, which can serve as an enhancer or hinderance to the development of entrepreneurship [52].

In South Africa, a pertinent aspect with regard to external factors is that of access to resources and government support. Nasser et al [53] explains that government support programs play a vital role in ensuring SMEs get the support and knowledge required to facilitate growth and sustainability. In South Africa, even though support is offered in terms of incentive programmes to encourage the founding of new small businesses SMEs generally have limited knowledge relating to how to access them as information regarding these support mechanisms is not easily retrievable [54], [55]. To gain access to these programs, small business owners are often faced with a complex application processes only to realise that these programs offer minimal flexibility and are insufficient or inadequate for actual SME needs [56], [57].

2.6.2 Internal factors

Dockel and Ligthelm [58] explain that internal business environments are of considerable concern as 65% of SME failure can be attributed to firm-based deficiencies [58], [59]. Internal factors relate to all aspects of the business which are controlled and influenced by the firm's actions and have a direct impact on business success [56], [60]. Internal factors shortlisted for investigation include staffing decisions, use of professional services, business planning (business plan and the goals of the firm), cashflow management, record keeping, new technology adoption, competitive strategy and customer relationship management (CRM).

Business planning enables growth and success by providing assurance to lenders, detailing business actions, improving decision making and ultimately guiding the company to achieve their goals and objectives [44], [61], [62], [63].

Miles [64] explains that competitive strategy is core to SME success. The theories of operational management show that there are five factors that underpin company performance objectives [65]. These include cost, dependability, flexibility, quality and speed. Given the competitive South African logistics industry environment, small businesses operating in this sector should continuously monitor and respond to industry competition by improving key performance objectives to remain relevant and competitive.

2.6.3 Owner/Manager Performance

Wickham [66] expressed that entrepreneurial performance results from a combination of industry knowledge, general management skills, people skills and personal motivation, as depicted in Figure 5.

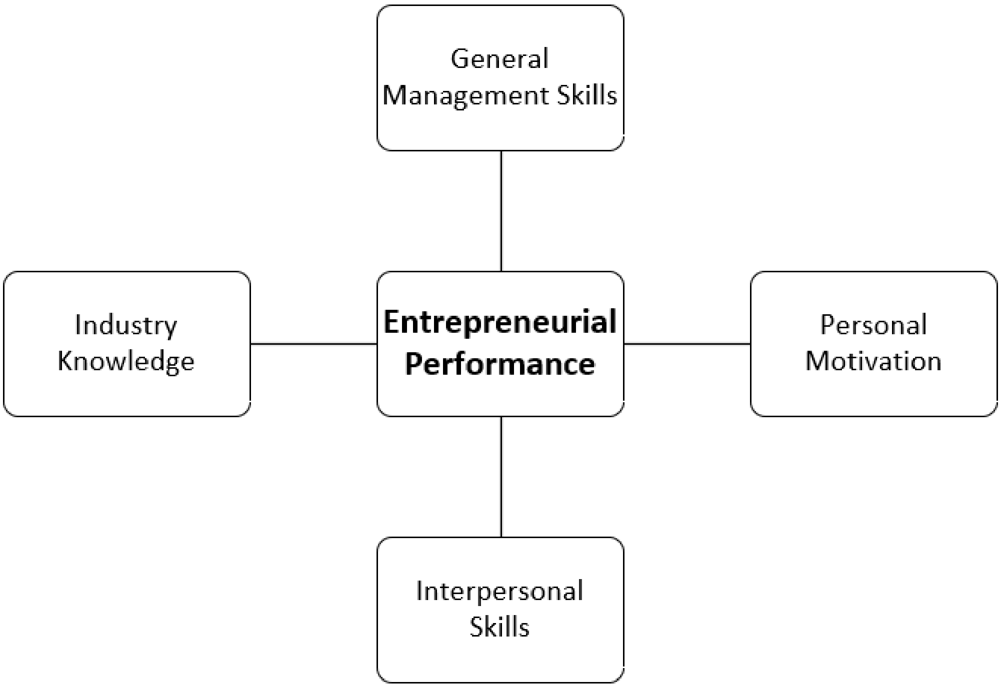

Figure 5: Wickham's model of the Entrepreneurial Performance [66]

Entrepreneurial performance can also be described as the human capital of the owner. Human capital is defined as "the skills the labour force possesses and is regarded as a resource or asset [67]." It presents the concept that firms invest in its employees and that these investments increase an individual's productivity, ultimately leading to more efficient and sustainable enterprises. Even though it is categorised as an internal factor, a considerable amount of literature reviewed advocates that the human capital of the entrepreneur, such as business skills, capabilities, previous experience and personal characteristics is central to influencing development, survival, and competitiveness of SMEs [52] and as such, will be treated as a standalone topic for the purposes of this study.

2.6.4 Related work

Ibrahim and Goodwin [68] conducted a cross national factor analysis study of the aspects contributing to success of 144 small businesses in Canada and the USA in 1986. Inferences drawn from the research indicated that entrepreneurial behaviour and managerial skills were the principal elements of business success.

In 1995, Lussier [61] developed a theoretical model to predict the success versus failure of a small business. The model identified 15 factors, namely adequacy of start-up capital, record keeping and financial control, industry experience, management experience, business planning, availability of professional advisory, business owner education, staffing quality, product/service timing, economic timing, business owner age, existence of business partners, business-owning parents, minority business owner and marketing skills.

Table 3 indicates the original factors and explanation of these in the original Lussier model:

Table 3: Lussier's 15 Factor Success versus Failure Prediction Model [61]

EXPLAINATION OF SUCCESS VERSUS FAILURE VARIABLES
Capital (capt): Businesses that start undercapitalised have a greater chance of failure than firms that start with adequate capital
Record Keeping and Financial Control (rkfc): Businesses that do not keep updated and accurate records and do not use adequate financial controls have a greater chance of failure than firms that do.
Industry Experience (inex): Businesses managed by people without prior industry experience have a greater chance of failure than firms managed by people with prior industry experience.
Management Experience (maex): Businesses managed by people without prior management experience have a greater chance of failure than firms that are managed by people with prior management experience.
Planning (plan): Businesses that do not develop specific business plans have a greater chance of failure than firms that do.
Professional Advisors (prad): Businesses that do not use professional advisors have a greater chance of failure than firms using professional advisors.
Education (educ): People without any collage education who start a business have a greater chance of failure than people with one or more years of college education.
Staffing (staff): Businesses that cannot attract and retain quality employees have a greater chance of failure than firms that can.
Product/Service Timing (psti): Businesses that select products/services that are too new or too old have a greater chance of failure than firms that select product/services that are in the growth stage.
Economic Timing (ecti): Businesses that start during a recession have greater chance of failure than firms that start during expansion periods.
Age (age): Younger people who start a business have a greater chance of failing than older people starting a business.
Partners (part): A business started by one person has a greater chance of failure than a firm started by more than one person.
Parents (pent): Business owners whose parents did not own a business have a greater chance of failure than owners whose parents did own a business.
Minority (mior): Minorities have a greater chance of failure than nonminority's
Marketing (mrkt): Business owners without marketing skills have a greater chance of failure than owners with marketing skills

In 2010, Lussier and Halabi [69] tested the model in a study conducted across 145 Chilean small businesses. The SMEs were studied within the framework of the model and the results of this research indicated that there were 26 significant correlations between the success variables identified in Lussier's model. An interesting finding indicated that small business owners tend to rarely seek help from professional advisors, although this factor was directly linked to six other factors in the model. Lussier's original theoretical model was modified in 2014 to include the internet as an influencing factor in business success and has since been used in various studies concerning the business success of SMEs.

Kuratko and Hodgetts [70] identified four factors of SME success. The first factor is the existence of a business opportunity. For SMEs to succeed a real business opportunity must exist in the marketplace. Kuratko and Hodgetts [70] emphasise the approach to seizing the opportunity is important as success is not guaranteed simply because business opportunity exists.

The second factor relates to management ability of the owner/senior managers to skilfully allocate scarce resources across the organisation to meet business requirements.

The third factor associated to business success is capital investment and access to credit. According to Kuratko and Hodgetts [70] businesses have greater chance of survival if the owners invest larger amounts of capital. South African banks generally adopt a risk averse approach in relation small business funding as they utilise conventional methods to assess lending risk. These include audited financial statements, proof of sufficient collateral and formalised business plans. As this can prove to be a costly activity and most small business owners do not have sufficient collateral at business inception, access to capital and funding often becomes a challenge. A study conducted by Ndwandwe [71] supports this notion and reports that SMEs are severely impacted by South African banks' risk averse approach to funding. The challenge of access to small business funding is not unique to South Africa. Zairani and Zaimah [72] conducted a qualitative study across five banks in Malaysia to investigate the problems that these financial institutions face with loan applications by SMEs and examine the factors involved in SMEs obtaining loans. The study confirmed that SMEs were viewed as a "high-risk borrower" group and suggested that banks would only provide funding to SMEs with good financial records, sufficient collateral, and those that proved to have a viable businesses and expertise in their field of operation.

The final factor identified is the use of modern business methods. Kuratko and Hodgetts [70] advise that SMEs must adopt modern business methods and technologies to remain relevant and competitive.

Ghosh et al [73] identified 50 high performing small businesses in Singapore to conduct a study of the factors which underpinned these businesses' success. The research identified that these SMEs attributed their success to satisfying customer needs, a close working relationship between the top management and employees, regionalisation, leadership and availability to financial and technological resources and support.

A qualitative study conducted by Muriithi [74] explored the role played by African SMEs. The study acknowledged that SMEs potentially could contribute significantly to African development by positioning the continent as competitive player in the global arena and creating jobs for unemployed communities. The following key factors were identified for business success; 1) creation of policies enabling SME development supported by appropriate legal framework, 2) business infrastructure, 3) continual power supply and 4) accessible financial supply.

In an effort to understand the factors impacting SME success in developing countries, Chittithaworn et al carried out a study amongst small businesses in Thailand [6]. The purpose of the research was to provide a guideline to small business owners on how to start their business and plan for the risks and challenges which they could encounter. The study made use of regression analysis techniques and assessed eight factors in relation to SME business success. It was concluded that SMEs characteristics, the way of doing business, focus on the customer and market, access to resources and finance and the external environment were the main factors related to business success.

Neshamba [75] conducted a study amongst Kenyan Entrepreneurs which suggested that the owner-manager's previous experience, access to capital and understanding the needs of customers were critical success factors. In support of this, Pratt's [76] investigation of Kenyan entrepreneurs found that previous experience and business skills, availability of capital and support of family members are key factors in relation to business success.

Benzing et al [77] factor analysis research study was carried out among 139 Turkish entrepreneurs. The study found that owner's honesty and friendliness, social skills and good customer service were perceived as important determinants in relation to business success. The study also identified that the prevailing complex tax structure, unreliable employees, the inability to maintain good records and a weak economy were the most challenging aspects for these businesses. Hussain-Naqvi [78] used the studies of Benzing et al [77] and the Asian Development Bank [79] to conduct a qualitative inquiry on the critical factors of failure and success of SMEs based in Bahawalpur, Pakistan. The principal success factors were identified as customer service, knowledge of business and the past experience of managers. The principal failure factors were identified as a lack of access to financial capital, inappropriate government support, poor infrastructure and corruption.

Lampadarios [44] carried out a study to identify the critical success factors of SMEs operating in the chemical manufacturing industry in the UK. Qualitative data from 118 owner/senior managers was collected and analysed. Findings indicated that customer relationship management, market and product development, human capital and strategic planning were the most important factors of success for chemical manufacturing SMEs in the UK.

Lumbwe et al [80] explain that location decisions as a critical factor which provides various opportunities and sometimes threats, which often appear as business advantages or impediments. The study found that the starting point of many SMEs are based on informal decisions, such as the hometown of the business owner, and change as the business develops and grows. Lumbwe et al [80] advocated that owners and managers must pay careful attention to the location decisions and identified that electricity affordability, customer flows, safe and heathy areas of business as well as business performance were all influencing elements of location decisions.

Rogerson's qualitative [62] study of successful clothing manufacturing SMEs based in Gauteng, South Africa yielded five factors linking to successful SME development in post-apartheid South Africa. These are summarised as follows:

1) Enterprises have a better chance of success if they are created because of a demand-pull rather than push.
2) Business location plays an important role in terms of business development.

3) Education and training are positive influences and ultimately enhance strategic decision making.
4) Immigrant entrepreneurs, particularly those from outside the Southern African Development Community, were highly skilled, well-educated and well connected in terms of global networks.
5) Business clusters promote a cooperative and competitive environment as the potential for joint action, positive learning and replication are improved.

Rogerson [28] conducted a study across 132 manufacturing SMMEs regarding growth development and competitive performance of established and emerging SMMEs in Gauteng, South Africa. The sample consisted of 102 established and 30 emerging manufacturing enterprises. Rogerson [28] adopted the official definition of an SME was applied from the White paper on small business, whereby an “established SMME” was classified as an enterprise that was owned and managed by white entrepreneurs and an “emerging SMME” was classified as an enterprise that was owned and managed by black entrepreneurs.

The study focused on the challenges small enterprises faced when trying to transition from an emerging to an established enterprise. As such, Rogerson [28] identified the following factors impacting small business development; level of education of the owner/manager, firm location, reaction to market forces, the effect of industrial clustering, available information about government support schemes and the marketing of such schemes to potential small business owners.

A key finding of the study was that the SMME economy was “far from homogeneous and that only a small segment of growth enterprises had the potential and aspiration to contribute to goals of employment growth [28]”.

Findings indicated that small enterprises categorised as established were started between 11 and 40 years before, whereas for the emergent group most were less than 10 years old. These results are shown Table 4. This was attributed to most of the firms being family-owned businesses with little motivation for them to grow beyond a certain threshold.

Table 4: Average Age of Small Businesses in Gauteng [28]

No. of years	Established firms	Emerging firms	Total
Less than 5	2	13	15
6 – 10	9	8	17
11 – 20	21	6	27
21 – 40	50	3	53
Older than 40	19	0	19

Rogerson [28] concluded the study by identifying three crucial aspects for SME success, which were an aligned organisational structure, the adaptiveness and strategic learning of enterprises and most importantly, the capabilities and aspirations of the entrepreneur.

Aigbavboa et al [63] conducted a quantitative study to explore the critical success factors necessary for the survival of construction SMEs in Gauteng, South Africa. The quantitative study was carried out among 82 construction SMEs and findings indicated the following factors were perceived as critical for business success: good quality of work, good cash flow management, contractual understanding, having a business plan, an effective communication channel in the organisation, maintaining good relationships with clients, proper record keeping, recruiting qualified staff and availability of effective marketing strategies.

Ramukumba [81] conducted a study on overcoming SME challenges through critical success factors. The study consisted of 16 SMEs in the Western Cape. The industries and associated frequency that were represented in this study is shown in Table 5. The purpose of this research was to identify some of the critical success factors for South African SMEs to improve their performance.

Table 5: SME Industry and Associated Frequency [81]

	Count	Percent
Manufacturing	8	50
Agri-processing	1	6.25
Fashion design	3	18.75
Art and craft	1	6.25
Education resources	1	6.25
Sales services	1	6.25
Pharmaceutical products	1	6.25

The results of the study ranked the SMEs owner's views of identified critical success factors and were as follows:

1) the ability of the SME to attract repeat customers

2) product performance

3) generate enough cash

4) advertising and promotion

5) skilled workers

6) competitive pricing

A compelling finding of this study indicates that skilled workers are viewed as non-essential to business success in the SME sector. The study inferred that the skill deficit in South Africa makes it challenging for these businesses to attract and retain highly skilled employees therefore SMEs are more likely employ a low-skilled labour force [81].

Lubera [82] conducted a study to explore the concept of logistic attractiveness. In particular, the study determined that the attractiveness of logistics activities is understood as the competitive ability of logistics, while from a marketing point of view, attractive logistic activities can be determined by the possibility of reducing costs, the possibility of raising the level of services offered, logistic competence and the degree of logistics systems integration as shown in Figure 6 [82]. The study suggests that business owners can use these determinates to support the decision-making process to decide on the region of business operations [82].

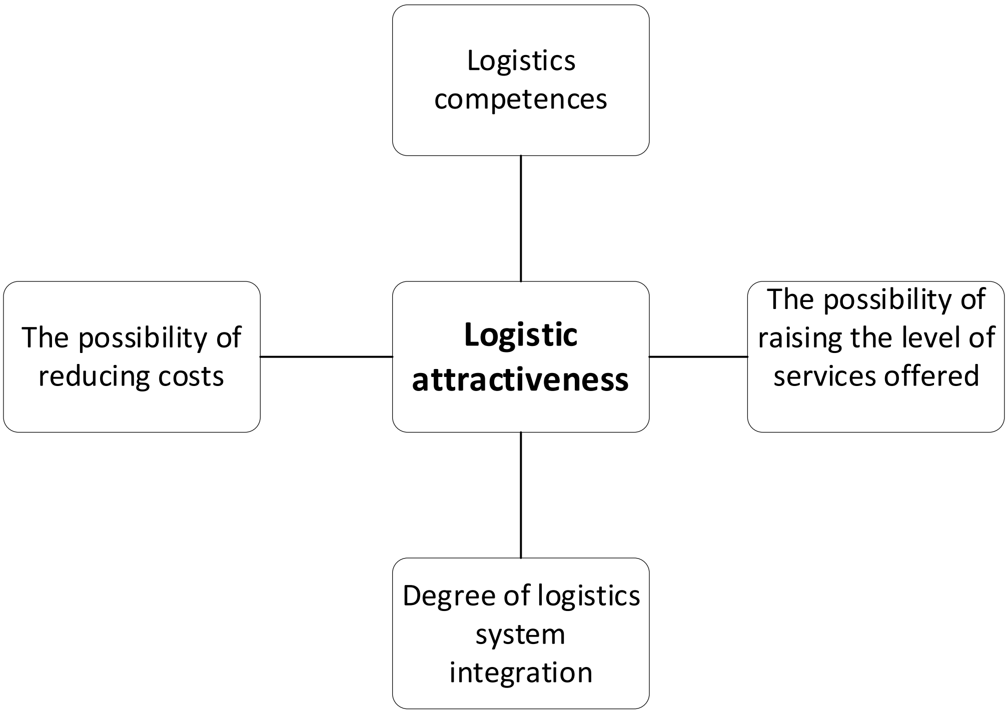

Figure 6: Factors Affecting Logistics Attractiveness from a Marketing Point of View [82]

A study conducted by Badenhorst-Weiss and Waugh [83] in 2014 explored the business environmental, political-institutional and socio-cultural factors affecting South Africa's logistics performance. The study identified that the government urgently need to focus efforts on improving rail infrastructure, labour laws, attitudes towards bribery and corruption as well as education in order to improve supply chain competitiveness and economic growth [83].

