

Corruption and the performance of small and medium-sized enterprises in Gauteng

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ABSTRACT

In most countries SMEs are vital to economic advancement and sustainability of small businesses are critical to a nation's socioeconomic stability; otherwise, the country faces stagnation in its economy. Corruption is a global challenge which threatens sustainable economic development and adherence to good governance creates an environment where corruption struggles to flourish. This study examines the impact of corruption on SMEs in Gauteng using a quantitative research methodology whereby 77 respondents were located in Gauteng. The most prominent form of corruption identified is bribery. The result of the study reveals that corruption reduces the reputational value of SMEs from the loss of customer's loyalty but there appears to be a weak positive effect from the SME's viewpoint, with taking action against perpetrators has been identified as the most effective way to minimise the likelihood of corruption and the. lack of protection of whistleblowers and country specific cultural practices and ways of doing business are the greatest barriers to implementing anti-corruption measures.

KEYWORDS

Corruption, small and medium enterprises, anti-corruption measures, Gauteng, bribery acts

DECLARATION

I, Melanie Chetty, declare that this research report is my own work, except as specified in the references and acknowledgments. This submission is in partial fulfilment of the requirements for the degree of Master of Business Administration (MBA) at the University of the Witwatersrand, Johannesburg. I have not submitted this report before, either in whole or in part, for any other degree or examination at this or any other university.

M. Chetty

Melanie Chetty

Signed at ...Johannesburg.....

On the 31st day of May 2024

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LIST OF ACRONYMS

Description	Acronyms
Anti-corruption measures	ACMs
Corruption Perception Index	CPI
Gross Domestic Product	GDP
National Prosecuting Authority	NPA
Special Investigating Unit	SIU
IBM Statistical Package for Social Sciences	SPSS
Small and Medium Enterprises	SMEs
South African Rand	ZAR

CHAPTER 1. INTRODUCTION

1.1 Statement of purpose

Corruption has existed for many years and is typically more common in countries with weak institutions, inefficient administrative and political systems, and inefficient legislation (Shaikh & Khoso, 2019). This harms businesses, with small and medium-sized (SME) businesses being more negatively impacted than larger businesses (Dzunic & Golubovic, 2018). However, companies can be both victims and facilitators of corruption, so understanding the reasons why businesses engage in corruption is important (Nguyen et al., 2016).

Corruption is defined as the misuse or abuse of power for personal gain (Dzunic & Golubovic, 2018). It exists in both the public and private sectors but is predominantly associated with the public sector, which is a big contributor to the country's economy, with government expenditure for 2023 being 33.16% of GDP (Statista, 2024). In South Africa, the public sector has large budget allowances to be spent in a fiscal year, which makes it easier to “hide” corrupt acts, as revealed by the state capture inquiry, which found that there was a deliberate effort to exploit or weaken key state institutions and public entities, including law enforcement institutions and intelligence services (Pillay, 2022). The inquiry also provided evidence on how funds removed from the state were laundered through various jurisdictions, allowing the sources and beneficiaries of the funds to be hidden, and the inquiry estimated that ZAR57 billion was tainted by state capture (Pillay, 2022).

Corruption that stems from the corrupt perpetrator's acts includes behaviours such as bribery, extortion, intimidation, fraud, embezzlement, insider trading, conflict of interest, receiving unlawful gratuity, illegal contributions, money laundering, identity theft, electoral corruption, favouritism, nepotism, procurement scams, budget corruption, and misappropriation of public resources for personal gain (Suleiman & Othman, 2017).

Corruption affects the business climate, altering the business's incentive to grow, innovate, or invest, resulting in a lower-quality business environment and being a serious impediment to economic growth and investment (Amin & Motta, 2023; Dzunic & Golubovic, 2018).

It is widely believed that corruption impedes sustainable economic growth by (i) raising the transaction costs of doing business while decreasing profitability; (ii) reducing entrepreneurial initiatives, thus negatively impacting innovation; (iii) limiting competitiveness; (iv) undermining the efficacy of rules and regulations; and (v) decreasing foreign investment (Huang, 2016; Dzunic & Golubovic, 2018). Over time, corruption increases inequality and poverty within a country, affecting the general society (Labed et al., 2022).

While large businesses are better suited to deal with corruption, due to their large availability of financial resources, SMEs cannot shelter from the effects of corruption, leading to an impact on the business society and the socio-economic growth and sustainability of South Africa. SMEs, with their smaller access to financial aid, difficulties in recruiting high-calibre resources, and limited cashflows, are unable to survive a corruption scandal and still be sustainable, as the SME will be unable to salvage their reputation and financial position. Literature states that larger businesses are better positioned to protect their businesses and cope with corruption, while small and medium-sized businesses are more affected by corruption. (Dzunic & Golubovic, 2018). Small and medium-sized businesses, due to their limited resources, simply accept corruption as a normal element of doing business despite knowing that it is illegal and raises the cost of doing business (Ngubane, 2015).

Literature indicates that political connections increase the chances of survival for firms, and the likelihood of survival is associated with the level of political influence the politicians' firms employ; therefore, building political ties is crucial for firm survival (Be, 2021).

Therefore, the purpose of this research is to investigate the impact of corruption on the SME business society in Gauteng's formal business sector. The study aims to

understand how corruption affects the performance of SMEs in Gauteng in terms of reputation.

1.2 Background of the study

A negative light has been shone on South Africa as a result of the recent resurgence of interest in corruption in the country, especially with regard to multinational corporations operating in the private and public sectors. For example the South African branch of global consulting firm McKinsey & Company voluntarily returned the fees it had earned on state capture projects in South Africa after being charged in a corruption scandal involving a locomotive purchase contract for the state-owned entity Transnet and being implicated in the state capture judicial commission for corrupt behaviour with its involvement with the state-owned airline and national power company Eskom (Cotterill, 2022; McKinsey & Company, n.d.) The state capture inquiry exposed the improper method of doing business in South Africa to the global audience, and its investigation indicated the weakness within the public sector which makes it vulnerable to state capture, corruption and fraud (Zondo, 2022).

The World Corruption Perception Index (CPI) is a global measure of public sector corruption. As represented in Figure 1 it can be seen that corruption is a global problem, with many countries failing to address it. The world CPI indicates more than two-thirds of the world has a score of less than 50, with 155 countries having made no significant progress against corruption or having declined since 2012 (Transparency International, 2022).

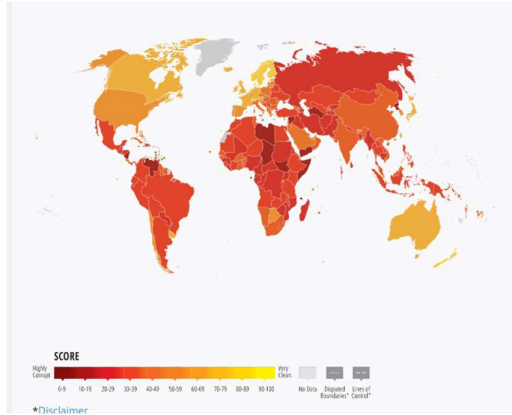


Figure 1: 2022 World Corruption Perceptions Index

(Source: Transparency International, 2022).

Table 1:

CPI score and rank for emerging economies

Country	2022		2021		2020		Result 2020 vs 2022
	CPI Score	Rank	CPI Score	Rank	CPI Score	Rank	
South Africa	43	72	44	70	44	69	Increase in corruption
Brazil	38	94	38	96	38	94	Constant
Russia	28	137	29	136	30	129	Increase in corruption
India	40	85	40	85	40	86	Constant
China	45	65	45	66	42	78	Decrease in corruption
Egypt	30	130	33	117	33	117	Increase in corruption
Ethiopia	38	94	39	87	38	94	Constant
Iran	25	147	25	150	25	149	Constant
Saudi Arabia	51	54	53	52	53	52	Increase in corruption
United Arab Emirates	67	27	69	24	71	21	Increase in corruption
Indonesia	34	110	38	96	37	102	Increase in corruption
Mexico	31	126	31	124	31	124	Constant
Turkey	36	101	38	96	40	86	Increase in corruption
South Korea	63	31	62	32	61	33	Decrease in corruption
Argentina	38	94	38	96	42	78	Increase in corruption