A shift in from road to rail of heavy cargo was identified as a solution to address growing concern over environmental factors and alleviate many of the risks of heavy traffic, toll fees, fines, accidents, hijackings and insurance costs [83]. As this is a long-term solution the study suggested that in the interim individual businesses must better manage their environmental impact through improved route planning, full loads and partnerships with other logistics companies [83].

Labour laws relating to the hiring and firing of employees were found to be too rigid thus giving rise to labour unrest and extensive involvement of labour brokers, particularly labour unions [83]. Government should look to revise labour laws in order to support economic growth and development in this sector.

Although high levels of crime and a lack of law enforcement are experienced by citizens and businesses every day in South Africa, the study found that this was not regarded as a serious risk by the logistics service providers and cargo owners [83]. However, in a regional context, corruption at border posts was seen as problematic. To address this problem, a collective decision by the industry to not to succumb to bribes and the implementation of strict law enforcement rules were prescribed [83].

The study also identified that a lack of skilled workers remains a large problem in the South African logistics and supply chain industry [83]. Businesses operating in this industry must therefore invest in the education and development of their workforce in an effort to retain skilled workers and improve operational efficiencies. A compelling finding of this study indicates that transferring of skills and mentorship should become part of the corporate culture and that businesses must invest in human resource development, mentorship and motivation through corporate culture by creating a pleasant working environment and improving employee loyalty [83].

The SME Survey [84] has been conducted since 2003 and focuses on topics related to SME competitiveness and performance in South Africa. The latest available survey results from 2018 was based on the telephonic interview responses from 1400 South African SME decision-makers and included companies from various sectors. Some of the findings relevant to this study will be discussed [84].

One of the focus areas of the survey was that of future technologies, which included artificial intelligence, big data, blockchain, IoT, 3D printing, virtual reality and crowdsourcing. The interpretation of this is that in order for SMEs to stay relevant and competitive they must be open to the adoption of new technologies. Of the sample, 70% of SMEs indicated that they are ready to adopt new technologies but only if it makes business sense. SMEs cautious approach is justified by the increased expenditure and cash flow constraints these businesses face when adopting and implementing new technological offerings.

The survey also aimed to examine the future of the accounting function and the role accountants play in these businesses. From a technological perspective, findings indicated that many SMEs still make use of outdated accounting solutions, as 27% reported using

Excel spreadsheets for financial capturing and reporting. An interesting finding also revealed that while 86% of SME decision-makers hire accountants to fulfil the primary role of bookkeeping, a growing number, approximately 41%, rely on them for financial advice suggesting that there is a growing need for progressive financial services.

In the broader business environment, the top three external factors of concern for SME owners were that of the competition (46%), closely followed by South Africa's growing water shortage crises (a reaction to the announcement of the "Day Zero" water crises in Cape Town) and crime. Cash flow and recruiting the right staff were the top internal factors of concern.

2.7 Covid-19 Pandemic and the Effect on South African SMEs

Although this research aims to study the critical success factors under normal business conditions, the current COVID-19 pandemic and its effect on SMEs must be acknowledged. The pandemic is causing immeasurable human suffering across the world as well as severe business disruptions, particularly on small business. A recent survey conducted by McKinsey and Company [85] indicated a strong decline in business confidence and SME profitability in SA, with over a third of the small businesses surveyed indicting an expected revenue decline of between 5% - 50% between 2020 and 2021 and more than 40% of all SMEs already having to reduce capacity by laying off employees.

According to the survey, SMEs in South Africa are facing "unprecedented challenges" with many of the issues have been exacerbated by the ongoing pandemic. These have been summarised as follows [85]:

- Access to funding: 36% of respondents indicated that they were not receiving any government loans or funds as a means to support their business during this turbulent period. Other than not qualifying, the main reasons for this were that owners were not aware of the opportunities or did not know how to access the information needed to apply for business support.
- Reduced demand: Between 40% to 60% of respondents indicated that they expect to make a loss of more than 5% in the current financial year because of the ongoing crises.

- Access to markets: Often, SMEs are overly dependent on a small number of clients. Due to the lockdowns imposed across the country, several SMEs highlighted the ongoing struggle to promote their business and connect with new buyers.
- Staff empowerment: According to the survey, owners have struggled to empower employees and thus have difficulties relying on staff to lead and drive the business, especially in the current "work from home" situation. This is because in most cases SMEs do not have clear day-to-day operating procedures with well-defined roles and responsibilities, making it difficult for employees to partake in the strategic decision-making process.
- Cashflow management: Often, SMEs are highly dependent on clients honouring payment agreements and settling invoices on time because they have limited cashflow. Due to the pandemic, several SMEs reported severe cash flow constraints on the business stemming from a lack of adherence to payment agreements by existing customers.

The financial, operational and strategic structures that are prevalent in larger organisations are uncommon in SMEs and therefore many of these businesses lack the resilience and agility required to successfully deal with the difficulties imposed as a result of the COVID-19 pandemic. However, because of their critical role in job creation and growth, protecting and enabling small businesses during this period is critically important, particularly because their survival and development is likely to be a key driver for economic recovery. According to the survey, in order to support their survival and success during this turbulent period SMEs are focusing on the following areas: financial stability, access to new markets and customers, strong customer engagement, supply chain stability, workforce reliability and robust post-crisis strategies. In support of this notion the president of South Africa, Cyril Ramaphosa, recently stated that: "If we are to achieve the goal of the National Development Plan for SMMEs to create at least 90% of the targeted 11 million new jobs by 2030, we need to pay far closer attention to developing small businesses [86]."

2.8 Summary

In summary, this chapter served as an overview to key constructs of this study and consequently, develop the research framework and method. Existing literature from journals, textbooks, articles and business websites was reviewed to explore the factors influencing business success. The study of existing literature revealed that the subject matter is both complex and inconsistent as business success can be attributed to a diverse range of influencing factors. For clarity, the key factors of SME success reviewed in the literature have been summarised as per the researcher’s interpretation in Table 6.

Table 6: Summary of Key Business Success Factors from Literature Review [Developed by Author]

CATEGORY	SUCCESS FACTOR	LITERATURE REVIEW
Internal Factors	Age of firm	Pasanen [48]
	Record keeping	Lussier [61], Benzing et al [77], Aigbavboa et al [63]
	Competitive strategy	Pasanen [48], Ramukumba [81]
	Customer relationship management	Lampadarios [44], Ghosh et al [73], Chittithaworn et al [6], Neshamba [75], Benzing et al [77], Hussain-Naqvi [78], Aigbavboa et al [63], Ramukumba [81], McKinsey and Company Survey [85]
	Product/service quality	Aigbavboa et al [63]
	Marketing strategies	Lussier [61], Aigbavboa et al [63], Ramukumba [81]
	Business planning and strategic decision-making	Lampadarios [44], Lussier [61], Rogerson [62], Rogerson [28], Aigbavboa et al [63],
	Staffing decisions (hiring and reliability of staff)	Lampadarios [44], Lussier [69], Chittithaworn et al [6], Aigbavboa et al [63], The SME Survey [84], McKinsey and Company Survey [85]
	Use of professional services	Lussier [61], Rogerson [28], Aigbavboa et al [63], The SME Survey [84]
	Adoption of new methods and technology	Kuratko and Hodgetts [70], Rogerson [28], The SME Survey [84]

	Cashflow and revenue management	Aigbavboa et al [63], Ramukumba [81], The SME Survey [84], McKinsey and Company Survey [85]
	Staff empowerment	McKinsey and Company Survey [85]
	Location decisions	Rogerson [62], Lumbwe et al [80]
External Factors	Access to funding and capital	Lussier [61], Kuratko and Hodgetts [70], Ndwandwe [71], Zairani and Zaimah [72], Muriithi [74], Chittithaworn et al [6], Neshamba [75], Pratt [76], Hussain-Naqvi [78], Rogerson [28]
	Government support, policies and regulation	Muriithi [74], Hussain-Naqvi [78], Rogerson [28], Badenhorst-Weiss and Waugh [83]
	Availability of skilled workers	Ramukumba [81], Badenhorst-Weiss and Waugh [83]
	Market conditions/Business environment	Lussier [61], Chittithaworn et al [6], Benzing et al [77], Rogerson [28]
	Public infrastructure	Muriithi [74], Hussain-Naqvi [78], Badenhorst-Weiss and Waugh [83]
	Access to new customers	McKinsey and Company Survey [85]
	Previous experience and Industry Knowledge	Wickham [66], Lussier [61], Neshamba [75], Pratt [76], Hussain-Naqvi [78]
	Market attractiveness	Lubera [82]
Owner/Manager Performance	Skills and capabilities (management, social)	Ibrahim and Goodwin [68], Lussier [61], Kuratko and Hodgetts [70], Pratt [76], Benzing et al [77], Rogerson [28], Wickham [66]

	Educational Attainment	Lussier [61], Rogerson [62], Rogerson [28]
	Family background and support	Lussier [61], Pratt [76]
	Motive for starting the business	Kuratko and Hodgetts [70]
	Aspirations	Rogerson [28]

From the literature review, it is evident that researchers do not unanimously agree upon the factors that contribute to the success of SMEs. This is largely driven by differing perspectives of success and the complex interrelated nature of these factors [6]. The considerable variation of literature regarding this field of study further emphasises the challenges small businesses might encounter in trying to understand how to focus their efforts to create sustainable enterprises.

3 RESEARCH METHODOLOGY

Denzin and Lincoln [87] explain that a research methodology is dictated by the nature of the research question and the subject of inquiry. This is corroborated by Creswell who defines a research methodology as the type of inquiry that determines the procedure to follow during the study [88]. Therefore, it is interpreted that the method of investigation can be seen as a flexible set of guidelines that help answer the research question. The following section describes the methodological approach followed during the research process and encompasses the following key concepts: Framework design, research design, population and sample, interview design, data collection, validity and reliability, data analysis, research instruments, hardware and software aids and ethical considerations.

3.1 Framework Design

Miles and Huberman [89] describe a conceptual framework as the researcher's map that explains the main aspects to be studied. A conceptual framework can take a graphical or narrative form. It is intended to guide the researcher's objectives and can evolve over the course of the study.

The conceptual framework draws on the prominent themes presented in the literature review. As outlined in section 2.8 of Chapter two, there are various factors which contribute to business success of SMEs. To clearly present the context of this study the success factors of SMEs were grouped into three categories, namely:

1) External factors of success
2) Internal factors of success
3) The owner/managers performance

This also narrowed the scope of the research to a more manageable range. A graphical representation of the high-level conceptual framework is displayed in Figure 7.

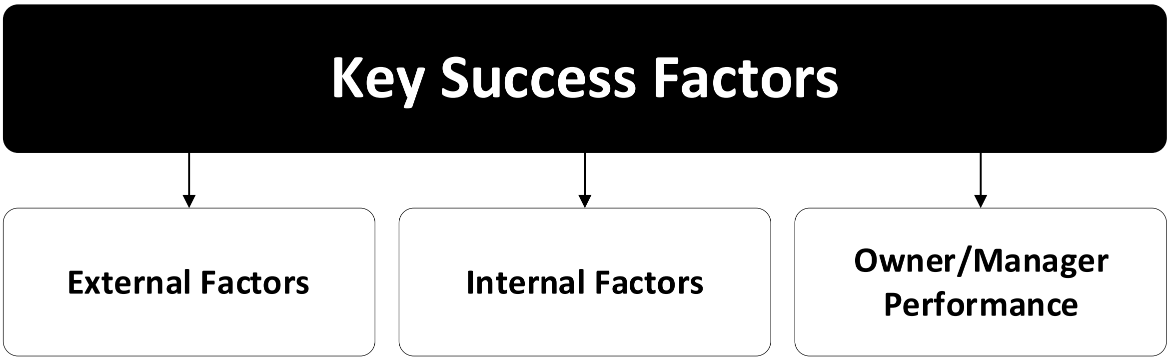

Figure 7: Framework for Study [Developed by the Author]

There is no universally agreed framework for conducting research in the field of SME success [44], [47]. The underlying support for the conceptual framework developed is based on the extant literature and originates from several influential studies and models in the area of SME success that have been conducted across various geographies and industry sectors, including that of Lussier [61] and Lampadarios [44]. Through an amalgamation of existing theories on business success factors and with a focus on logistical considerations, the factors shortlisted for further consideration in this study have been graphically presented in Figure 8.

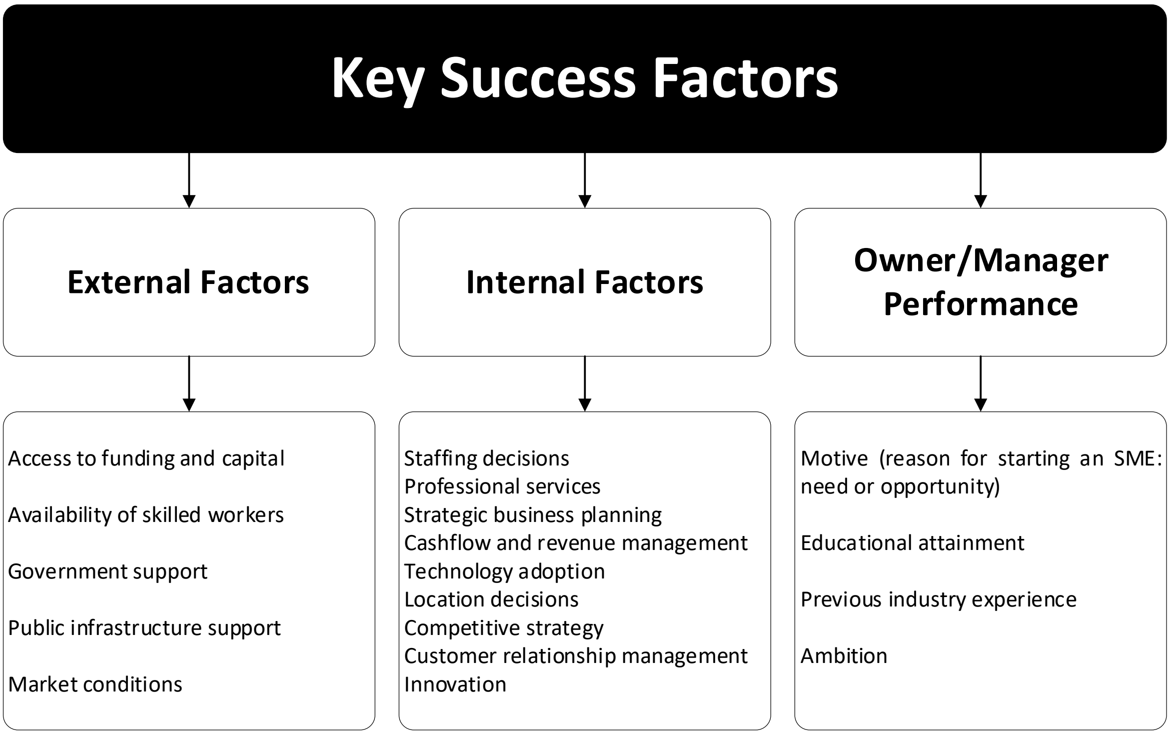

Figure 8: Conceptual Framework [Developed by Author from an Amalgamation of the Existing Literature]

The conceptual framework does not serve as an exhaustive list of success factors, but rather to illustrate the focus of the study, which is aimed at investigating if the factors identified from the literature reviewed positively influence the business success of logistics SMEs in South Africa. As such, the conceptual framework will be used as a tool for further data collection.

3.2 Research Design

Qualitative research entails the analysis of data from fieldwork observations, written documents and/or interviews [90]. Denzin and Lincoln [87] describe qualitative research as "multimethod in focus involving an interpretive, naturalistic approach to the subject matter". This is underpinned by the following principles [87]:

- Qualitative research is a systematic inquiry process and captures the individual's perspective.
- Qualitative research focus on understanding in a natural setting.
- Qualitative research requires skilful analysis, assessment and translation of observations and perceptions.
- Qualitative research incorporates informed participant consent and ethical considerations.

According to Yin [91], qualitative research questions often begin with the words *what* or *how*, relating to the in-depth inquiry of the topic. The research question for this study begins with the word *what* and aims to gain an in-depth understanding of the viewpoints and perceptions of owners/senior managers in relation to the factors identified in the conceptual framework and to confirm the impact of these on their business success. To achieve the objectives of the study, detailed insights of individual participants were required for confirmatory and explanatory purposes. Therefore, to conduct this study, a qualitative design was considered appropriate [10].

For the researcher to become familiar with relevant concepts a review of the existing literature related to SME success factors was undertaken. This served as a starting point for further development of this research study. The literature study achieved the following: clarifying key definitions and concepts used in the study; underlining the importance of SMEs in South Africa; providing an overview of the South African logistics industry; identifying previous research studies on SME success. This enabled the development of the conceptual framework, in which relevant factors of business success were identified from related works. This provided the basis for data collection and analysis.

The type of reasoning employed was deductive in nature as the research was based on pre-determined themes (success factors) emanating from the extant literature and, as such, moved from a more generalised reasoning to a particular reasoning [92]. The deductive approach was used to select key concepts and themes (success factors) emanating from the literature reviewed for further investigation. The study then aimed to determine and confirm if participants responses supported the existing theories on success factors and if the selected factors for investigation did indeed contribute to business success in the South African logistics sector.

A review of other studies in this field which made use of a deductive qualitative approach for confirmatory and explanatory analysis purposes further supported the use of this design for this research study. This included the work of Lampadarios [44], in which the collection of qualitative data was based on pre-determined factors to confirm if the general theories of success factors were applicable to SMEs in the UK chemical industry. Another study conducted by Eriksson and Li [93] made use of a structured approach in which preliminary theories and concepts on success factors were used to guide the research and the data collection process in order to describe and analyse some of the factors that influence the success of entrepreneurial SMEs in the Gnosjö Municipality in Sweden.

Due to the time constraints of this research investigation, the time frame was cross-sectional in design. A cross-sectional design was appropriate as it allowed for a collection of information at a single point in time and enabled completion of the study within a few months [94].

3.3 Population and Sample

3.3.1 General and accessible population

Bless et al [95] described a population as “the set of elements that the research focuses on and to which the obtained results should be generalised”. Participants in the general population must share at least one attribute of interest in relation to the study [96]. The population for this study was successful small to medium logistics companies in South Africa. The criteria for success in this study is financial profitability and business sustainability as described in section 2.5 of Chapter two. At the time the study was undertaken, no statistics could be found regarding the number of logistics SMEs in South Africa.

The accessible population is defined as the members in the research to which the researcher has access, are willing to participate and could measure during the study period and represents the sampling frame [96]. Figure 9 represents the relation between the general and accessible populations.