Note: CPI score is based of a total score of 100 while rank is out of 180 countries

Note. Adapted from Transparency International, 2022. Retrieved from <https://www.transparency.org/en/cpi/2022> .Date of access 2023

From Table 1, there are eight emerging countries where corruption has increased as a result of a decrease in CPI score and ranking while five remained constant and only two emerging countries decreased corruption. Table 1 indicates the level of corruption in South Africa has increased which is supported by Corruption Watch's

annual report, which echoes the sentiment that South Africa has failed to address corruption with its mediocre CPI ranking since 2012 (Corruption Watch, 2021).

Despite the governing party's commitment to not tolerating corruption, fraud and patronage this has not materialised as evidenced in the state capture inquiry eroding the level of trust in the government to address the inequality in its society (Klaaren et al., 2022).

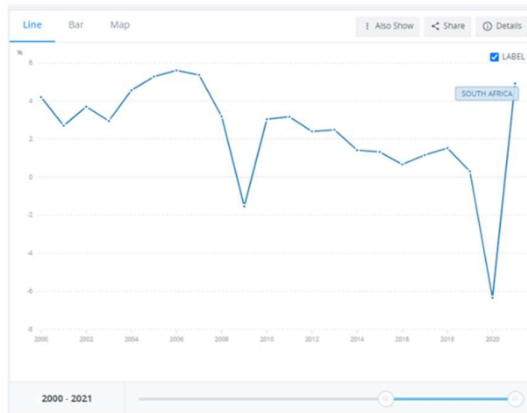


Figure 2: South Africa GDP growth (Annual %)

(Source: World Bank, 2023)

The South African GDP growth annual percentage was released by the World Bank (2023), as seen in Figure 2. Figure 2, illustrates a reduction in GDP growth from 2011 to 2020, with the lowest percentage being -6.3% and an increase to 4.91% for 2021. Nguyen et al. (2016) confirm that corruption discourages investment, inhibits innovation, and slows down economic growth at the national level. Labed et al. (2022) also support the negative correlation between corruption and economic growth.

Moreover, corruption deters domestic investment, particularly from the private sector, which will look for investment opportunities in countries with lower levels of corruption (Labed et al., 2022). Thus, corruption not only affects direct foreign investment which is typically seen as more important as both foreign and domestic investments contribute to the country's GDP.

Literature has identified that developing nations are more prominently involved in behaviours that signify corruption due to conditions of gross inequality in wealth distribution, the use of political office as a means of wealth creation, conflicting moral codes, the absence of national cohesion, and the weakness of enforcement mechanisms (Suleiman & Othman, 2017).

The government has a vital role to play in creating a stable and healthy socio-economic environment for business society but has failed to do so in South Africa, as can be interpreted from Figure 2, which shows South Africa's economic situation as fragile (Klaaren et al., 2022). It is to be noted that the business community plays a critical role in a country's economic growth and sustainability, as well as being a determinant of national competitiveness, but is dependent on (1) the existing political, legal, and regulatory framework; (2) social and cultural contexts; and (3) the availability of physical infrastructure (Dzunic & Golubovic, 2018), and hence is a contributor to the macroeconomics of the country and is important for South Africa.

To date, studies have identified two types of corruption (i) external and (ii) internal that can affect an organisation (Nguyen et al., 2016). External factors are identified as “grease money” or bribes to overcome bureaucratic delays, increasing in the company's efficiency, while internal factors affect the company at a firm level and are detrimental to the development of the company (Nguyen et al., 2016).

In Suleiman and Othman (2017) other types of broader sector corruption that have been identified are:

- (i) Political corruption – dominated by one party state system with the primary aim of capturing power to maintain economic and political control;
- (ii) Economic corruption – involves wide income disparity between the citizens, weak structures of the state and hopeless poverty among the citizens;
- (iii) Bureaucratic corruption – circumventing laid down rules and establishing procedures within the performance of public officials' duties to obtain personal gain usually monetary gain;
- (iv) Judicial corruption;

- (v) Moral/ethical corruption;
- (vi) Educational corruption – entails education-specific and general administrative corruption;
- (vii) Social corruption

Corruption negatively impacts a company's strategic capability as it destroys the organizational culture and risks the reputation of the company while misallocating strategic resources. These are classified as intangible costs, which are normally hidden and not recognised by the company (Nguyen et al., 2016). Nguyen et al. (2016) state that the long-term impact of corruption is excluded from the company's strategic planning, and most companies do not recognize the implicit costs of corruption. By failing to recognize the implicit costs of corruption any short-term perceived benefit from engaging in corrupt acts can be outweighed by the longer-term effects of corruption resulting in the company losing more than the perceived benefits gained through corruption.

A business engaging in corruption has the direct cost of misallocation of funds or higher expenses and providing lower quality goods, services, and work, which hurts its reputation. They will seek to recover their money by inflating processes, billing for unperformed work, reducing the quality of work, failing to meet contract standards, or using inferior materials resulting in exaggerated costs and a decrease in quality (OECD, 2016). This tarnishes the reputation of the business and limits its survival. Unethical practices have a negative influence on consumer trust, reputation, and performance while ethics and profitability have a contradictory relationship since SMEs must maintain their ethical reputation to thrive (Enaifoghe & Ramsuraj, 2023).

1.2.1 Context of the Study

The national level of corruption is the most important factor that determines the quality of the business environment and is more important than the quality of the business organisation (Dzunic & Golubovic, 2018). According to Labed et al. (2022), there are various types of corruption, and the forms of corruption differ between countries. Therefore, the research is limited to the SME context located in

Gauteng as SMEs are more prone to suffering from the impacts of corruption as economic development shifts the benefits from society to the corrupt individuals.

SMEs play a critical role in the economy, contributing to job creation, economic growth, and poverty reduction, yet their significance to the health of the global business environment is often overlooked (ACCA, 2019). Corruption can have a huge impact on the performance and sustainability of SMEs by hindering their growth, tarnishing their reputation, and leading to reduced revenue and profit. Implementing anti-corruption measures in SMEs, will positively increase the SME's reputation, creating an enabling environment for the SMEs to attract investment and allow economic growth (Rune & Hansen, 2011).

It is more difficult for an entrepreneur to be successful in developing countries because they do not have the same structures available as in developed countries (Adomako et al., 2021). Therefore, entrepreneurs, who are owners of SMEs, will seek to develop ties with politicians, government officials, and individuals from other state institutions who can help them attain success. This is known as creating institutional networks, and such networks would require financial resources beyond what is necessary to operate the business (Adomako et al., 2021). This is seen as important when an entrepreneur perceives corruption in their industry environment as a means of creating a favourable environment for their business because they believe having the right connections is important for opening opportunities and eliminating challenges for their business (Adomako et al., 2021). SMEs are not restricted in how they spend their cash and can spend it on any activity they deem fit for the survival and success of their business, and this is how unethical people pry on SMEs by creating a business environment that favours corrupt acts, forcing the corruptee-corrupter cycle to remain in operation (Adomako et al., 2021). However, engaging in unethical business practices such as deceiving customers and selling subpar goods can be harmful to the survival of SMEs (Enaifoghe & Ramsuraj, 2023). However, whether there is direct or perceived involvement in corruption by the market, it can lead to reputational damage, and if a company can convince the market that it is committed to avoiding involvement in corruption, it can boost its reputation, leading to new business opportunities (Rune & Hansen, 2011).

1.3 Research Problem

Most of the literature is concentrated on the effects of corrupt behaviours and addressing corrupt behaviours in multinational corporations or the public sector, so the impact of corrupt behaviours on the performance and sustainability of SMEs as well as the efficacy of anti-corruption measures in SMEs was identified as the research gap.