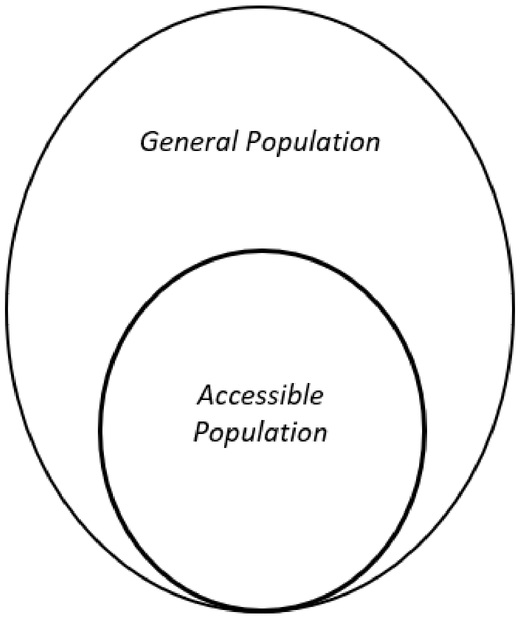

Figure 9: Graphical Representation of the Relationship between General and Accessible Populations [97]

3.3.2 Sample

Leedy and Ormrod [98] define the sample as "a subset of a population". Sampling can therefore be explained as the process of selecting units from a population of interest so that by studying the sample generalisations can be drawn back to the population from which they were chosen [99]. Researchers mostly make use of small data samples for qualitative studies [100]. Research participants are selected based on their general characteristics in relation to the purpose of the study. As such, participants are able to provide rich descriptions of their perspectives, thereby enhancing the researchers understanding of the topic [101].

Purposeful sampling was used to select the participants for this study. Patton [102] refers to purposeful sampling as a non-probability sampling technique used in qualitative research to gain an in-depth understanding of the subject of inquiry. Singleton et al [103] describe purposive sampling as "the type of sample that is based entirely on the judgement of the researcher, in that a sample is composed of elements that contain the most characteristic, representative or typical attributes of the population". Purposeful sampling provides the opportunity for researchers to select participants in accordance with the objectives of the study [104]. It is important to note the willingness and availability of the selected participants and their ability to articulate experiences and opinions [101]. As such, participants were selected in accordance with the objectives of the study and their willingness to contribute to the subject and share their experiences. The sample of the study were five logistics SME owners/senior managers in South Africa operating for five years or more in the logistics industry and generating a financial profit.

To answer the research question, researchers must obtain data, analyse and synthesise information and repeat this process until saturation occurs [105]. When and how saturation is reached varies and is highly dependent on the research design. Due to the deductive, qualitative approach employed in this study conceptual categories and themes were pre-determined from the literature reviewed. Therefore, for this study, saturation may refer to the extent to which the pre-determined themes were "sufficiently replete with instances, or "examples", of data [106]". For this study, five interviews were conducted with owners/senior managers of successful logistics SMEs, and this was found to be sufficient to reach saturation as the study showed that participants had similar perspectives regarding the factors identified and their impact on business success.

3.4 Interview Design

In order to ensure the interview was aligned and suited to the purpose of this study, a nine-step method outlined by Bogdan et al [107] was used to guide the interview design. These steps have been summarised as follows [7]: 1) establish the necessary information needed to meet the outlined objectives of the study; 2) identify the relevant participants for the study; 3) decide upon a method to conduct the interviews i.e., one-on-one or telephonic; 4) plan the interview content; 5) decide on the wording of the interview i.e., formal or casual; 6) plan the structure to create a "sense of flow" and avoid confusion; 7) check the length of the questions to ensure concise and relevant answers can be obtained; 8) conduct a pilot test of the interview to ensure the interviewee understands all questions; 9) draw up the final interview questions to be presented to participants.

In relation to the above, the interview content was arranged according to the categories presented in the conceptual framework in Chapter two. As seen in APPENDIX D, these included external factors, internal factors and owner/senior manager performance. Questions were then designed in relation to the relevant factors identified in these categories. An additional introductory section was included and served to provide details regarding the company background.

3.5 Data Collection

According to Given [108] the word "data", when referring to qualitative research, is predominantly associated to words. Therefore, qualitative research involves collecting empirical data to be assessed in the form of words or phrases. The primary tool selected for data collection in this study were in-depth interviews consisting of a series of open-ended questions. According to Kvale [109] the qualitative research interview is "an interview, whose purpose is to gather descriptions of the life-world of the interviewee with respect to interpretation of the meaning of the described phenomena". This is corroborated by Alshenqeeti [110] who indicates that the purpose of the research interview is to gain insight into the perspectives of individuals regarding the subject under investigation. The use of in-depth interviews with open-ended questions enabled the researcher to gain insightful information from a smaller sample size. A structured approach was adopted as this enabled the researcher to prepare questions in advance and guided the conversation to keep participants focused on the success factors under investigation.

In lieu of the Covid-19 Pandemic during the research period, interviews were carried out via videoconferencing. The following advantages and disadvantages of video conferencing interviews are recognised [111]:

Table 7: Advantages and Disadvantages of Video-Conferencing Interviews [111]

ADVANTAGES	DISADVANTAGES
Wide geographical access	Some participants may not feel comfortable
Enables researcher to identify non-verbal and sensory cues	Technological requirements (all participants must have access to a computer and the internet)
Inexpensive	Disruptions due to connectivity issues
Flexible	
Convenient	

The researcher ensured that the adoption of this technique was suitable to all participants. Utilising video conferencing proved advantageous as the study involved participants from five different provinces across South Africa. Data collected via interviews was deemed sufficient, reliable and fit for purpose as the researcher was able to develop an in-depth understanding and interpret participants' viewpoints regarding key business success factors.

Five owners/senior managers of logistics SMEs were interviewed for this study. Once participants agreed to be interviewed, an appointment was scheduled with each at the time convenient to both themselves and the researcher. Before the commencement of each interview, the purpose of the research was explained, and participants were informed that involvement in the study was entirely voluntary without coercion or compensation. Participants were also made aware that information would be kept confidential. All interviews were carried out using the procedure outlined in APPENDIX C and proceeded with verbal consent from the participant indicating their willingness to partake in the study and permission for audio recordings. In-depth, structured interviews were conducted via video conferencing and lasted approximately 45 minutes each. The study did not aim to identify every aspect of the subject matter, but rather to assess participants' views and reflections to gain a comprehensive understanding of the factors identified and their relation to business success in order to confirm if these factors positively influence the success of logistics SMEs in South Africa.

As such, for the purposes of this research study, a structured, open-ended interview was useful as it enabled participants to share their opinions on relevant factors under investigation. Questions were guided by the framework presented in Chapter two and can be seen in APPENDIX D. As prescribed by Denzin and Lincoln [87], follow-up questions were used to ask participants to clarify a response.

3.6 Validity and Reliability

Validity and reliability of results are essential aspects of any qualitative research project. As stated by Denzin and Lincoln [87] reliability in quantitative research relates to the extent to which results are consistent over time and validity refers to how well the data collected covers the actual intended aspects of investigation [112].

In the case of qualitative research, it is not possible to carry out formal comparisons or statistical manipulations to validate the data obtained. Therefore, it is necessary to employ alternative methods. Leedy and Ormrod [98] explain four aspects of validity. These include face validity, criterion validity, content validity, construct validity.

In relation to these measures, the interviews were piloted on two respondents mirroring the intended subjects to determine clarity of questions while providing the opportunity to refine the research instrument. This resulted in changes to the original interview questions, which were structured to take approximately 45 minutes in duration.

Reliability in qualitative research refers to the extent to which the research instrument produces consistent results when the entity being measured has not changed [98]. Further to this, the element of subjectivity should also be reduced and the administration of the instrument should be consistent [113].

Guba and Lincoln [114] outline four pillars in order to assess the trustworthiness of qualitative data. These include: 1) credibility: verification that the results are reliable from a participant’s perspective, 2) confirmability: the extent to which the results are confirmed and validated by works of other authors and researchers, 3) transferability: the degree to which the findings of the study may be generalised and 4) dependability: accounts for the continuous change to research content.

In an effort to obtain reliable data, the following measures were carried out: 1) the procedure outlined in APPENDIX C was followed for each interview; 2) the interview questions presented in APPENDIX D were administered in the same order to each participant; 3) audio recordings and transcriptions of the interviews were completed to accurately obtain and record raw data; 4) any research bias was recognised through stated assumptions outlined in section 1.5 of Chapter one; and 5) use of the saturation technique described in section 3.2.2 of Chapter three.

3.7 Data Analysis

Data analysis forms an integral part of qualitative research. For this study, data analysis included the examination of historical data, along with transcribed interviews. Given that the research for this study is largely organised and structured based on pre-determined themes, qualitative content analysis methods were used to examine and interpret the data.

Content analysis is a well-established and straightforward method that is used to conduct qualitative reviews [44], [115]. It represents an organised and structured means of describing phenomena under study [44], [116]. According to Krippendorff [115] content analysis can be defined as "a research technique for making replicable and valid inferences from texts, or other meaningful matter, to the contexts of their use". As the collection of data was highly organised and based on pre-determined themes (success factors) identified from the existing literature, qualitative content analysis methods were deemed appropriate as the use of more sophisticated methods of analysis (e.g. thematic content analysis) was not necessary [44]. Bloor and Wood [116] explain that the purpose of content analysis is to describe the elements of the document's content by examining the presence of certain words, themes, or concepts within a qualitative dataset. An initial manifest content analysis approach was utilised to familiarise the researcher with the data obtained. The researcher described what the participants actually expressed, and the information collected was visible and obvious once analysed [116]. In order to draw deeper insights and understand the intended meaning of the data to decisively confirm if the factors identified positively influence business success, a latent content analysis was conducted and presented in the subsequent chapter. Latent content analysis is whereby the qualitative dataset is examined to discern intent or identify a deeper meaning [117]. It refers to the process of interpretation where the researcher is intimately involved in the analysis process to actively understand and interpret the data collected [117]. For this study, latent content analysis was carried out by examining and interpreting the presence of certain words or concepts within the qualitative dataset collected to identify areas of similarity and differences in participants responses and gain deeper insights [116]. The use of this approach enabled the researcher to establish patterns of characteristics in the text and present clear reasoning when confirming relevant factors which positively influence the business success of logistics SMEs in South Africa.

3.7.1 Data familiarisation

Braun et al [118] explained that the researcher must actively engage with the data collected to gain an in-depth understanding of the information. This also facilitates data accuracy, making validation of information simpler. Methods used to achieve this task were as follows:

- Transcription of raw data within 24 hours from when the interview was conducted, which enabled the researcher to become familiar with the data as quickly as possible and identify any responses which required further clarification.
- Initial manifest analysis conducted as seen in APPENDIX E to achieve a basic but fundamental level of understanding of the material.

3.7.2 Data coding

This step served to catagorise the data collected and helped the researcher focus on relevant information [7]. Boyatzis [119] details how this can be achieved using the coding techniques outlined below:

- Theory-driven coding: codes are pre-determined from reviewed literature and theories developed by the researcher.
- Inductive coding: codes are developed by the researcher based on the analysis and interpretation of raw data obtained.
- Hybrid-driven coding: codes are developed using both existing concepts and raw data collected.

A theory-driven approach was utilised for this study. This was led by the development of a framework which served to identify relevant themes (success factors) from the literature reviewed. This ultimately guided the data collection process. Relevant excerpts from the interviews were tabulated and presented in APPENDIX E for ease of reference. This was followed by the analysis of the data in Chapter four. The discussion in Chapter five presents the researchers interpretation of the significant findings in relation to the reviewed literature followed by conclusions and recommendations pertaining to further study in Chapter six.

3.8 Research Instruments

Structured, open-ended interviews which were audio recorded and transcribed served as the primary research tool.

3.9 Hardware and Software Aids

A laptop was used to compile the research report. Additionally, Microsoft Teams was used to conduct the interviews and Visio was used to graphically represent the proposed framework. No software packages were used to process the data as the research design enabled a manual examination of data.

3.10 Ethical Considerations

Adherence to ethical standards determines the successful completion of any research [120]. In adhering to the University of Witwatersrand's Code of Ethics [121], several ethical considerations were considered to ensure that the study was conducted in an appropriate manner. All participants were telephonically contacted, and the purpose of the research along with a comprehensive overview was explained. Interviews were then arranged and scheduled at the participant's earliest convenience. This was followed by an individual email containing the Participant Information Sheet and Consent Form for participants review, included in APPENDIX A and APPENDIX B, respectively. Furthermore, the Participant Consent Form was discussed before the interview and participants were asked to complete and sign the form as an indication of their willingness to partake in study. It was explained that participation in the study was entirely voluntary without any form coercion or compensation. Participants were informed of their right to withdraw from the study at any time without penalty.

Al-Gaai et al [122] expressed that researchers are ultimately responsible for protecting human subjects by safeguarding their rights and welfare. Confidentiality and anonymity of both participants and their organisations was maintained by removing actual names and personal references. Participants were referred to as P1 to P5 and their associated organisations as Company A through to Company E. Further to this, all transcribed interviews were reviewed, and sensitive information was redacted. All data pertaining to this research (audio recordings, transcribed interviews, company documents and consent forms) was in an electronic form and will therefore be stored on a personal, password protected laptop for a duration of five years and will thereafter be deleted. No person other than the researcher will have access to the data. The reassurance of participants confidentiality and anonymity ultimately provided the foundation for a trustworthy working relationship. University of Witwatersrand's ethical clearance approval number for this study is MIAEC 112/20.

4 FINDINGS AND ANALYSIS

The results of the data analysis are presented in the following sections and are arranged according to the interview questions. Latent content analysis techniques were employed to draw deeper insights and understand the intended meaning of the data in order to decisively confirm if the factors identified positively influence business success, while also ensuring a transparent compilation of the process from raw data to results [44], [116]. This was carried out by examining and interpreting the presence of certain words or concepts within the qualitative dataset collected [116]. The use of this approach enabled the researcher to establish patterns of characteristics in the text and present clear reasoning when confirming relevant factors which positively influence the business success of logistics SMEs in South Africa.

4.1 Company Profile and Background

The introductory section of the interview as seen in Section 1 of APPENDIX D served to familiarise the researcher with each company's background and operation. The information also confirmed the sample selection relevance and verified that research participants fulfil the general characteristics in relation to the purpose of the study. The results of this section have been summarised in Table 8.

Table 8: Summary of participating SMEs Company Profile and Background

Company	Company Age (Years)	Logistics Services Offered	Number of Employees	Location	Interviewee Company Position
A	66	Transportation and warehousing	200	Western Cape, Gauteng and Eastern Cape	Senior Manger = P1
B	19	Transportation	70	Gauteng and KwaZulu-Natal	Senior Manger = P2
C	47	Transportation and packaging	80	KwaZulu-Natal	Owner = P3
D	10	Transportation	71	North West	Owner = P4
E	5	Transportation	60	KwaZulu-Natal	Owner = P5

The results in Table 8 indicate that the shortest period of operation for the chosen sample of SMEs is five years while the longest is 66 years. The companies interviewed partake in a wide range of logistics activities which include road transportation, packaging and warehousing. The five logistics SMEs currently provide approximately 481 employment opportunities. Based on the number of fulltime employees only, Company A would be classified as a medium sized enterprise while the remaining SMEs would fall into the small enterprise category. Regions of business operation include the Western Cape, KwaZulu-Natal, Gauteng, Eastern Cape and North West. Participants were also asked to state their position in the company. Participants one and two (P1 and P2) hold senior manager positions at their respective companies while Participants three, four and five (P3, P4 and P5) are owners of the small businesses.

4.2 External Success Factors

4.2.1 Access to funding and capital

The following analysis is underpinned by the raw data excerpts presented in Table 27 and Table 28 in APPENDIX E.

Table 9: Analysis of Responses Related to Access to Funding and Capital

Company	Source of Funding at Business Inception	Assessing Access to Funding Currently	Subthemes
A	Family funds	Access to funding from financial institutions is not an issue as the company has established a long-standing, trustworthy relationship with their financial provider.	Creating a good credit history Maintaining a good company reputation Building a long-term relationship
B	Bank loan	While the company has access to funding from financial institutions a conservative approach of cash buying is adopted.	
C	Family funds and bank loan	The company had an advantage in that the original owner had already built a reputable relationship with the financial institutions based on previous businesses established. Therefore access to funding from the bank is readily available.	Maintaining a good company reputation Building a long-term relationship
D	Personal savings	Access to funding from financial institutions is no longer an issue as the company has created a good financial standing.	Creating a good credit history
E	Personal savings	Access to funding from financial institutions was granted based on the growth and good credit history the company has established.	Creating a good credit history Building sufficient collateral for a loan

Non-bank related financial funding plays a significant role in logistics startups. Four participants of the study indicate that family funds or personal savings was used as the source of capital to start their business. By creating a good credit history, maintaining a good company reputation, developing long-term relationships and building sufficient collateral for a loan, access to bank funding is more accessible to these businesses.

4.2.2 Availability of Skilled Workers

The following analysis is based on the transcriptions presented in Table 29 and Table 30 in APPENDIX E.

Table 10: Analysis of Responses Related to Skilled Workers

Company	Is there a shortage of skilled workers in the logistics industry and what is the implication?	Method to Attract and Retain Employees
A	Yes, the company has therefore invested extensively in training programs to develop employees' skills for specific roles.	Extensive training programs, the establishment of a community forum to benefit previously disadvantaged groups and employee incentives.
B	Yes, the recruitment process is challenging as applicants generally do not meet the requirements when tested.	Employees are offered good salaries and other benefits which include funeral policies and convenient money lending policies.
C	Yes, as such the recruitment process to find the required employees is tedious.	While Company C pays an average wage, it was acknowledged that higher remuneration results in increased employee satisfaction.
D	Yes, the company trains and develop employees to the required standard.	Employees are offered good salaries and the company tries to fulfil relevant employee requirements.
E	No.	Employees are rewarded through performance-based bonuses offered

Four participants expressed that finding skilled workers in the logistics sector proves challenging. Two companies invest in their own training programs and develop workers to fit job roles. All participants noted remuneration and employee benefits as being the most important consideration in lieu of attracting and retaining employees.

4.2.3 Government Support

The following analysis was conducted using the raw data excerpts in Table 31 and Table 32 in order for the researcher to gauge an understanding of whether logistics SMEs rely on government funding and support services, and the associated impact of this on business success.