SMEs account for most of the businesses in all countries and employ the majority of the global workforce (ACCA, 2019). According to a 2017 study undertaken by Jili, Masuku, and Selepe, 91% of South Africa's officially recognized businesses are small businesses, accounting for between 52% and 57% of the country's GDP and roughly 61% of jobs (Eze & Lose, 2023). SMEs can contribute significantly to the economic development of an economy, especially in a developing country where the lack of infrastructure hampers the overall development of the country. In developing countries within sub-Saharan Africa, corruption is a major challenge, as the region remains the worst-scoring global region (Corruption Watch, 2021). This implies that money is spent on fruitless initiatives supporting corrupt practices instead of on essential areas of development hindering economic and social development. Hence, in developing countries, corruption can impede SMEs performance and sustainability by hindering their growth, tarnishing their reputation, leading to reduced revenue and profits, and their inability to compete within the domestic market.

Therefore, to understand the relationship between corruption and SMEs performance, limited to their reputation, the research question is to investigate how perceived corruption impacts the performance of SMEs in Gauteng.

1.4 Research Objectives

The research objectives derived from the research question are:

1. To investigate the relationship between perceived corruption and its impact on the SMEs performance focusing on reputation.

2. To determine the customer's willingness to purchase products and/or services from an SME based on perceptions of corrupt behaviour.
3. To investigate the relationship between the barriers to anti-corruption measures and the effectiveness of the anti-corruption measures to improve the reputation of SMEs.

1.5 Rationale

Literature mainly focuses on the impact of corrupt acts in the public sector and large organizations, which is understandable based on their large economic contribution to the markets they operate in; however, research on the effect of corruption on SMEs in developing countries is scarce (Shaikh & Khoso, 2019). The need for further research on corruption is required, especially from the perspective of SMEs (Jaensson, 2014). Therefore, since SMEs account for most of businesses in various countries (Jaensson, 2014), the justification for the research is to investigate the impact of corruption on SMEs in South Africa to generate knowledge that can contribute to the sustainability of SMEs. Corruption is a significant problem in South Africa, affecting all aspects of society, undermining trust, and increasing the costs of doing business, leading to uncompetitiveness within the business society. The focus on the business society of SMEs for the study was chosen because this group is a major driver of economic growth in South Africa, helping to reduce unemployment levels and improve inequality levels within the society (Eze & Lose, 2023). Therefore, the need to identify the impact of corruption on the growth and sustainability of SMEs within South Africa is vital and will contribute to the efforts to combat corruption in South Africa's most susceptible group of its business society.

This study aims to investigate the impact of corruption on SMEs performance and ultimately their sustainability to provide a thriving environment for SMEs and to promote good governance practices within the sector. Corruption is becoming prevalent, impacting SMEs ability to survive and grow in South Africa (Sitharam & Hoque, 2016). While many large organizations have resources available to develop and implement good governance practices and anti-corruption measures to protect and grow their brand and reputation, which is important for the organization's

performance and its sustainability, this does not apply to SMEs. Therefore, the findings of this study can assist SMEs, business owners, and other stakeholders in identifying the impact of corruption on the performance of SMEs in South Africa, implementing effective strategies to address corruption, promoting the growth and sustainability of SMEs, and identifying barriers that prevent the effectiveness of ACMs.

1.6 Delimitations of the Study

The research will be focused on the impact of corruption on SMEs' performance in South Africa and will not focus on larger businesses as larger businesses can better manage the impact of corruption without much damage to their sustainability. This study excludes the public sector of South Africa and focuses on the private sector. SMEs have an important role to play in the development of South Africa, contribute to its economy and can assist with lowering the levels of unemployment and poverty. The research is limited to SMEs in the formal business sector in South Africa and, therefore, the informal sector is excluded as the informal sector is less regulated in South Africa. SMEs for this study will exclude start-up companies. This study will not measure the levels of corruption existing in the SME sector but will identify the impact of bribery on business performance and barriers to ACMs.

The findings of this study will be specific to the context of South Africa and may not be generalisable to other developing countries. The research will use English language academic journals, government reports and reports focusing on the period from 2010 to 2023.