Table 11: Analysis of Responses Related to Government Support

Company	Owner/Senior Mangers Views of Government Support	Subthemes
A	The lack of availability of government support is largely attributed to the fact that Company A is predominantly a white-owned business and that government support initiatives are largely geared towards addressing racial inequalities of the past and supporting previously disadvantaged groups. Interestingly, the company now provides support to a government based organisation in terms of upskilling and training workers in the logistics sector.	Government policies
B	The owner expressed a general sense of lack of availability of government support.	
C	The owner of the company is unaware of any support services available.	Unawareness of support programs
D	The lack of availability of government support is attributed to the ownership of the company; Company D is a white-owned entity.	Government policies
E	Despite an application for assistance at business inception strict criteria imposed on these programs prevented Company E from obtaining any form of government support. Therefore, the company did not pursue this further and expressed the view that government support initiatives is difficult to access.	Government policies Lack of access to support

All owners/senior managers conveyed poor perceptions of government support, unanimously expressing that government support services and financing play an insignificant role in their businesses. This is attributed to the following reasons: 1) government policies are geared towards addressing the racial inequalities of the past. Therefore white-owned businesses are unable to access these programmes (Company A and D), 2) support programs are simply too difficult to access as the application process is tedious and is accompanied by strict rules and regulations (Company E), 3) companies are unaware of any available support services (Company C).

4.2.4 Public Infrastructure

Public infrastructures such as roads, railways, airports, shipping ports, telecommunications access and warehousing facilities are essential to logistics operations. The below analysis of participant responses in relation to public infrastructure is supported by the raw data in Table 33 presented in APPENDIX E.

Table 12: Analysis of Responses Related to Public Infrastructure

Company		Level of Satisfaction with Public Infrastructure
A	Main road routes seem acceptable. Dissatisfaction with the maintenance of roads in rural areas around Northern Cape and North West as well as the degradation of the country's railway infrastructure.	Partly satisfied
B	-	Question misinterpreted by P2. The researcher was unable to obtain further clarification.
C	Strong opinions regarding the government's mismanagement of public infrastructure stating that roads and railway maintenance was sorely lacking	Not at all Satisfied
D	Discontent in government's under-investment in infrastructure maintenance as it has direct financial repercussions on the business.	Not at all Satisfied
E	While the main road routes are adequate for business needs the danger posed by crime and looting in the Eastern Cape is of major concern.	Partly satisfied

Four participants expressed concerns regarding the lack of investment into public infrastructure and the resulting degradation of these facilities. Public infrastructure is only partly satisfactory for Company A and E, with both indicating that main routes are adequately maintained, however the poor condition of roads and prevalence of crime in rural areas of the country were causes of concern. Strong criticism was received from Company B and D. Railway facilities were found to be severely lacking as no companies made use of these facilities. The researcher had identified that P2 had misinterpreted the question after transcription of the interview response. While an attempt to clarify the participants response was made, no feedback was received and hence has been excluded from the analysis regarding public infrastructure.

4.2.5 Market Conditions

Given the relevance of the Covid-19 Pandemic during the research period and its impact on global markets, the following analysis of the data presented in Table 34 in APPENDIX E was undertaken to understand how market conditions influence the success of small businesses.

Table 13: Analysis of Responses Related to Market Conditions

Company	Severity of Impact on Business and Associated Consequences	Subthemes
A	Medium: work volumes dropped but only to 80% as the company predominately stores and transports goods that were deemed as essential	
B	Low: Senior manager expressed that Company B was "not really" affected	
C	High: work volumes decreased severely to approximately 20% of capacity. The company was able to withstand this due its low debts.	Business continuity Low gearing
D	Medium: the company transports essential goods. Therefore, work volumes were only moderately impacted	
E	Medium: work volumes decreased as non-essential clients closed, so the company faced an imbalance of work due to goods transported from the port of Durban and the lack of goods transported back to this region. The company responded by offering extra capacity to essential service clients	Business continuity Market responsiveness

Four participants of the study explained that their companies had experienced disruptions and a decline in revenue due to the Covid-19 Pandemic, while only P2 indicated that Company B was "not really" affected. From the analysis, it was seen that during the crisis heightened attention was placed on business continuity, market responsiveness and efforts to ensure business debt was reduced. Hence, these were recognised as subthemes to market conditions for this study.

4.3 Internal Success Factors

4.3.1 Staffing Decisions

To assess the impact of staffing decisions on business success the following analysis was carried out. This is supported by the raw data excerpts presented in Table 35 in APPENDIX E.

Table 14: Analysis of Responses Related to Staffing Decisions

Company	Predominant Hiring Method	Subthemes
A	Referrals from current employees	Recruiting and selecting employees Staff training and development Staffing Empowerment
B	Mostly referrals from current employees	
C	Agencies Via "word of mouth"	
D	By advertising	
E	Agencies	

Table 14 indicates that SMEs often rely on more informal methods of recruiting and selecting employees for job roles. This includes referrals from current employees and recruitment via "word of mouth".

4.3.2 Professional Services

The below analysis is supported by the raw data presented in Table 37.

Table 15: Analysis of Responses Related to Professional Services

Company	Does the company make use of professional services?	Are these professionals employed fulltime?
A	Yes	Yes
B	Yes	No
C	Yes	No
D	Yes	No
E	Yes	No

While logistics SMEs do not necessarily employ professional staff fulltime, all participants indicated that they make use of accountants and lawyers to oversee the financial and legal requirements of their business, respectively.

4.3.3 Business Planning

To determine the business planning strategies of logistics SMEs and the resultant impact of this in relation to business success the below analysis was conducted. The supporting raw data is seen in Table 38 and Table 39 in APPENDIX E.

Table 16: Analysis of Responses Related to Business Planning

Company	Business Planning Goals	How this is achieved?	Subthemes
A	Securing work volume Sustainable business growth	Establishing and maintaining a reliable customer base.	Sustainability planning
B	Sustainable business growth	Maximising utility of resources and assets.	Sustainability planning Operational efficiency
C	Profit generation Sustainable business growth Fulfilling business obligations	Avoiding unnecessary risk-taking. Establishing and maintaining a reliable customer base. Reducing expenditure by investing in cheaper but reliable assets. Ensuring there is sufficient cashflow to fulfil business obligations.	Sustainability planning Operational efficiency
D	Sustainable business growth Fulfilling business obligations	Leveraging close relationships the business has established with customers and supplies.	
E	Profit generation Business growth Survival	Establishing and maintaining a reliable customer base.	Sustainability planning

From the analysis it is clear that the business strategies of logistics SMEs in South Africa are geared towards business profitability, sustainability and growth, while ensuring business obligations are met. To accomplish this, companies focus their business plans on creating and maintaining a stable customer base, avoiding unnecessary risk-taking, reducing business expenditure and leveraging close relationships with customers to grow the business sustainably.

4.3.4 Cashflow and Revenue Management

Based on the raw data presented in Table 40 in APPENDIX E, the following analysis was carried out to gain an understanding of the strategies SMEs employ to ensure positive cash reserves and how this impacts business success.

Table 17: Analysis of Responses Related to Cashflow and Revenue Management

Company	Cashflow Management Strategies	Revenue Management Strategies	Influencing Factors
A	To control expenditure by planning when and how much to spend	Gearing the business to market demand Partnering with reliable customers	Customer relationship management
B	Expenditure controls Bulk buying	Use of professional advisors Partnering with reliable customers	Professional services Customer relationship management
C	Control expenditure through conservative investment into assets	Maintaining strong customer relations	Customer relationship management
D	To control expenditure through close monitoring of business expenses	Use of professional advisors Maintaining strong customer relations	Professional services Customer relationship management
E	To control expenditure through continuous monitoring of business expenses	Not explicitly stated but reliant on timeous payment from customers	Customer relationship management

It is evident that cashflow management strategies predominately revolve around controlling business expenditure. Revenue management strategies involve partnering with reliable customers and maintain strong customer relations to ensure on time payment as well as the use of professional services to guide revenue management strategies.

4.3.5 Technology Adoption

To assess the impact of technology adoption on business success the following analysis underpinned by the raw data presented in Table 41 in APPENDIX E was carried out.

Table 18: Analysis of Responses Related to Technology Adoption

Participants	Level of Technology Adoption	Influencing Factors	Subthemes
P1	Medium: The company makes use of an IoT platform to track and trace the logistics operation	Communication and information sharing	Customer satisfaction
P2	Medium: TMS system adopted from largest customer	Communication and information sharing Competitive strategy	Customer satisfaction
P3	Low: This is predominantly based on the owner's lack of time and urgency to adopt new technologies. Legacy technologies are still in use	Age of company	Owner proactiveness and urgency
P4	Medium: Vehicle tracking system adopted to provide visibility of daily operations	Communication and information sharing	
P5	High: Soon to adopt new sophisticated platform to track operations and share information with major clients	Communication and information sharing Competitive strategy	Customer satisfaction

Key responses indicate that logistics SMEs realise the value of investing in technology, although some new technologies have gained more momentum than others. Four participants are currently making use of or will soon adopt sophisticated IoT platforms for vehicle tracking and asset management. This enables transparent and responsive logistics functionality by tracking and tracing the movement of goods in real time [37]. From Table 41 in APPENDIX E, it is seen that Company A, Company B, Company C and Company E make use of simple, functional payroll software to manage the payroll functionality.

4.3.6 Location Decisions

From Table 42 in APPENDIX E the following analysis was carried out to understand the impact of location decisions on SME success.

Table 19: Analysis of Responses Related to Location Decisions

Company	Key Insights	Subthemes	Influencing Factors
A	Head office was deliberately established in Worcester as this provided a competitive edge and aligned to the business operations.	Proximity to customers	Competitive strategy
B	Business established in Durban. Subsequently, a hub has also been established in Johannesburg to adequately service clients in the region.	Proximity to infrastructure and customers	
C	The owner admits that while Pietermaritzburg was a convenient and frugal choice (hometown of owner) at business inception the company has lost opportunities by not basing the head office in Durban.	Cost	Competitive strategy
D	Business locations were largely influenced by the hometown of the business owner.		
E	Business locations were largely influenced by the hometown of the business owner.		

Responses indicate that a mix of personal reasons and operational and strategic benefits drive location decisions. Subthemes identified include cost as well as proximity to infrastructure and customers. Location decisions positioning logistics SMEs in healthy areas of operation is seen to promote the competitive strategy of the business. Hence, this has been identified as an influencing factor of competitive strategy.

4.3.7 Competitive Strategy

The following analysis focuses on the understanding of key strategies which enable logistics SMEs to remain competitive and how this influences business success. This is underpinned by the data in Table 43 presented in APPENDIX E.

Table 20: Analysis of Responses Related to Competitive Strategy

Company	Key Components of Competitive Strategy	Influencing Factors
A	Upholding a good reputation in terms of service dependability, flexibility, and cost	Company reputation
B	Flexible service offerings to customers	
C	Lower pricing strategy and a personalised service	
D	Efficient service delivery and reduced costing	
E	Faster delivery, on time delivery and keeping customers informed	Communication

Competitive strategies are based on service delivery (where service delivery relates to the competitive dimensions of delivery speed, dependability, flexibility and cost).

4.3.8 Customer Relationship Management

To assess the importance of customer relationship management in terms of business success and gain an understanding of how logistics SMEs manage and satisfy their customers the following analysis was completed. Key participant responses are presented in Table 44 in APPENDIX E.

Table 21: Analysis of Responses Related to Customer Relationship Management

Company	How Important is Customer Relationship Management	Identified Elements of Customer Relations	Associated Company in Relation to Identified Elements
A	Very important (explicitly stated)	Effective communication	A, B, D, E
B	Very important (explicitly stated)	Excellent service	A, B, C, D, E
C	Important (inferred)	Maintaining a good reputation	A, C, E
D	Very important (inferred)	Establishing strong, trustworthy relationships	A, B, D, E
E	Very important (inferred)	Bespoke service offerings	A, B, C, E

The above analysis indicates that customer relationship management is of critical importance to owners/senior managers of logistics SMEs. CRM is perceived as the fulfilment of customer needs to obtain customer satisfaction. Associated elements of customer relationship management include effective communication, excellent service, maintaining a good reputation, establishing strong and trustworthy relationships as well as bespoke service offerings.

4.3.9 Innovation

To assess if innovation in terms of the establishment of new business has a positive influence on the business success of logistics SMEs the following analysis (supported by the raw data excerpts in Table 45) was carried out.

Table 22: Analysis of Responses Related to Innovation

Company	Level of business innovation	Subthemes	Influencing Factor
A	Currently low as focus remains on improving current businesses. However, a complementary warehousing business was developed from the synergies derived from the original transportation business.	New business opportunities Focus of owner/senior manager Managing customer requirements with business innovation	Age of business Motivation of owners/senior managers
B	Information deemed as sensitive therefore no insights to business innovation was provided.		
C	Currently low, however, a complementary packaging business was developed from the synergies derived from the original transportation business.	New business opportunities Focus of owner/senior manager Managing customer requirements with business innovation	Age of business Motivation of owners/senior managers
D	Currently low as focus remains on growing current transportation business.	Focus of owner/senior manager	Motivation of owners/senior managers
E	Currently low, however, the Company is exploring potential synergies from the existing business	Focus of owner/senior manager	Motivation of owners/senior managers

Company B did not provide any insights regarding business innovation in terms of new businesses as this was deemed as sensitive information. The level of innovation for the remainder of the participants in the sample study is low as focus of the owners/senior managers remain on stabilising or growing the current business and not on new business opportunities. However, Company A and Company C, which are the oldest companies in the sample set, have previously established other successful businesses (a warehousing and packaging business respectively) derived from customer requirements related to the original transport business.

4.4 Owner/Manager Performance

4.4.1 Motive

To assess how the owners motive impacts business success the following analysis was completed. It is supported by participants responses in Table 46.

Table 23: Analysis of Responses Related to Motive

Participant	Reason for Starting Business	Subtheme
1	Owner dissatisfied with corporate job.	Autonomy
2	Owner wanted to start their own business.	Autonomy
3	Market opportunity identified and business started as a means to increase earning potential.	Financial freedom
4	Owner unhappy with corporate job due to personal differences stemming from corporate culture and management of the firm.	Autonomy To create better working conditions
5	Owner identified a business opportunity and started the company as a joint venture with a friend who was unhappy in a corporate job.	Autonomy To create better working conditions

Raw data excerpts presented in Table 46 in APPENDIX E show that majority of the participants acknowledged that their businesses was started because a market need existed, and a business opportunity was identified. The various reasons associated to starting a business were identified and grouped as follows:

- Autonomy - the desire to run their own business and the associated independence
- To create better working conditions
- To increase earning potential and obtain financial independence

4.4.2 Educational Attainment

The following analysis related to educational attainment of the study participants is supported by the data presented in Table 47 in APPENDIX E.

Table 24: Analysis on Related Responses on Educational Attainment

Participant	Do the owners/senior managers possess a tertiary education?	Highest level of education achieved
1	Yes	University diploma
2	No	High school, matric
3	No	High school, matric
4	No	University degree started but not completed
5	No	High school, matric

Two participants of the study have been exposed to tertiary level education, with only one having successfully completed a diploma. The highest level of education achieved for four participants in this study is matric.

4.4.3 Previous Industry Experience

To determine if previous industry experience impacts business success the following analysis was completed from data presented in Table 48 in APPENDIX E.

Table 25: Analysis of Responses Related to Previous Industry Experience

Owners/senior managers with previous experience in the logistics industry	P2, P3, P4	
Owners/senior managers with transferrable knowledge from experience in another industry	P5	
Owners/senior managers with no previous industry or relatable experience	P1	P1 joined the company out of university were a diploma in logistics was obtained

Except for P1, who started working for Company A immediately after the completion of a logistics diploma and has been at the company for more than 30 years, all other participants of the study had previous industry or transferable work-related experience.

4.4.4 Ambition

To evaluate the owner/senior managers business ambitions in relation to business success, the researcher linked this aspect to business growth and development. This is supported by the data presented in Table 49 in APPENDIX E.

Table 26: Analysis of Responses Related to Ambition

Strategies to Promote Business Growth	Company	Influencing Factor
Leveraging networks and the existing current customer base	A, B, C, D, E	
Marketing strategies like "word of mouth"	A, B, C, D, E	Company reputation
Complementary services offerings	A, C	

Participants indicated that their primary business development strategy is based on leveraging existing customer relations and current networks to source to new opportunities and grow the business. This is achieved using the following techniques:

- Leveraging networks and the current customer base to obtain new business opportunities either through referrals or new projects with existing clients (Company A, B, C, D and E)
- "Word of mouth" marketing predominantly based on company reputation (Company A, B, C, D and E)
- The establishment of complementary service offerings (Company C and E)

Owner/Senior Managers Final Perspective on Success

To confirm if the meaning of success adopted by this study holds true, the following question was posed in the interviews:

How do you define success in your business?

Table 50 in APPENDIX E shows that attributes of success identified in the response to this question supported those previously identified in the study which were included profitability and business survival.

4.5 Summary

All participants of the study provided in-depth insights based on their unique experiences of owning or managing a successful small to medium logistics enterprise. Participants expressed similar views on most of the questions proposed enabling the researcher to obtain a comprehensive view of the topic and ultimately determine which factors positively influence the success of logistics SMEs in South Africa.

The internal factors confirmed to have a positive influence in relation to business success included staffing decisions, the use of professional services, strategic business planning, cashflow and revenue management, technology adoption, location decisions, competitive strategy and customer relationship management. The analysis of external success factors proved to be less clear with only access to funding and capital clearly identified as a positive influencing factor of business success. In terms of owners/senior managers performance, having a clear motive to start a business, previous industry experience and ambition were all seen to have positive impact on business success, while educational attainment was not identified as a determining factor of business success.

The findings from the interview responses are discussed in the section that follows.

5 DISCUSSION

The study was guided by one central question: "*What key factors positively influence business success of logistics SMEs in South Africa?* The research question was addressed through the collection of qualitative data utilising a structured interview approach. The findings from the interview responses are discussed in the section that follows.

For the purposes of this study, a successful SME was defined as a business which was in operation for more than five years and which was generating a financial profit. Participants of the study were selected based on these criteria and this included five owners/senior managers of logistics SMEs in South Africa. The study aimed to better inform South African logistics SME owners/senior managers on priority business aspects to support long-term business success.

5.1 External Success Factors

5.1.1 Access to funding and capital

Existing literature indicates that access to funding and capital is significantly important to small and medium businesses [6], [28], [61], [70], [71], [72], [74], [75], [76], [78]. In South Africa, the SME sector has the potential to enhance economic development and generate numerous employment opportunities, thereby providing solutions to some of the country's most significant challenges such as poverty and inequality.

Findings of this study suggest that access to funding at business inception remains a challenge as owners must find ways to convince lenders that the business idea is viable and that the business will generate enough profit to repay the loan. This supports the findings of Ndwandwe [71] who explains that SMEs are severely impacted by South African banks' risk averse perspective on SME funding. From the analysis presented in Table 9 it was seen that non-bank related financial funding played a significant role at business inception for logistics SMEs as four participants of the study indicated that family funds or personal savings was used as a source of capital to start their businesses. From this, it is evident that South African financial institutions still impose traditional measures of assessing creditworthiness which include provision of financial statements and evidence of sufficient collateral, making it difficult for these institutions to justify providing loans to SMEs. Owners who did manage to obtain funding at business inception were able to do so by leveraging long-standing relationships already established with the banks due to a previous business venture or by providing evidence of sufficient collateral.