Since there is no comprehensive database containing organisations classified as SMEs for South Africa, the total population of South Africa in 2021 by province, as indicated in Table 2, will be used for sampling within the country (Statista, 2022). Therefore, the demographic area with the majority population of 26% is Gauteng province.

Table 2:

Total population for South Africa in 2021 by province (in 1 000s)

Province	Population Size	% of Total Population
Gauteng	15,888	26%
KwaZulu Natal	11,682	19%
Western Cape	7,091	12%
Eastern Cape	6,542	11%
Limpopo	6,102	10%
Mpumalanga	4,776	8%
North West	4,146	7%
Free State	2,973	5%
Northern Cape	1,280	2%
Total	60,480	

Note. Adapted from (Statista, 2022). Retrieved from <https://www.statista.com/statistics/1112169/total-population-of-south-africa-by-province/>. Date of access 2023.

Furthermore, the Corruption Watch's Analysis of Corruption Trends report uses annual data from January to June as reported by whistle-blowers to provide a snapshot of corruption trends in South Africa (Corruption Watch, n.d.). After analysing the Analysis of Corruption Trends reports for the period 2020 to 2022, the geographical breakdown of corruption reports received from Gauteng province was significantly higher than the remaining provinces with an average of 43% from a total of 4996 reports and is represented in Figure 3.

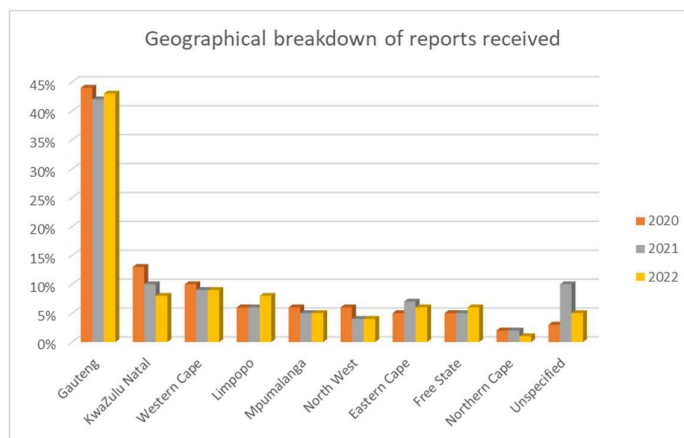


Figure 3: Geographical breakdown of reports analysed in Corruption Watch's Analysis of Corruption Trends reports

(Source: Corruption Watch, n.d.)

Therefore, Gauteng province, with the largest percentage of the population and most corruption reports submitted to Corruption Watch, can be used as a sample which can provide a substantial representation for South Africa.

1.7 Definition of Terms

For purposes of this research the following operational definitions are applicable

1. Small and medium enterprises (SMEs) – According to Bvuma & Marnewick (2020), the South African National Small Business Act 102 of 1996, as amended, defines a small and medium enterprise as described in Table 3.

Table 3 :

Definition of small and medium enterprises

Enterprise size	Number of employees	Annual turnover in South Africa	Gross assets, excluding fixed property
Very Small	Fewer than 10 to 20, depending on industry	Less than ZAR200,000 to ZAR500,000 depending on industry	Less than ZAR150,000 to ZAR500,000 depending on industry
Small	Fewer than 50	Less than ZAR2m to ZAR25m, depending on industry	Less than ZAR2m to ZAR4.5m, depending on industry
Medium	Fewer than 100 to 200, depending on industry	Less than ZAR4m to ZAR50m depending on industry	Less than ZAR2m to ZAR18m, depending on industry

Note. Adapted from (Bvuma & Marnewick, 2020). Retrieved from doi: 10.3390/su12083149. Date of access 2023.

Therefore, for this study, SMEs will be classified as businesses employing less than 200 employees with an annual turnover of below ZAR50 million and will exclude businesses classified as start-ups.

2. Corruption – is the abuse of office for personal gain or the use of unethical practices to gain business advantage (Dzunic & Golubovic, 2018).

This definition includes the following types of corruption as identified in the literature: paying bribes, committing fraud, embezzlement, money laundering and other types of corruption prevalent in South Africa.

3. Costs of corruption – will include both the direct and indirect financial costs associated with corruption (Monteverde, 2019). Direct costs are costs directly related to corruption and include the amount paid for bribes, kickbacks, fraud, and extortion amounts. Indirect costs are the other costs incurred by an organisation because of corruption, which include reputational risk, legal costs and erosion of the culture of integrity.

4. Anti-corruption measures – are defined as policies, practices and measures aimed at detecting, preventing and eradicating corruption in the business environment. A key anti-corruption legislation in South Africa is the Prevention and Combatting of Corrupt Activities Act (2004) which governs the policies of the various institutions and commissions that have the responsibility and mandate to tackle corruption. For example, the National Prosecuting Authority (NPA) and the Special Investigating Unit (SIU).

5 Business performance – is a multifaceted construct that consists of financial and non-financial variables which determine the survival and sustainability of the business (Matarirano et al., 2019). Therefore, for this study, business performance is identified as the reputational value of the organisation.

6. Barriers to the effectiveness of ACMs can be defined as the hindering factors that impede the effective enforcement or application of the ACMs that are already in existence (Owusu & Chan, 2019).

1.8 Assumptions

There is insufficient research on the impact of corruption on SMEs considering the importance of SMEs in the South African economy. The data to be used in this

research is self-reported data, and it is assumed that participants will provide an honest and unbiased response.

It is difficult to identify the different forms of corruption that exist in South Africa, and it is assumed that the participants can recognise and identify corrupt behaviours and acts. Furthermore, it is assumed that the level of corruption is the same throughout the province and country.

It is assumed that data collection will be easily achieved from the sampling frame. However, if this is not forthcoming, other methods of sampling should be utilized to ensure sufficient data can be collected for the study.

1.9 Research Outline

The structure of the research study will follow the following approach, commencing with a literature review, followed by the research methodology, and thereafter an evaluation of the results and a conclusion. The literature review will provide a theoretical view of the impact of corruption on SMEs and will help to identify any gaps in current research. The research methodology will be derived from the literature review and will describe the data sample, collection method and analysis techniques. Results will present the findings of the study and will evaluate the results. The conclusion will summarise the study highlight key findings, attempt to answer the research question and objectives, and provide a view of the impact of corruption on SMEs in South Africa.

CHAPTER 2. LITERATURE REVIEW AND THEORETICAL FRAMEWORK

2.1 Introduction

The literature review will provide a summary of research relating to corruption in South Africa and SMEs to form a common understanding of these areas for the study and will set out the hypotheses (for a quantitative study) and the conceptual framework to be used to prove the research question of the study.

2.2 Definition of Topic or Background Discussion

2.2.1 Nature and Extent of Corruption in South Africa

After several years of apartheid, South Africa became a democratic country in 1994 (Klaaren et al., 2022). As of 2021, it has a population of 59.392 million with a formal unemployment rate of 33.6%, an annual GDP growth of 4.9%, and a government debt total of 39.6% of the GDP for 2000 (The World Bank | Data, 2023). South Africa is currently experiencing state capture and other forms of endemic corruption, low rates of economic growth, high unemployment rates, and high levels of inequality and poverty (Salahuddin et al., 2020). With a Gini score of 63 in 2021 South Africa had the highest inequality in income distribution worldwide (Statista, 2022).

Anti-corruption was not treated as a primary objective in the initial phase of reform and design of public procurement from the commencement of democracy to 2012, and hence integrity or anti-corruption is not among the five principles enshrined in South Africa's constitution to govern public procurement (Klaaren et al., 2022). Thus, if this is not a primary focus of public spending, the largest spender in an economy, there is little hope of implementing or monitoring governance in the country. Recently, there has been a flourishing of initiatives to detect, investigate, and prosecute procurement related corruption, but there have been limited initiatives

in the adoption of measures to prevent procurement related corruption from occurring (Klaaren et al., 2022). Based on the above statistics South Africa coupled with the government's initial failure to include anti-corruption measures in the country's reform policies has created an environment to fuel corrupt activities.