Participants expressed the view that by creating a good credit history, maintaining a good company reputation, developing long-term relationship with credit providers and building sufficient security for a loan, funding from financial institutions becomes more accessible. These findings are further reinforced by those presented in Chapter two by Zairani and Zaimah [72] who found that Malaysian banks would only provide funding to SMEs with good financial records, good collateral and those that proved to have a viable businesses idea and expertise in their field of operation.

While South African financial institutions remain inflexible to the funding requirements of logistics SMEs at business inception, access to other sources of funding is critical. It is evident that access to funding at business throughout the various stages of business development remains a critical factor to business success.

5.1.2 Availability of Skilled Workers

Four owners/senior managers of the study indicated that the availability of skilled workers in the logistics industry is an issue. From the analysis presented in Table 10, P2 (refer to key in Table 8), explains that the recruitment process is challenging as potential employees must be tested to determine if they have the abilities to fulfil job requirements. It was inferred that due to the unappealing operational work environment, the logistics industry often attracts lowly skilled employees as two owners/senior managers explicitly described efforts to train and develop staff members through formal or informal inhouse training programs, while other participants also implied that workers undergo on-the-job learning. To attract and retain employees, owners/senior managers offer competitive salaries and provide other benefits such as performance bonuses and convenient money lending policies. This ensures that the company does not have a high employee turnover. Therefore, initial investments in employee upskilling are justified as workers often stay at the company for many years, leading to business stability and employee dependability.

The analysis indicates that while the availability of skilled workers in the logistics sector is an issue, owners/senior managers are willing to groom employees to fit the required roles and often make notable efforts to retain employees. Therefore, it is inferred that the availability of skilled workers does not significantly impact business success of logistics SMEs in South Africa and hence it is not necessarily a determining factor of success.

5.1.3 Government Support

From the analysis presented in Table 11, it is evident that government efforts in building and supporting a conducive environment for new logistics business ventures are sorely lacking. This investigation indicated that government support services and financing are largely absent and unavailable, playing an insignificant role in relation to the success of logistics SMEs. Initiatives to establish new business ventures are often driven between owners and their personal sources be it assistance from other well-established organisations, family funded or personal savings.

All participants conveyed poor perceptions regarding government support. The senior manager from Company A and the owner of Company D both expressed that because these companies are predominately white-owned these businesses did not qualify for support as government policies are geared towards supporting previously disadvantaged groups. Interestingly, Company A provides support to a government organisation by training workers in the logistics sector through a government support program. It is inferred that this is done to improve the company's BEE ratings, thereby making it more attractive when tendering for work from large corporates who place emphasis on BEE scores. The owner of Company E expressed that support services are simply too difficult to access. The owner of Company C was unaware of any support services available to businesses operating in the logistics sector. While owners/senior managers of white-owned businesses attributed the lack of government support to government policy it was seen that even black-owned logistics SMEs of the study (Company C and E) faced these difficulties as none of the other companies in this study managed to obtain government support services. Therefore, the subtheme of government policy in relation to government support suggested by Company A and D cannot be confirmed. However, overall, the findings of the study support those by Ittmann and King [40] who expressed that there are no "focused, formal and centralised" programs by government in South Africa to assist logistics enterprises.

It is important that government cultivate a conducive environment to small business and support business culture. Therefore, government-based support services need to become more accessible to logistics SMEs and provide value and increased opportunities to these businesses.

Hussain-Naqvi [78] determined that inappropriate government support acts as one of the main factors of business failure. The focus of this study was centered on factors which positively influence business success and therefore no conclusions can be confidently drawn regarding failure factors. However, there is a general consensus from the participants of this study regarding the absence and unavailability of government support to logistics SMEs. Therefore, the results of the foundational data presented in of Chapter four suggest that government support does not act as a contributing factor to the business success of logistics SMEs in South Africa. Therefore, this factor is not viewed as a contributing factor to business success.

5.1.4 Public Infrastructure

There is common criticism among the participants of this study in terms of the lack of maintenance and degradation of public infrastructure. Due to the nature of the business, logistics SMEs rely heavily on public infrastructure such as roads, railways, airports and shipping ports to carry out daily activities. While two participants indicate that main transport road routes are adequately maintained (P1 and P5), there are numerous difficulties to overcome in more rural areas of the country due to poor maintenance, lack of investment in more sophisticated infrastructural facilities and the crime in these areas. The use of railway lines is also no longer a viable option. The repercussions of this are that goods are predominantly transported via road in the country, leading to increased traffic congestion and ultimately damage to both roads and vehicles, which in turn affect the operational efficiencies of logistics SMEs. This is evident from Table 33 in APPENDIX E where P4 explicitly stated that the lack of maintenance on public infrastructure has direct financial repercussions on the business.

South Africa has an extensive logistics infrastructure which enables these businesses to carry out their daily activities [34], [35], [36]. Therefore, public infrastructure in the case of logistics SMEs is essential to daily operations. However, the current state of public infrastructure and the related poor maintenance and safety conditions have a concomitant impact on business inefficiencies (longer transit times) and exposure to unnecessary expenditure (more frequent maintenance or replacement of assets to counter the effects of poor infrastructure maintenance). Therefore, for this study, public infrastructure cannot be confirmed as a positive influencing factor of business success.

5.1.5 Market Conditions

The relevance of the current Covid-19 pandemic and its impact on global markets prompted the investigation into how market conditions impact the success of SMEs.

In the case of Covid-19, market conditions caused business distress and disruptions. Even though Covid-19 can be classified as a “Black Swan” event that presented challenges beyond what is normally expected [123] the pandemic did highlight the importance of establishing risk mitigation strategies and the potential negative effects of market conditions on small to medium enterprises. From Table 34 presented in APPENDIX E, it is seen that P1, P4 and P5 explicitly stated “luck” had a role to play in business continuation during the pandemic, indicating a lack of preparedness to respond to Covid-19 market conditions. Business disruptions was attributed to a drop in service demand during the lockdowns that were imposed across the country. The analysis in Table 13 indicates that while Company B was not really affected and Company A, D and E moderately affected, Company C was severely impacted as work volumes decreased to 20% of usual. Company C was able to respond to this crisis because business debt was low. As such, money could be channelled into other areas of the business to ensure business continuity. The company is well-established and has been operating in the industry for over 47 years. As such, it was inferred that the experience and knowledge of the owner to invest in cheaper assets ultimately enabled the business to buffer the market conditions brought about as a result of the pandemic. As such, businesses should always be aware of market conditions to be able to adjust business operations to respond swiftly.

While Covid-19 has imposed devastating conditions on businesses globally, SMEs operating in the logistics sector largely faced moderate impacts for a short period of time due to the essential activities these businesses perform to sustain modern society. The findings of this study indicated that logistics SMEs in South Africa responded to the downturn by reducing expenditure, leveraging existing business relationships to obtain extra work and focusing on market responsiveness by extending their services to other organisations which required extra capacity. This was all done in an effort to ensure business continuity. This is supported by findings from a study conducted by McKinsey and Company [85] which indicated that South African SMEs are focusing on financial stability, access to new markets and customers and strong customer engagement to overcome the destabilising effects of Covid-19.

The findings of the study suggest that to compete successfully, business owners/senior managers must continuously review market conditions and adapt their businesses to ensure continuity and survival. While the findings of this study indicate that market conditions could have a negative impact on business operations, it did not directly support the idea that market conditions positively influence business success. Hence, the study could not conclusively classify market conditions as a factor of business success.

5.2 Internal Success Factors

5.2.1 Staffing Decisions

Largely due to their informal structures, SMEs are highly dependent on their employees to execute their roles effectively. These businesses also generally require staff to fulfil multiple functions hence, employees obtain an in-depth understating of distinct business elements. As such, it is important that SMEs attract the right employee for the right role and continuously work to ensure a low staff turnover.

From the analysis in Table 14 SMEs are often reliant on informal hiring methods like referrals from current employees. Hiring and appointment of staff members is largely dependent on employee experience. As such, these businesses often do not hire degree graduates, but rather develop and mould employees to fit the required roles. As the activities of logistics SMEs require closely monitoring to ensure no damages and loss or theft of stock while in transit or in storage. Therefore, staffing decisions in terms of training, staff development and staff empowerment is a key to business success. This requires a great amount of control over daily operations and as such, these businesses are highly dependent on their staff members.

5.2.2 Professional Services

All participants of the study sample acknowledged the frequent use of professional services. Raw data excerpts presented in Table 37 indicate that logistics SMEs rely on professionals such as accountants or lawyers to fulfil specialised business requirements. This includes completion and auditing of financial documents and tax returns, and contract management to improve the operational and financial performance of the company.

As these businesses have begun to adapt to market requirements and conform to operational structures, the demand for professional services is clearly evident. Accounting, legal and financial advisory services contribute directly to the success of logistics SMEs by guiding business strategies, ensuring regulatory compliance and facilitating contract management to mitigate business risks. From the analysis presented in Table 15 it is seen that four businesses of the study sample do not employ professionals fulltime. However, the CEO of Company A is a chartered accountant and a director of the company is a lawyer. In relation to this finding, it is interesting to note that Company A is the largest and oldest business of the study sample, potentially indicating that the more integrated professionals are in the business the better the chances are of business growth and sustainability. Therefore, this study supports the findings of Rogerson [28], Lussier [61] and Aigbavboa et al [63] advocating that the use of professional services positively impacts business success.

5.2.3 Strategic Business Planning

Strategic business planning is important to set clear goals and ensure effective development, communication and implementation of processes in order to achieve the long-term goals of the business and satisfy the needs of relevant stakeholders such as suppliers, customers and employees [124]. Literature suggests that business planning forms the foundation for SME growth and success by providing assurance to lenders, detailing business actions, improving decision making and ultimately guiding the company to achieve their goals and objectives [42], [59], [60], [61]. However, these businesses generally avoid formal planning due to their typical unstructured and informal ways of work.

Majority of the participants emphasised that their predominant business strategies are geared towards ensuring business sustainability and long-term growth. Hence, the subtheme of sustainability planning was identified. It was inferred that a conservative approach to businesses growth is adopted, as expansion strategies are predominantly built on sustainable growth opportunities realised through the existing customer base. As the logistics industry requires small businesses to make substantial investments in assets, if too much is invested too quickly, excess capacity is created, which, in-turn, results in under utilisation of assets and poor return on investments. “A stepwise approach to growth and with continuous review of the health of the business without over investing” as stated by P2 supports this notion. Planning strategies were also seen to address how these businesses meet their obligations (Company B and Company C). This is achieved through lowering costs and maximising the utility of assets and resources. Therefore, the subtheme of operational efficiency was also identified. Participants of the study indicated that business planning initiatives served to promote the business goals of profit generation, growth and customer satisfaction.

While no participants explicitly stated the formalisation of business plans, all confidently articulated supporting actions carried out to meet the goals and objectives of the organisation. Evidently, the results of this study support extant literature [44], [61], [62], [63]; business planning (whether formal or informal in nature) and defining business objectives assists owners/senior managers to orientate and guide business activities to achieve long-term goals.

5.2.4 Cashflow and Revenue Management

Cashflow and revenue management is of particular importance to small and medium businesses. By improving the financial position of the organisation, SMEs have better prospects of long-term survival and success [125]. Results indicate that cashflow management methods often rely on strict controls of expenditure. From the analysis in Table 17 all study participants indicated that that cashflow is indirectly managed by controlling expenditure. Customer relationship management was seen to have an influential effect on revenue management as revenue management techniques are predominately associated to building a stable customer base. SMEs are highly reliant on the on-time payment of accounts from customers. As such, these businesses generally partner with reliable customers and maintain strong, trustworthy customer relationships. Company B and Company D make use of professional services to help guide the cashflow and revenue strategies of the business. Therefore, the use of professional services was also identified as an influential factor of cashflow and revenue management.

Overall, the findings were consistent with that of Aigbavboa [63]; effective cashflow and revenue management is essential to small business success.

5.2.5 Technology Adoption

Literature suggests that very few logistics companies are willing to adopt new technologies despite the current period of rapid technological growth characterised by the Fourth Industrial Revolution (4IR) [37]. However, the results from this study indicate that logistics SMEs realise the value of investing in technology, even though some participants displayed a sense of hesitance, all SME decision-makers acknowledge the benefits of new technology adoption.

Four participants are currently making use of or will soon adopt sophisticated IoT platforms for vehicle tracking and asset management. This enables transparent and responsive logistics functionality by tracking and tracing the movement of goods in real time and managing the risk of theft [37]. Company B makes use of a sophisticated TMS system while Company A also displayed willingness to embrace these advanced logistics technologies.

SME owners/senior managers utilise technology adoption to manage communication and information sharing with key customers and create a competitive advantage through the adoption technologies from their larger clients in order to embed their businesses into the operations.

Proactiveness and urgency of the owner/senior manager is essential, as they are key drivers of new technology adoption. The owner of Company C admits to being “slack” in terms of the implementation of new businesses. The owner lacks the initiative to implement new systems as this process is perceived as time consuming. It was inferred that the owner is hesitant as the adoption of new technologies is often a tedious and costly process requiring training upskilling of workers. If implemented incorrectly, new technology does pose the risk of destabilising the business. Company C is the second oldest business in the study sample, which suggests that the age of the firm could be an influencing factor of technology adoption. It is acknowledged that Company A is the oldest in the study sample, however, efforts to keep up with newer technologies have been made and the company is exploring further initiatives to adopt more sophisticated software. As Company C has not kept up with newer technologies, the adoption of these at this stage could prove challenging and intimidating as legacy systems can often be difficult to change and replicate. This could explain the owner’s hesitance to adopt newer technologies.

All participants acknowledged the use of payroll systems, with the owner of Company C once again admitting use of rudimental methods and Excel software to manage the payroll functionality. In alignment with the findings from the 2018 SME Survey [84], the consensus among the participants of the study is that if the accounting package can fulfil the basic accounting needs of the business, owners/senior managers are content to continue using these instead of exploring other software offerings.

The overall results from this study indicate that logistics SMEs are ready to embrace new technologies to improve core operations if the investment is justified and makes business sense. Given the nature of the industry, the adoption of new technologies keeps these businesses relevant and competitive, ultimately promoting business success.

5.2.6 Location Decisions

For logistics SMEs, locations decisions involve selecting an area from which the business can successfully operate. Heizer and Render [126] explain that the objective of location decisions is to maximise the benefits of the business as this significantly impacts a company’s performance. Therefore, this is often a long-term, strategic decision which is influenced by cost, infrastructure, political and economic factors, competitive advantage, availability of labour as well as the proximity to suppliers and customers [80].

Three SME owners chose to operate in their hometown. Business owners therefore had local familiarity and were able to identify and capitalise on local market opportunities. In addition, it was also found that these SMEs are located in areas of intense logistics activities with a cluster of logistics businesses to attract potential customers. Proximity to ports, main road routes and customers are also considered in relation to business location. This enables close working relationships and allows SMEs to enhance customer experiences through personal interactions or bespoke service offerings. Over the years, businesses also expanded their locations to suit their business needs. Three participants from the study sample indicated that they operate from more than one business location, which affords them a larger geographic footprint, easier access to customers and new business opportunities. This is supported by Lumbwe et al [80] who found that the starting point of many SMEs are based on informal decisions such as the hometown of the business owner and change as the business develops and grows.

The results clearly indicate that in the case of logistics SMEs, location decisions have a direct effect on business success.

5.2.7 Competitive Strategy

For logistics SMEs, competitive strategies are predominantly based on service delivery, where service delivery relates to the competitive dimensions of delivery speed, dependability, flexibility, and cost. Results further indicate that SMEs aim to create sustained competitive advantage by providing reliable, tailor-made service to their customers, which instills customer confidence and, in turn, positively influences growth and profitability. Therefore, the core competitive strategies of logistics SMEs is another factor to business success.

Influencing factors favouring competitive strategy were identified in the analysis presented in Table 20 and included company reputation and communication. Maintaining a good reputation ultimately affects the ability of these companies to obtain repeat work and effective communication leads to improved customer satisfaction, once again increasing customer satisfaction and the chances of securing repeat work.

5.2.8 Customer Relationship Management

Given that logistics is a service-based industry, the analysis in Table 21 confirms that customer relationship management is critically important to owners/senior managers of logistics SMEs. Participants of the study sample perceive CRM as the fulfilment of customer requirements to achieve customer satisfaction. Establishing and maintaining trustworthy relationships, excellent service, offering tailor-made services, effective communication and maintaining a good company reputation were identified as the most important elements of customer relationship management.

Extant literature supports the need for SMEs to develop trusted and long-term relationships with customers as this promotes business sustainability and growth [44]. Leveraging these relationships is vital to securing repeat work. New opportunities may also arise from customer referrals or complementary service requirements.

Lampadarios [44] suggests that close customer relations can improve the competitive advantage of SMEs. The results of this study support this finding as logistics SMEs frequently offer bespoke services to suit their customers' requirements. This allows these businesses to gain an intimate understanding of their customers daily logistics functions and these small businesses soon become embedded into their customers operations.

For logistics SMEs, the role of communication and information sharing regarding the daily operations could not be more overemphasised by participants. These companies were seen to place a considerable emphasis on keeping customers informed on the daily operations. Further to this, if any issues arise, owners/senior managers insist on personal involvement to ensure the matter is resolved swiftly. Effective communication with customers and suppliers enables collaboration, improves decision-making, facilitates long-term and sustainable relationships by providing transparency of the operation and enables SMEs to better understand, and therefore fulfil, their customers' needs. The transparency of daily operations engenders supplier confidence, providing further business stability and opportunities for growth.

Lampadarios [44] further explains that the basic activities that form part of customer relationship management require interactions between SMEs and their customers. These interactions influence the reputation of the business. Participants of this study stressed this point and clearly indicated that because business reputation is extremely important, customer satisfaction is key. A good reputation supports SME success by providing the foundation on which to establish trustworthy working relationships with customers, contributing towards creating a loyal customer base from which repeat business is secured and new opportunities manifest to grow and develop the business.

The results evidently show that developing and maintaining a trusted and close relationship with customers significantly improves small business success. Therefore, CRM is confirmed as a contributing factor of business success.

5.2.9 Innovation

Innovation enables businesses to deliver new and improved opportunities to stay relevant and build a competitive advantage. It also supports business development and growth. Literature suggests that innovation should be part of the business strategy and that fostering a culture of innovation to improve productivity and performance ultimately increases the probability of business success [127].

Company B deemed this as sensitive information therefore no insights to business innovation were provided. Company A and Company C have both previously latched onto new ideas to expand their service offerings stemming from customer requirements. This has resulted in the successful establishment of a warehousing and packaging business, respectively, to complement their original transport businesses. Notably, these businesses are the oldest in the sample set as seen in Table 8. Company D expressed conservative views in relation to business innovation, explaining that the focus remains on excelling in current service offerings. Company E is actively looking into expand their services into complementary business areas.

Findings suggest that age of the company plays a role in the level of business innovation. This was inferred as the older, more established business from the sample set, such as Company A (operating in the logistics sector for 66 years) and Company C (operating in the logistics sector for 47 years) have been able to successfully derive complementary new business operations and have honed the opportunities stemming from related customer requirements, whereas younger business such as Company D and Company E are focused more on stabilising and growing their current transportation businesses and have not been able to seize these opportunities as yet. Further to this, the motivations of owners/senior managers is an influencing factor of business innovation, as it was seen that owners/senior management must drive business innovation and want to evolve the business. As such, it is seen that innovation can be deemed as a success factor for older, more established businesses, however this is not the case for younger South African logistics SMEs.

5.3 Owner/Manager Performance

5.3.1 Motive

Starting a small business is challenging. As such, owners must have a driving motive to want to establish and run their own businesses. In addition to the existence of a market need and identifying a business opportunity, owners of the study were simultaneously driven by various other motives for establishing a small to medium business. This included the desire to run their own business, create better working conditions and increase earning potential to achieve financial independence.

While motivations vary, results point to the fact that a business need must exist, and the owner must have a driving motive to successfully establish a business.

5.3.2 Educational Attainment

If tertiary education represents the benchmark of a "high-level education", then most participants of this study have not been exposed to or obtained high levels of education.

Two participants of the study (P1 and P3) have had exposure to formal tertiary education, with only one participant (P1) having completed a diploma. The remaining participants highest level of education is high school, yet all participants of this study own or manage successful logistics SMEs. Owners/senior managers did acknowledge that a higher education level could prove useful to entrepreneurs, but that it was not necessarily an indicator or influential factor of business success. Rather, business experience and industry exposure were viewed as more valuable than the completion of a university qualification. This is particularly supported by the following raw data excerpt from P3 in Table 47: "being able to work in the industry and the experience is more useful". Therefore, contradictory to the existing literature [28], [61], [62], the findings of this study indicate that the owner/senior manager educational attainment does not dictate or influence the success of logistics SMEs in South Africa.

5.3.3 Previous Industry Experience

A review of the literature suggests that the success of an SME is closely related to the owners/senior managers previous experience [66], [61], [75], [76], [78]. Previous industry experience enables owners/senior managers of logistics SMEs to gain an intimate understanding of the sector and enables application of appropriate business strategies to achieve business goals.

For those participants who took over family businesses (P3), training and experience gained in the industry proved to be advantageous. For others who started out in non-logistics related sectors (P5), transferable skill sets such as bookkeeping experience enabled them to manage and understand basic business fundamentals. Majority of the owners/senior managers have previous industry experience or related business experience. This is the exception only for one participant (P1). However, P1 was the only participant to have completed a related university qualification and has been working for Company A for over 30 years. This interesting finding suggests that related university qualifications may therefore be comparable and equivalent to early industry experience.

Findings of this study indicate that previous industry experience enables owners/senior managers of logistics SMEs to enter the business market with confidence and an intimate understanding of the sector and market requirements and, in turn, the ability to apply this knowledge in business practice. Therefore, previous experience (where the owner/senior manager has obtained industry experience or transferable knowledge), is a key factor of business success, especially when considering the relatively low levels of educational attainment of the majority of owners/senior managers in this study.

5.3.4 Ambition

To evaluate the owners/senior managers business ambitions in relation to business success, the researcher linked this aspect to business growth and development.

It is noted that owners/senior managers do have ambitions to grow however, this is approached cautiously. All participants indicated that their primary business development strategy is based on leveraging existing customer relations and current networks to source for new opportunities and grow the business. This is achieved by marketing the company on its reputation. Strong positive reputations lead to customer trust and loyalty; hence businesses leverage their good reputations to promote business growth. As previously described in this Chapter, operating in the logistics industry requires SMEs to make substantial investments in equipment and facilities, which must then be effectively utilised for the company to earn a profit. As such, logistics SME owners/senior managers cautiously look for ways to expand and grow their companies sustainably. This can account for why growth strategies are predominately based on established relations with existing customers; owners/senior managers are provided with secure means of growth. This risk-averse approach to growth ultimately promotes business success.

5.4 Summary

To answer the research question, various factors related to business success of SMEs were identified, analysed and discussed. These were grouped into three main categories, namely, external factors, internal factors and owners/managers performance.

The internal factors confirmed to have a positive influence in relation to business success included staffing decisions, the use of professional services, strategic business planning, cashflow and revenue management, technology adoption, location decisions, competitive strategy and customer relationship management. Building and maintaining close and trustworthy working relations with customers is key to sustaining business growth. Repeat business is gained through providing good customer service and establishing a loyal customer base, while new opportunities arise from referrals due to good company reputation. Therefore, close attention should be paid to customer relationship management as this factor is essential to business success. Owners/senior managers also recognise that new technology adoption enables businesses to stay relevant and competitive, ultimately promoting business success. The concept of innovation was also posed. It was seen that innovation as a success factor was dependant on the age of the company. While innovation played a key role in the business success of older, more established companies of the study through the establishment of new complementary business ventures, younger companies tend to focus on improving and sustaining the primary established business and innovation therefore does not qualify as a success factor.

While business owners are able to exert control over internal factors, external factors present a unique challenge to SME leadership as this is beyond the control of company management. The analysis of external success factors proved to be less clear with only access to funding and capital clearly identified as a positive influencing factor of business success. Findings indicated that the availability of skilled workers is not necessarily a determining factor of success as owners/senior managers are willing to upskill and make notable efforts to develop and retain employees. While logistics SMEs are dependent on public infrastructure to execute daily business activities, the lack of maintenance and investment into these facilities expose small businesses to increased expenditure and business inefficiencies. All participants have not received any form of government support and owners/senior managers of the study sample displayed a lack of knowledge awareness of any government initiatives geared towards supporting logistics SMEs. While it was seen that market conditions could have a negative impact on business operations, the findings of this study did not support the idea that market conditions positively influence business success. However, it was inferred that market conditions must be conducive for businesses to operate. Hence, the study could not conclusively confirm if market conditions is a determining factor of business success.

In terms of owners/senior managers performance, having a clear motive to start a business, previous industry experience and ambition were all seen to have positive impact on business success. All five are owners/senior managers of the study sample are successful small business owners, yet only one had obtained a tertiary qualification. Therefore, educational attainment was not classified as a determining factor of business success. However, the experience of the owners/senior managers and their ability to capitalise on their industry knowledge is significantly important.

5.5 Revised Conceptual Framework

This research study was undertaken with the intention to provide guidance to new and existing SMEs on how to channel their efforts to focus on relevant business aspects to achieve success. The findings and discussions of Chapters four and five were based on a combination of the existing literature and the perspectives of owners/senior managers of logistics SMEs in South Africa. Taking into consideration the findings of the study, the conceptual framework for critical success factors of logistics SMEs in South Africa was refined and presented in Figure 10.

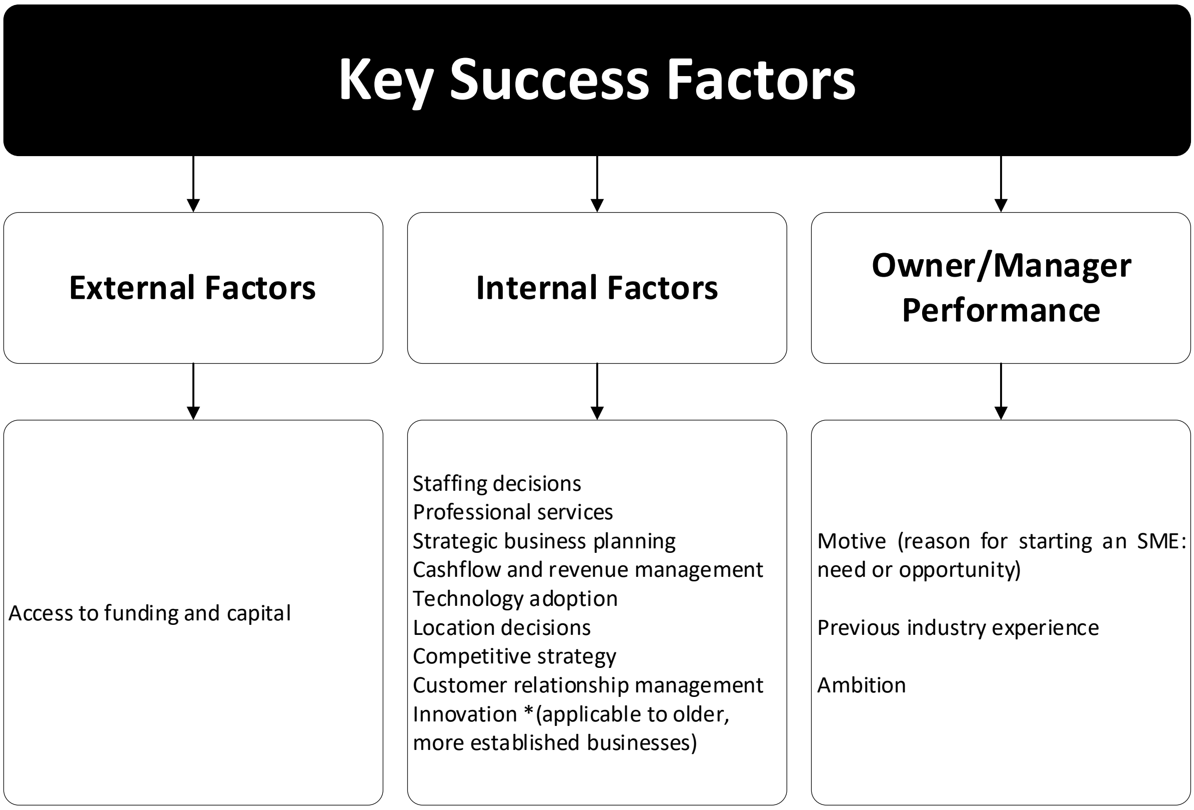

Figure 10: Revised Conceptual Framework

Figure 10 represents the factors which were identified as having a positive influence on the business success of logistics SMEs in South Africa. While this study provides a set of key factors related to business success, it must be noted that it is not an absolute list due to the interrelated nature of the subject matter. The study also recognised that success is achieved through simultaneous efforts made across various business aspects.

6 CONCLUSIONS AND RECOMMENDATIONS

Small and medium businesses are fundamental to economic growth and development in South Africa [1]. Traditional structures and policies have propagated inequality contributing to extreme poverty [21]. Unemployment rates have been increasing since 2008 with approximately 55% of the population living below the poverty line [8]. SMEs potentially have a significant role to play in reenergising South Africa's ailing economy and improving the country's wealth distribution as these organisations have tremendous opportunity for job creation and positive economic stimulation. Research shows that South Africa is made up of relatively young businesses with approximately 60% of owners currently in operation for less than three years [4]. As such, this research aimed to determine key factors contributing to the long-term success of logistics SMEs in South Africa by obtaining in-depth insights from successful SME owners/senior managers in relation to the factors identified in the conceptual framework.

6.1 Research Objectives Addressed

The first objective was to develop a conceptual framework from the existing literature to identify key factors of small business success. In order to achieve this key concepts and related works on the topic were reviewed. Due to the multifaceted nature of the subject, multiple success factors were identified. A consolidated view of the identified success factors was then presented and, from this, a shortlist of factors for consideration in this study was determined through the development of a conceptual framework. Objective one was fulfilled.

Objective two focused on determining if the factors identified positively influenced the business success of logistics SMEs in South Africa. In order to achieve this, an in-depth structured interview was conducted with five owners/senior managers. From this, content analysis techniques were used to analyse the business practises of logistics SMEs in relation to the pre-determined factors identified in order to confirm positive influencing factors of logistics SMEs. It was found that not all factors positively influenced the business success of logistics SMEs. The objective was therefore fulfilled.

Lastly, for objective three, the original framework was refined in accordance with the findings of this study and presented in Chapter five, section 5.5. Figure 10 represents the revised conceptual framework. Objective three was therefore fulfilled.

6.2 Research Question Addressed

The study was guided by one central question: "*What key factors positively influence business success of logistics SMEs in South Africa?* The research question was addressed through the collection of qualitative data utilising a structured interview approach. To answer the research question, various factors related to business success of SMEs were identified, analysed and discussed. These were grouped into three main categories, namely, external factors, internal factors and owners/managers performance. The analysis of participant responses and interpretation thereof enabled the confirmation of positive influencing factors of business success.

While this study provided a set of key factors related to business success of logistics SMEs, it must be noted that it is not absolute due to the interrelated nature of the subject matter. The study also recognised that success is achieved through simultaneous efforts made across various business aspects.

6.3 Research Problem Addressed

The overarching issue driving this research was how to improve long-term success of logistics SMEs in South Africa. The findings of this study deliver value through the identification and confirmation of key contributing factors of success. The discoveries made have the potential to increase the understanding and knowledge of existing and potential owners/senior managers of logistics SMEs in terms of critical aspects related to success and may serve as a guide in terms of how to focus and direct business efforts.

6.4 Significance of Findings

This study recognised the importance that small and medium businesses play in the economy and that additional assistance and research should be focused on enabling successful management of these businesses. Therefore, this research study aimed to identify and confirm key factors which may contribute to the success of logistics SMEs in South Africa. Due to the ease of access to data for the researcher, coupled with the fact that South Africa's logistics industry is one of the biggest contributors to the country's GDP [4], this study focused on SMEs in the logistics sector. Key contributing factors of success were determined through the development of a conceptual framework based on existing literature and confirmed by obtaining in-depth insights from five successful owners/senior managers of logistics SMEs. The study does not claim to provide an exhaustive list of contributing factors of success but rather serves as a guideline to SME owners/senior managers of logistics SMEs in South Africa in terms of how to coordinate and focus efforts and resources on critical aspects to improve business competencies and achieve long-term success. The findings of the study may also prove useful to policymakers and government organisations in drawing attention to the need for adequate maintenance of public infrastructure and helping to develop relevant support structures such as skills-training and mentorship initiatives to enhance logistics SME growth, development and long-term success.

The successful development of logistics SMEs and their ability to operate and thrive in the South African environment is vital not only to achieving economic prosperity, but also to ensuring sustainable, flexible and efficient logistics practices to meet the future demands of this challenging industry.

6.4.1 Practical application for managers

To practically utilise the findings of this study owners/senior managers can relate key factors presented in the revised framework to the overall goals of the company. Thereafter, plans to achieve key targets in relation to the identified success factors can be drawn up. Methods of tracking progress to assess if the outcomes are satisfactory can then be established. To promote a more integrated and collaborative business approach, plans should be communicated to employees and implementation of specific tasks in relation to outlined targets can be carried out by members of staff.

While the factors in focus will vary from company to company depending on the objectives of the business at a particular stage, the framework will ensure that relevant aspects are consistently selected and in focus to promote long-term business success.

6.4.2 Practical application for government stakeholders

Government-based organisations can utilise the findings of the study to establish focused and formalised programs aimed at training and supporting logistics SMEs. These organisations could also recruit established logistics SMEs to form part of these programs in an effort to promote knowledge sharing. To prove impactful, government organisations must ensure that these initiatives are well-communicated and reach the relevant stakeholders. Policies regarding maintenance and investment into public infrastructure can also be realigned to improve general standards of maintenance and address concerns raised in this study by owners/senior managers.

6.5 Limitations

Limitations of a research study are characterised by the design or methodology that influence the interpretation of findings [128]. As such, this study acknowledges the following limitations:

- Recall bias due to participants having to recall previous experiences and provide insights that may be older than five or more years.
- Historical data used which was older than five years may no longer be relevant.
- The study was conducted during the Covid-19 Pandemic, which may have influenced the findings.
- The deductive method approach utilised in this study does impose some disadvantages. Even though a considerable number of factors were shortlisted for investigation, in developing an initial framework with pre-determined factors for consideration the study could have omitted other relevant factors which impact business success.

6.6 Recommendations

Given the critical role logistics SMEs play in society, further research should be conducted to gain a deeper understanding of the success factors of these businesses. Therefore, recommendations for future studies include:

- Expansion of this study to include a wider geographical footprint and sample size.
- A comparison of the findings of this study in relation to the success factors of logistics SMEs in other regions.
- Repetition of this study under normal conditions as this study was conducted during the Covid-19 Pandemic.
- Repetition of this study utilising a different methodology (e.g. quantitative methods) to corroborate findings.

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APPENDIX A – Participant Information Sheet

Date

Dear Owner/Manager,

<u>Re: Participation in Research on Key Factors Influencing Business Success of Logistics SMEs in South Africa</u>

I am a part-time MSc student in the School of Mechanical, Industrial and Aeronautical Engineering at the University of the Witwatersrand, under the supervision of Dr Bruno Emwanu. My MSc title is: *Key Factors Influencing Business Success of Logistics SMEs in South Africa.*

I would specifically like to understand the key business success factors that has played a part in the survival and success of your company.

I would like to formally invite you to participate in this study. As an owner/senior employee of a successful logistics SME in South Africa, your knowledge and experience would contribute significantly.

The study will be conducted between October 2020 and April 2021. Involvement in the study would entail one (1) or two (2) telephonic interviews with you, as the owner/senior employee, at your convenience. During these interviews I would like to understand how your company operates, and more about the factors pertaining to development, survival and growth of your business. Any follow up questions will be communicated to you on an ad hoc basis via email.

Participation in the study is voluntary, and you may withdraw at any time. Anonymity (regarding company name and any owner/manager/employee names) and confidentiality of information provided will be assured and respected. I would like to record the interviews, so I can later transcribe them. Your consent at the time of the interview will be requested. If you do not wish the interviews to be recorded this will be respected.

The results of the study will form part of my MSc dissertation report and may also be reported in academic papers and at conferences. A summary of the results of the research will be made available to you on request.

Please contact me if you have any questions regarding the research and participation in the study.

I look forward to hearing from you.

Yours faithfully,

Kirthi Desraj
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APPENDIX B – Consent Form

Dear Participant,

Thank you for accepting to participate in this study. Please complete this consent form as you see appropriate. By signing this consent form, you are indicating that you have read and understood the description of this study and that you agree to the terms as described below:

	Mark with X	
	YES	NO
I confirm that I have read and understood the information about this study as provided in the participant's information sheet.		
I understand that my participation is voluntary and that I am free to withdraw at any time without any penalties or negative consequences against me.		
I grant permission for the interview to be audio recorded.		
I agree that the information I provide may be treated as strictly confidential and anonymous and only the research team will have access to the interview data.		
I understand that the information acquired from the interview will not be recorded in excess of what is required for this study.		
I agree that the results of this study may be recorded in academic journals and at conferences.		
I have had the opportunity to ask any questions related to this study and I have had all my questions answered to my satisfaction.		
I may request a report summary, which will come as a result of this study.		

With full knowledge of all above-mentioned terms, I agree to participate in this study.

Participant		Consent taken by	
Name		Name	Kirthi Desraj
Signature		Signature	
Date		Date	

APPENDIX C – Interview Protocol (Adopted from [129]**)**

1) Introduce self and thank participants for willingness to partake in the study.
2) Re-iterate the background and purpose of the research.
3) Present consent form, review contents and answer any questions or concerns of the participant.
4) Obtain participants verbal consent to record interview and commitment to sign and return consent form.
5) Turn on Microsoft Teams recording functionality.
6) Begin the interview from section one and continue through to section four.
7) Engage participants with additional questions for clarification.
8) End interview and thank participants again for their contribution to the study.
9) Request permission for further contact for any follow up questions or clarification of answers provided.

Kindly remind participants to send through a signed consent form via email.

APPENDIX D – Interview Questions

INTERVIEW QUESTIONS

SECTION 1: COMPANY BACKGROUND

1) When was the company started?
2) What services do you offer in the logistics industry e.g. transportation, warehousing or consulting?
3) How many employees do you currently have?
4) What area is the business situated in?
5) Describe your daily operations and what this entails.

SECTION 2: EXTERNAL FACTORS

Access to Funding and Capital

1) How did the owner acquire the financial resourcing to start the business? / How did you acquire the financial resourcing to start the business?
2) What role does finance from banks currently play in your business [129]?

Availability of Skilled Workers

3) Are you affected by the availability of skilled workers in the logistics industry? If yes, how so?
4) How do you attract and retain your employees?

Government Support

5) What government support services were available to you when you started your business [129]?
6) Do you feel that government support services are easy to access? If yes, why so? If no, why not?

Public Infrastructure

7) Do you find the local infrastructure adequate for your business needs? If yes, why so? If no, why not?

Market Conditions

8) How has the Covid-19 pandemic affected your business and how have you responded to this?

SECTION 3: INTERNAL FACTORS

Staffing Decisions

1) How do you go about finding and hiring the right employees?
2) How do you ensure that your employees know what is expected of them e.g., training programs or issuing SOPs?

Professional Services

3) What role do any professionals play in your business, e.g., accountants or lawyers [129].

Strategic Business Planning

4) Over your years of operation, what business planning strategies did you implement to ensure business success [129]?
5) What are your company's goals, and do you feel like these are achieved?

Cashflow and Revenue Management

6) Describe your strategies in place to manage cashflow and revenue.

Technology Adoption

7) What technological systems do you have in place, e.g. payroll systems, a WMS or TMS?

Location Decisions

8) Why did you choose to operate in your location?

Competitive Strategy

9) How do you manage and respond to industry competition, e.g. are you flexible or do you offer bespoke services?

Customer Relationship Management

10) How do you attract, retain, and satisfy your customers [129]?

Innovation

11) Describe any initiatives/investments in new business ideas/opportunities?

SECTION 4: OWNER/SENIOR MANAGER PERFORMANCE

Motive

1) Why did you start your business? / Why did the owner start the business?

Educational Attainment

2) What is your educational background [129]?

Previous Industry Experience

3) Did you have previous knowledge/expertise in the logistics industry? If yes, please tell me more about this. If no, in what industry did you previously work in?

Ambition

4) How do you promote business growth?

Owner/Senior Managers Perspective on Success

5) How do you define success in your business?

Interview Closeout

Is there anything else you would you like to share about your experience of owning or managing a successful small business [129]?

APPENDIX E – Key Interview Responses

All transcribed interviews were reviewed, and a summary of the key responses has been presented in Tables 27 – 51. To maintain confidentiality and anonymity of both participants and their organisations sensitive information has been blacked out.

Table 27: Key Interview Responses to Access to Funding and Capital – 1 [Consolidated by Author]

COMPANY	KEY RESPONSE
A	"It was family funded back then."
B	"it was financial institutions in the beginning"
C	"at the very, very beginning it was a combination of financial institutions and family funds"
D	"we started the business with an available credit I had on a credit card which wasn't much"
E	"we saved capital to start off"

Table 28: Key Interview Responses on Access to Funding and Capital – 2 [Consolidated by Author]

COMPANY	KEY RESPONSE
A	"We've been with [redacted] for all the time I can remember. So since the conception basically of [redacted] was a customer and a good one. We have a very good rating with them."
B	"we would not buy anything, truck or trailer, if we could not buy it cash."
C	"dad had a distinct advantage in that he was already known by the financial institutions and he already had a track record with them for about 30 to 40 odd years." "so the banks were confident with us and they knew who they were dealing with and with dads track record from his previous business they were happy to fund."
D	"A very big role." "the financial wellbeing to get finance is very important in our business"
E	"Initially it was our own and eventually as we realised we had to grow the business, that was when we applied through financial institutions for funding and then we continued using the bank to finance our vehicles."

It was seen that family funds were the source of capital for Company A. Over the years, Company A has built a solid relationship with their financial provider and have maintained a good credit record.

While Company B did apply for loans at business inception, they have adopted a conservative approach and make use of a cash-only strategy, with financial institutions playing a minimal role in the business. However, P2 did express that if necessary, access to funding from the bank is available.

A mix of both family funding and bank loans served as the source of capital for Company C. Currently, access to funding is not an issue. This is in part due to their long-standing association with the bank which has fostered a trustworthy business relationship.

While having no current issue with access to funding, P4 stated that the business was started using the available credit on a credit card. Company D struggled to obtain a loan initially however, when the business displayed a good financial standing access to funding became obtainable.

Personal savings funds were used as the source of financing to start Company E. As the requirement for growth became more prevalent Company E approached financial institutions for funding. This was granted based on the good credit history of the company.

Table 29: Key Interview Responses on Availability of Skilled Workers - 1 [Consolidated by Author]

COMPANY	KEY RESPONSE
A	"we basically develop the people from ground level"
B	"If you maybe need five drivers, you could go through 40 guys so that's the big problem. Generally, when we test drivers about 90% of them fail on the Jard test and then a further 5 or 6 or 7% fail on their reference checks. So, it's a very small quantity of drivers that actually meet the criteria and currently we are short staffed but to meet the criteria that we require is a challenge."
C	"we do have a challenge finding local South African drivers that meet the criteria"
D	"Yes, we do have these challenges. We must basically test and train and develop people for the job."

E	"No, we are not." "We don't have an issue"

Table 30: Key Interview Responses on Availability of Skilled Workers - 2 [Consolidated by Author]

COMPANY	KEY RESPONSE
A	"What we have done is to try and broaden our perspective, especially with Black Empowerment. We have put in place a community forum. Basically, it's a non-profit organisation with four independent directors and they own 26% of [redacted] and all that money gets redistributed within the community." "Part of our winning strategy is that you need to have people putting in the extra effort knowing they are going to eventually get the fruits of their labour."
B	"we look after our drivers and see that they are getting actually very good salaries"
C	"Look, at the end of the day, it all comes down to money. Well, there's 2 things, money and the environment." "we pay as per bargaining council recommendation… but it seems even that is a bit of a challenge. We have to look and review it. Other companies are paying more."
D	"Look, this is not a very, how can I say, attractive industry." The hours are long and it's tough. We try keep our workers happy by paying them well and also just looking out for them."
E	"we follow the rules or the bargaining council" "plus if we see performance wise they did well then we also add on top of their bonuses."

Company A most often trains and develops employees for roles from ground roots. P1 indicated that as a result, the company has invested extensively in training programs: "We also are a training facility which was established years ago so we do most of our training inhouse." P1 also stated that the company has established a community forum in which the previously disadvantage groups in South Africa now holds 26% share in the business. This was done in an effort to reward and retain employees.

Company B experiences difficulties with the availability of skilled workers. P2 indicated that the hiring process is tedious as many people apply for the job but do not meet the requirements. The company offers workers good salaries and other benefits (i.e., funeral policies and convenient money lending policies) to improve employee retainment: “And when some of the drivers are working longer than five years and they come to us and ask can you help me with a car then we will help them”.

P3 also stated that finding and hiring employees is challenging. Paying the average wage has caused issues in terms of attracting and retaining skilled workers. This is due to other companies in the sector offering a higher remuneration.

P4 indicated that finding skilled workers is a challenge and have adopted an approach to train and develop employees to the required standard. In terms of employee retainment, Company D focuses on offering employees satisfactory salaries and trying to fulfil relevant employees’ requirements to keep their staff happy.

P5 stated that they have no issues with availability of staff and that workers are recognised based on their performance and are compensated well.

Table 31: Key Interview Responses on Government Support - 1 [Consolidated by Author]

COMPANY	KEY RESPONSE
A	“Okay, when the company started it was everyone for their own so there was no real government support at that stage. Currently, we are registered with [redacted], so we do support them and then we also get contracts for skills development.”
B	“No, no, there was nothing.”
C	“No, there wasn’t. Nothing was available and we are not contracted to any government departments and we have not had any assistance from government at all.”
D	“No.”
E	“No government support at all.”

Table 32: Key Interview Responses on Government Support - 2 [Consolidated by Author]

COMPANY	KEY RESPONSE
A	"No, it's not easy. I think we struggled a few years to get onboard with [redacted]"
B	"No."
C	"No, as far as the logistics sector goes, generally, I'm not aware of any government assistance in this sector."
D	"That's the one thing with being a white only owned company, services aren't available to us."
E	"No, they are not easy to access. We have tried for funding, but it didn't work out because the requirements are so strict and so difficult that we just didn't go that route after our first failed attempt."

Table 33: Key Interview Responses on Public Infrastructure [Consolidated by Author]

COMPANY	KEY RESPONSE
A	"Okay, in most cases we use the main routes and that's kept up to date, so we won't have a problem there, but in the rural communities like rural Northern Cape especially North West the roads are in poor condition." "You can't use rails safely and reliably any longer."
B	Question misinterpreted by P2. The researcher was unable to obtain further clarification.
C	"No, in the sense that maintenance of the roads and railways are sorely lacking."
D	"No, not at all especially if you move out of the metros. The roads aren't maintained at all and the toll fees and levies on the fuel is terrible."
E	"The N3 is fine. The Eastern Cape is where we have a lot of issues." "There is a lot of damage to the roads." "When the truck gets to that area, and in terms of security the Eastern Cape is really bad"

While main road routes seem acceptable, P1 expressed dissatisfaction with the maintenance of roads in rural areas around Northern Cape and North West as well as the degradation of the country's railway infrastructure.

For the business requirements of Company C, roads and railway maintenance was sorely lacking. P3 expressed strong opinions regarding the government's mismanagement of public infrastructure stating that: "The first thing when you speak to Department of Transport online or when they are interviewed, they will talk about overloading and damage of the roads and I would say that that is total nonsense."

P4 expressed discontent in government's under-investment in infrastructure maintenance as it has direct financial repercussions on the business: "It is costing us a lot of money as we are losing tires, tires are our second largest single expense."

For Company E, while the main routes are adequate for business needs the danger posed by crime and looting in the Eastern Cape is of major concern. In response to this, the company hires its own security to track and trace goods into an out of the region.

Table 34: Key Interview Responses on Market Conditions [Consolidated by Author]

COMPANY	KEY RESPONSE
A	"We were impacted. I mean the whole market was impacted so the volumes were very low. Still struggling to get to the volumes. But [redacted] as a whole was actually very lucky during the Covid-19 period…because we specialise in transporting food and food stuff all of it was essential goods, so we never came to a full stop. There was once during Level Five lockdown that we actually was at about 80/85% of fleet capacity, but that was as low as it went so we were extremely lucky during that period."
B	"Not really."
C	"Yes, it did." "Maybe we operated at perhaps 20% capacity." "we had a drop in business but the only reason that we managed to sustain it was because of our low gearing."

D	"There was a drop in volumes, but luckily we just, because we fall under essential work then we weren't affected for too long. The market is still down but we have been lucky to continue."
E	"Yes, it did. What happened was our non-essential clients closed down so basically we had a lot of work coming out of Durban, like a lot of work coming out of Durban, but then our return work become harder cause we had to run back empty, which meant loss of income on those vehicles. But I think because we were so busy running up from Durban to the different locations in the country that sometimes we got lucky." "and few other customers that were essential services but then we had [redacted] that managed to keep us afloat for those months when we were hit with Covid"

Four out of five participants of the study indicate that the Covid-19 Pandemic did cause business disruptions. This was mainly due to the strict lockdown measures imposed across the country and the resulting decrease in the volume of work available.

Table 35: Key Interview Responses on Staffing Decisions - 1 [Consolidated by Author]

COMPANY	KEY RESPONSE
A	"Well, we ask current employees for recommendations and then we hire and train and develop people. "We also get people from [redacted]. We look for the skills required."
B	"We send out messages… it works the best for us is we ask our workers…because you can't work through labour brokers."
C	"Look admin staff lately we have been using [redacted] and [redacted]." "With regard to drivers, generally drivers come to us or we ask drivers for other drivers."
D	"we will advertise and get them in, get their CVS's first and go through The CVS's and split them with what looks good and what's not good" "Not necessarily on tertiary education, but we rely a lot on people skills"
E	"We use an agency, and they do all the background checks for us, the criminal check and all of that before anyone starts work for us."

Table 36: Key Interview Responses on Staffing Decisions - 2 [Developed by Author]

COMPANY	KEY RESPONSE
A	"Well, we use different methods for different positions. Sometimes for we ask current employees for recommendations and then we hire and train and develop people. "We look for the skills required."
B	"Ja, that's inhouse training but we make sure that the people who train them must make sure that the guys understand what we need from them."
C	"A combination of both. So they come in they are given a set of rules and an SOP in one and they have to read through it, and it's explained to them, and then they are placed with other workers who then shows them the ropes."
D	"We got daily management talks with them should there be any changes in any of their normal day to day functions that we expect from them, there would be meeting held and explained." "Apart from that, we have the standard procedures that is in writing and that is standard."
E	"It is our company standard's operations that apply and speak to operation on a daily basis. That is our system in place currently."

Company A views employees as the backbone of the organisation and utilises different approaches to expand their job hiring pool. This is predominantly referrals from current employees and a government affiliated program. The company has taken a unique approach and invests in employees through a well-established inhouse training program. P1 attributes organisation alignment to clear communication channels.

Should there be a need to hire, Company B relies on current employees or people in their network to refer potential employees who might be a good fit for the position. To ensure employees understand what is required of them, on-the-job training is offered, and new staff members are partnered with experienced employees to learn and develop the required skills.

Company C recruits employees through agencies as well as by "word of mouth". P3 expressed that employees are taught the job while in the working environment and the company relies on experienced employees to pass on the required knowledge and skills.

P4 explained that CVs are obtained through job advertisements and reviewed to check the skills and experience of applicants. Based on this, the company will decide on the right person for the job. To align employees to their roles, Company D uses a combination of daily meetings and SOPs.

Company E also makes use of agencies to recruit employees and conduct the necessary background checks before hire.

Table 37: Key Interview Responses on Professional Services [Consolidated by Author]

COMPANY	KEY RESPONSE
A	"Ja, we do. We are also very lucky that one of our directors is a qualified lawyer, so he mostly checks up on everything. Our CEO is actually a CA, so he will check the books and provide financial advice to steer the business, but we obviously have independent auditors and we also have a legal team that we can make use of if required."
B	"Ja, we have an accountant and lawyer. We have everything in place so if there are any problems we will refer to them and they will come back to us."
C	"Ja, when they are legal issues we do deal with lawyers and accounts we do our books ourselves up to a certain level and then we give it out to accounts to review and do financials."
D	"We make use of an accountants for our books, not the day-to-day side of the books, we do everything…they will then do tax returns and submit that as well the financial figures. That's what the auditors will do and the attorneys, we make use of them when we don't get money from our customers. Luckily that hasn't happened in the last two years."
E	"Yes, we do. We have an accountant in place that does all of our company finances in terms of our VAT and taxes and that sort of things, and we also have our legal advisors to advise in terms of the labour law and all the changes that are made and our contracts."

Responses indicated that logistics SMEs make use of professional services to fulfil specialised business tasks such as auditing or completion of taxes.

Table 38: Key Interview Responses Strategic Business Planning - 1 [Consolidated by Author]

COMPANY	KEY RESPONSE
A	“We’ve built our business platform on stable customers and a stable certain supply to those customers.” “To grow the business, we have found the best way to go about it is to expand with your existing customers.” “We need to grow slowly with our customers.”
B	“Well, what you must do in the beginning, you must keep your assets 100% operational.” “You must start with a small number of personal.” “Secondly, to approach customers.”
C	“Our business started a bit differently because it was my dad and he was a mentor and we had his mindset. So, in the sense that when you go into business, yes you look after your family, but your business takes priority over everything else.” “On that, as long as we control the business check the cashflow every month see that we are meeting our obligations and doing what was required to meet that obligation and the business continued.” “We did not take unnecessary risk and we were personally involved. So and the type of equipment we choose we could repair and we could run at a low cost.” “So a stepwise approach to growth and with continuous review of the health of the health of the business without over investing.” “We try and use existing customers and then we grow from there.”
D	“Well, I think the most important thing is to make sure we can pay all our accounts on the one side and on the other side our words our honour to our suppliers as well as our customers.” “You need a relationship with your customers and suppliers. I would say that’s the most important thing to sustain a business especially in this difficult and economical times in South Africa.” “we try and get more work, all the work from our customers, or rather say more work from our current customers.

E	"Basically our mentality is giving our customers adequate and efficient service, deliver on time, making sure we comply to the rules of our customer…also the other thing is talking to your customer and finding out if we need to change our systems or if we on the right path to ensure what we are doing is going to be long-term for our goals." "We try and get more work from our current customers and build the business from there."

Table 39: Key Interview Responses Strategic Business Planning - 2 [Consolidated by Author]

COMPANY	KEY RESPONSE
A	"The first goal is we have to have customers that we can supply on a regular basis and fulfil their needs without any problems." "Then second to that is our workforce. We also know that you can't give that service if you don't have a reliable workforce behind you that can deliver."
B	"Well, we have at this stage looking to… expand"
C	"To make a profit." "I would say to sustain what we have and try and maintain what we have in this environment."
D	"Yes, I think we do achieve them as we grow year on year as we do better we grow better than we anticipate as we planned to."
E	"Yes, I think we do. I think the main goal is to make a profit and keep on growing and operating, and that is what we have been doing."

The business plan for Company A is built on establishing and maintaining a reliable customer base to ensure stable demand. The company's goals are orientated towards fulfilling customer needs, growing the business through the existing company base and maintaining employee satisfaction.

P2 explained that in the early stages the business was focused on maintaining a small staff complement, utilising their assets to capacity to ensure maximum return on investment and securing work by approaching customers. In terms of goals, Company B is currently looking towards expanding and growing the business.

P3 explained that Company C is focused on making a profit and sustainability of the business through the current challenging economic period. This is achieved by ensuring there is sufficient cashflow to fulfil business obligations, avoiding unnecessary risk-taking and reducing expenditure by investing in cheaper but reliable equipment. P3 also explained that "a stepwise approach to growth and with continuous review of the health of the health of the business without over investing" is the strategy adopted for business growth.

P4 explains the role of business planning in terms of managing and fulfilling company expenses. This is achieved by leveraging close relationships the business has established with its customers and supplies. P4 further indicated that the goals of the company are to expand and grow with its customers and this has been achieved at levels better than was anticipated.

Like other participants, P5 also expressed that the company's goals are to achieve a profit, grow the business through its existing customer base and ensure operating survival. This is achieved by focusing planning strategies on efficient and effective customer service.

Table 40: Key Interview Responses on Cashflow and Revenue Management [Consolidated by Author]

COMPANY	KEY RESPONSE
A	"We don't overspend." "We actually have a plan…but other than that we don't easily go and spend a lot of money…if it's not part of the plan." "the strategy over the years has always been to have stable customers not something that you load for a guy to today and tomorrow he is gone."
B	"we buy in bulk… we get better prices" "We've got an accountant which we use which is very professional, and also very strict, but the owner she is very strict on finance and she makes sure that everything is being paid in time." "because we are mostly connected to [redacted] and we know you are sure of your money. This is the main thing, and there are a lot of customers that pay you after 120 or 180 days and this is the main thing. If the customers don't pay you for two months, then you close the account."

C	"The one thing is this and why we are still around is that we've got our gearing is extremely low. We've got trucks that are extremely old, but they are good enough to do the job and to do the job properly." "Look this is a bit of an old-fashioned way and we must be able to pay for the truck and let the old trucks pay for the new trucks." "we don't owe any money on it" "we must maintain good relationships with our customers because they pay us"
D	"Really strict, a stupid answer but the truth." "Any order above R5000.00 goes through me, nobody else signs it off." "You need a relationship with your customers and suppliers." "the attorneys, we make use of them when we don't get money from our customers."
E	"We try as hard as possible to keep our expenses down and I think our biggest expense…we monitor to make sure it stays on the level it should be."

Company A manages cashflow requirements by not overspending and revenue expectations by gearing the business to market demand: "it is important that to also understand that you can't grow faster than what the market dictates." Cashflow is also managed by through planned expenditure as P1 indicates that the company has a clear strategy on how and when money is spent. Revenue is managed by partnering with reliable customers who provide stable work and keep to payment agreements.

Company B leverages bulk buying strategies to decrease expenditure, thereby improving cashflow. The company also makes use of a financial advisor to ensure no unnecessary expenditure due to debt arises. Once again, P2 explains that revenue is predominantly managed by partnering with responsible customers and ensuring that payment terms are adhered to.

Company C makes use of old but reliable assets in an effort to free up cash in the business. New assets are only purchased if there is a clear requirement to do so and are done using more favourable purchasing terms: "If we have to purchase a truck or other equipment then again that means we must be able to purchase a truck over three years."

P4 indicates that a strict approach to cashflow management is adopted, whereby all purchases above R5000.00 must be justified and owner approved. In terms of revenue management, Company D relies on a legal team to settle any payment disputes arising from customer deviation in payment terms and agreements.

P5 did not express any formal methods for cashflow management other than to monitor expenses at an acceptable level. P5 also indicated a frugal approach to personal expenditure, indicating that cash must be persevered for unforeseen circumstances. While not explicitly stated, Company E is also reliant on timeous payment from customers to ensure revenue fulfilment.

Table 41: Key Interview Responses on Technology Adoption [Consolidated by Author]

COMPANY	KEY RESPONSE
A	"Well, we also have payroll like most companies do. Then we have a separate system to track our different loads. We don't however have a TMS or WMS at this stage in time, but it is under investigation for some of our customers."
B	"we adopted the TMS system from our biggest client, [redacted] and we got a payroll system"
C	"So currently, and this is a big issue for me and I have been extremely slack in terms of we are still running the business manually and using Microsoft Excel and Pastel Accounting, and we were supposed to have migrated to a transport management system 10 years ago actually and we haven't done it. So, god willing, in the next year I will get it done."
D	"We have payroll Pastel as well as our financial payroll, and the invoicing and operational side they use [redacted] which is a transport program."
E	"We are working now on a new system for big companies like [redacted] and it should be in place by the 1st of April."

Company A makes use of a vehicle tracking system. The use of more sophisticated software, such as a TMS and WMS, is being explored.

In an effort to promote information sharing and communication, Company B has adopted a TMS system from their major clients.

The owner of Company C has been hesitant to implement new systems and has attributed this to a lack of time.

Company D makes use of software to track and trace logistics movements.

Like Company E, Company E has adopted their customers platform in order to provide regular updates and on the logistical operations.

All companies acknowledge the use of payroll systems.

Table 42: Key Interview Responses on Location Decisions [Developed by Author]

COMPANY	KEY RESPONSE
A	"Okay, the main branch in Worcester it was brilliantly done. Worcester, nobody really knows it. It's a little town sitting there before you get the big mountain. So typically for our business it is absolutely in the perfect place because all the work that we do has to always pass through Worcester." "so it's very strategic and I think they planned it very well"
B	"Well Durban is a good place to open, we have to have offices here and then we got offices one in Joburg." "The reason why I'm in Joburg is…I'm close by and if there is a problem at one of the sites then I can go there and help sort that out."
C	"So I was born and bred and raised in Pietermaritzburg. At that time, Pietermaritzburg was rather a vibrant industrial town. It no longer is. However, it has not gotten to the extent that we need to actually move from here. Property pricing is lower here and it is on the main route between Durban and Johannesburg. So we do incur additional costs

	sometimes if we need to park of a vehicle that has not been loaded otherwise it's quite adequate because the vehicles pass here every day, we've got control of them and the vehicles offload and load in Johannesburg." "but the advantage is obviously to be in Durban and we have missed out on quite a few opportunities by not being there. However, for what we are doing now Pietermaritzburg is adequate and the land costs is lower, the living environment is better and ja."
D	"It was actually because my wife was born and raised in the area." "I don't want to be in town and don't want to raise my children in the city cause it's a much better quality lifestyle."
E	"It's home to us and it was convenient, especially the area we are in is surrounded by industrial warehouses…so we are situated in the heart of the industry from everything to central Durban moving towards Cato Ridge. We are in the top part of our market area."

Key responses shows that location decisions has a significant impact on the performance of the business for Company A. The head office was deliberately established in Worcester as this provided a competitive edge and aligned to the business operations.

P2 explains that Durban is the ideal location for establishing a logistics business. This was correctly identified as the Port of Durban serves as the primary gateway into sub-Saharan Africa, handling up to 31.4 million tons of cargo each year [130]. A hub has also been opened in Johannesburg to adequately service clients in the region.

P3, P4 and P5 business locations were largely influenced by the hometown of the business owners. P3 admits that while Pietermaritzburg was a convenient and frugal choice at the beginning while affording the business control of its assets, they have inevitably lost opportunities by not basing the head office in Durban. While P5 confirmed that the owner's hometown was the influencing factor regarding location decisions, the owner is from Durban, and therefore the business is ideally situated in a logistics hub of the country.

Table 43: Key Interview Responses on Competitive Strategy [Consolidated by Author]

COMPANY	KEY RESPONSE
A	"We are very focused on service and a good name. Most of the time that is enough. We get it done on time, efficiently and cost effective." "So we try and build a responsible relationship with customers so that they know in both our businesses each of us needs to survive and need to make a little bit of money out of it."
B	"We just are flexible services. You have to be flexible cause it's about service at the end of the day, you need to be involved all the time."
C	"We offer our clients a more flexible service, reduce rates. At the end of the day, ultimately, it comes down to Rands and cents. That's what a client always looks at first and then a more personalised service."
D	"I think the main two things in the transport industry, one is price and one is service. Service, we need to keep on top of that as there is no room for a slip on service, and on the price we try to lower our expenses and directly pass that savings onto our customers, and I think that also puts us relatively in the front line of our industry, that we do logistics effectively."
E	"For us, is faster delivery, on time and keeping your customer informed at all times. That's all it boils down to, your service levels."

The competitive strategy of Company A is based on upholding a good reputation in terms of service dependability, flexibility, and cost. Company A also focuses on building dependable business relationships with customers to promote business alignment.

Company B offers flexible services to its customers, which requires continuous involvement and monitoring of business operations.

Company C utilises a lower pricing strategy and a personalised service offering to remain competitive.

Efficient service delivery and reduced costing are the core competitive strategies of Company D.

Company E basis its strategy on three competitive dimensions; 1) faster delivery, 2) on time delivery and 3) effective communication with all customers.

Table 44: Key Interview Responses on Customer Relationship Management [Consolidated by Author]

COMPANY	KEY RESPONSE
A	"At [redacted] this means focusing on our customers and their needs, giving the customer what they need and doing our job well. Communicating with the customers and keeping them informed is very important." "at the end of the day your name is actually what carries you through. Have a bad name you won't have customers very long."
B	"Well, that is very important, that is very important if there is a problem sort it out now." "I trust my customers but it's all about service and communication." "I would say communication is the most important thing."
C	"fulfilling the customer requirement as they want it. So it's getting the job done timeously at the right price. Look it comes down to service and price." "you've got to look after your name. You've got to look after your reputation."
D	"Everything in order, no issues, as little as possible damages." "if there are any problems or damages that it gets communicated to the customers." "Communication is extremely important"
E	"You got to get the customer aligned to you that they will look nowhere else, so basically customer service is our number one priority." "keeping your customer informed at all times" "it basically damages your reputation in the market"

P1 explained that customer relations are built on strong relationships and fulfilment of the customers' needs and requirements. Communication in terms of providing relevant updates and information regarding the logistics operations as well as maintaining a good reputation was also sighted as key elements.

P2 stated that CRM is “very important”, and that a close, trustworthy relationship must be established with the customer. The company ensures customer satisfaction by focusing on service delivery and establishing effective communication channels with its customers.

Company C follows a similar strategy to customer relationship management and aims to fulfil customer requirements timeously and at the right price in order to maintain a good brand reputation.

Like P2, P4 also stressed that communication is of utmost importance in manging and satisfying customer requirements. In turn, P4 also expressed that ensuring customer satisfaction enables the company to maintain a good reputation.

P5 explained that the company builds and maintains customer relations by developing customer loyalty, stating that: “You got to get the customer aligned to you that they will look nowhere else”. The company focuses on good customer service and reputation to create customer loyalty.

Table 45: Key Interview Responses on Innovation [Consolidated by Author]

COMPANY	KEY RESPONSE
A	“we don’t really get involved in customers if it’s not really in our line” “We do what we good at and focus on that.”
B	“There is, but we can’t talk really talk about that.”
C	“Look, from this business we branched out into plastics. We make plastic packaging.” “invested in property as well”
D	“at this stage no there isn’t. We not really going to expand into another direction before we are on the size that we want the transport business to be.”
E	“We are looking at the warehouse distribution, and we also looking at cement customers. We looking at purchasing the product and becoming their distributors in Durban.”

	"we looking for a bigger premise to expand on that this year and we looking at expanding in Johannesburg this year so that we include our transport depo up here"

Company A displays a conservative approach to innovation, explaining that the focus remains on its area of expertise (transportation of food) and ways to improve that.

As Company B deemed this as sensitive information. As such, no insights to business innovation was provided.

For Company C complementary plastic manufacturing and packaging business was built from the synergies derived from the transportation business. Property investment is another business venture for Company C.

Like Company A, Company D indicated that the focus is on the growing the current business.

Company E is exploring new business ventures, such as warehousing and distribution of new types of products. Once again, P5 associated this to the synergies derived from the existing business.

Table 46: Key Interview Responses on Motive [Consolidated by Author]

COMPANY	KEY RESPONSE
A	"Well, the owner worked for another company at that stage, not at all in transport, and wasn't too happy" "The owner…identified the need in the town of Worcester at that stage."
B	"Well, it was a need in the market and the owner wanted to start her own business."
C	"at that time there was a gap in the market. The market was still controlled and so there were opportunities in the market at that time"
D	"I didn't like the corporate infrastructure." "the way it was managed I didn't agree to that and there was quite a few things I didn't agree to in my personal capacity"

E	"Even though he was in a management position they paid him a below board salary" "kept complaining about the situation and we said to him there is an opportunity with [redacted] so let's work to find clients for [redacted] and you and [redacted] become partners" "we realised that there is potential in [redacted] to grow"

P1 stated that the owner of Company A worked for another company and was not entirely satisfied by this. The owner then identified the business need for transport in the Worcester area and started the company.

P2 stated that the owner had identified a need in the market and that the business as started based on the owner's motivation of wanting to establish a business.

P3 inherited a family-owned business and indicated that there was a gap in the market at the time the business was started. The original business owner established the company to increase income and provide for family members.

P4 expressed that the corporate structure was unfulfilling and hence the participant established Company D.

P5 expressed that a friend was unhappy with the working situation at a large corporate which led to the identification of a business opportunity in establishing a transportation business.

Table 47: Key Interview Responses on Educational Attainment [Consolidated by Author]

COMPANY	KEY RESPONSE
A	"I did a diploma course at RAU specifically for transport."
B	"You know, high school and then this small certificate."
C	"I was 3 credits short of a BCom Degree." "My dad has standard 5 and he is the main reason where we are today." "being able to work in the industry and the experience is more useful"
D	"It stopped at high school."
E	"You know what, I did matric that's it."

P1 explained that while the ambition to study further was present, due to financial constraints a university diploma was pursued and achieved: "I didn't have the resources back then to do any further but that is what I could manage."

P2, P4 and P5 all explained that the highest level of formal education achieved was high school.

Having pursued a business degree without reaching completion, P3 suggested that a higher education level could prove helpful to help entrepreneurs but that it was not necessarily an indicator to business success. Rather, experience gained, and industry exposure were viewed as more valuable in comparison to the completion of a university diploma or degree.

Table 48: Key Interview Responses on Previous Industry Experience [Consolidated by Author]

COMPANY	KEY RESPONSE
A	"I actually, working in this company was my first job. They say people at [redacted] never leave."
B	"I'm coming from logistics."
C	"I was very interested because my dad did have a truck and in the previous business that dad was in, which was a family business."
D	"Out of school I got a job in the transport industry."
E	"At first, I had bookkeeping experience." "we have always been in transport and have been doing it for almost 20 years."

P1 displayed exemplary employee commitment and loyalty to Company A. Now a senior manager at Company A, P1 started working for Company A immediately after university and has been at the company for over 30 years.

P2 indicated that all work experience has been gained in the logistics sector: "I was a senior officer in the defence force, and I was involved in the logistics there and then I started working in the transport industry and I'm still here."

The original owner of Company C worked in a family run logistics business. It is common practice for family members to be involved in the activities from an early age. P3 indicated that this was indeed the case and that the current business was established by a parent. Due to early involvement and interest in logistics, P3 has always worked in the family business.

After high school, the owner of Company D obtained a job in a transport company before establishing a logistics SME.

At first, P5 worked as a bookkeeper and explained that this experience was influential in the financial management of Company E. Thereafter, P5 acquired a job in logistics and now has extensive experience in this sector, having worked in the industry for over 20 years.

Table 49: Key Interview Responses on Ambition [Consolidated by Author]

COMPANY	KEY RESPONSE
A	"To grow the business, we have found the best way to go about it is to expand with your existing customers."
B	"To approach customers." "but mostly, at this stage, I can tell you there is quite a few companies that started approaching us."
C	"Well, look we try and use existing customers and then we grow from there. Also, if people hear about your service and know you do a good job then they approach us."
D	"we try and get more work, all the work from our customers, or rather say more work from our current customers, and we are permanently marketing for new customers as well."
E	"We try and get more work from our current customers and build the business from there, and then we also look into other opportunities and try and market ourselves on good service to get new customers."

The owner of Company A basis the growth and development strategy on expansion with current customers.

The senior manager expressed new customers generally approach the Company B. This can be attributed to the company's reputable reputation.

The owner of Company C stated that growth and development is based on growing with existing customers. P3 also indicated that company reputation plays a role in business growth.

P4 also indicated that the Company D tries to gain more work from their existing customer base while also actively looking for new customers through marketing.

Like P3 and P4, P5 also stated that growth and development strategies of Company E are predominately based on obtaining work through the existing customer base while also exploring new avenues of growth by marketing the company on its good reputation built on excellent service delivery.

Table 50: Key Interview Responses on Owner/Senior Mangers Perspective on Success [Consolidated by Author]

COMPANY	KEY RESPONSE
A	"Success for [redacted] we actually measure in customer satisfaction." "At the end of the year if we speak to each other and we say listen how was this year the first thing is they throw up the figures on the big screen did we make a profit. That is one of the factors the other factor is that we normally look at is all our existing customers are they still happy. Did we manage to provide them the service that we are contracted to do. Then thirdly, did we have any staffing problems. Is there something that went wrong with any of the staff during this period and those three pillars, if we have a balance on all three of them we will say okay we had a good year."
B	"I would say communication is the most important thing because everybody is moving towards emails and all this new stuff but I think still communication is the most important thing."
C	"The way the market is now, how I define success is that we are managing to pay our staff salaries, we are managing to pay our bills, we are managing to sustain ourselves and managing to make a small profit."
D	"I would define it as people, especially during this time when we looking at Covid and a struggling economy, or a crippled economy actually, that we don't have to let off any people from their work or cut salaries."

	“and we still growing the business, its expanding”
E	“Well, success is being able to make a profit, being able to sustain the business and making the right decisions for your business.”

Table 51: Key Responses on Interview Closeout [Consolidated by Author]

COMPANY	KEY RESPONSE
A	“It’s just about how we build the working relationship in a small company.”
B	“don’t spend when you see you start making all your income and big turnovers” “keep the money in your business”
C	“There were a lot of sacrifices that we took that I took and thank god it paid out in the end, but you need to understand where you are going and what it takes to get there and what it means to you. If you are expecting as a small business owner to live a normal lifestyle then you rather be employed somewhere because you have to sacrifice to be a small business owner and you’ve got to look after your name. You’ve got to look after your reputation.”
D	“One of the things I would like to add to that is from a management side of view is that you need to trust your people and believe in your people.” “It’s important not to have a big employee turnover and to keep your employees. You have to look after them.”
E	“like I said, you just have to put your head down and keep working hard and eventually you will see the light and see what you achieved, and then also I think the other important thing is giving back to your community, especially in our area. We try to promote a lot of local guys and local staff at the office.”