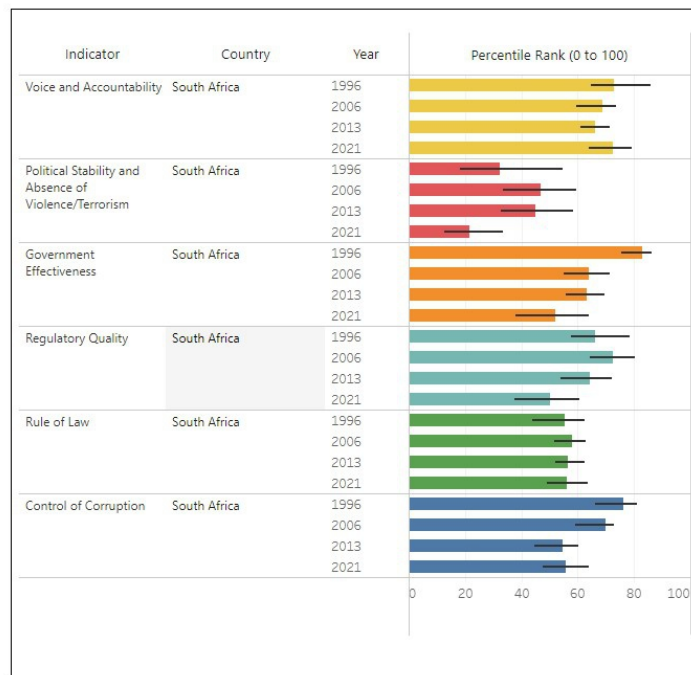


Figure 4: Worldwide governance indicators for South Africa
(Source Kaufmann & Kraay, 2021).

The worldwide governance indicators are aggregate and individual governance indicators for 200 countries for six dimensions of governance. A ranking closer to 100 is preferred for the governance indicators. Figure 4 illustrates the ranking for South Africa over the period 1996 to 2021 and shows a decline in four of the six indicators, namely political stability and absence of violence/terrorism, government effectiveness, regulatory quality, and control of corruption (Kaufmann & Kraay, 2021). From Figure 4, the biggest decline has been in the government effectiveness indicator, and this has a direct impact on the other five indicators and can explain the decline in most of the country's governance indicators.

This is also supported by the decline in South Africa's CPI score, as represented in Figure 5, which indicates that the control of corruption and government effectiveness have failed in the country.

Score changes 2012 - 2022

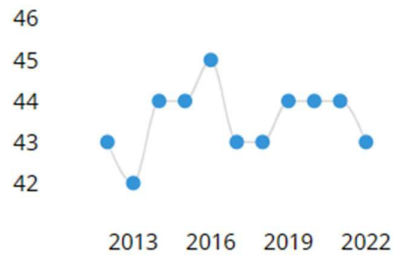


Figure 5: South Africa's CPI score and rank over the period 2012 to 2022

(Source: Transparency International, 2022)

The Zondo Commission found that government agencies and politically connected individuals purposefully misused state procurement for their benefit and at the expense of the nation's development, despite of numerous rules and directives (Klaaren et al., 2022). Salahuddin et al. (2020) suggest that the impoverished suffer more from corruption as they are more likely to pay bribes for basic services. South Africa is struggling with growth that is too slow to raise the average living standards, as 55 percent of its working population, between the ages of 15 and 34, has a 35-37 percent unemployment rate because of the skills mismatch (Global Security, n.d.). Consequently, given the high unemployment rate in South Africa, corruption appears to be a key player in the economy, continuing the vicious cycle of poverty.



Figure 6: Anti-corruption statistics from 1 October 2020 to 05 March 2023

(Source: South African Government, 2023)

Figure 6 highlights that despite numerous anti-corruption initiatives being implemented, the conviction rate is 24.03% of the number of arrests. In 2022, the Specialised Commercial Crimes Unit in the NPA finalised 388 cases with 344 convictions, excluding the high-profile cases (Landman, 2022), which closely resembles the data provided in Figure 6. Unfortunately, this paints a grim picture for South Africa, which supports the low CPI score as reported by Transparency International (2022) and shows that corruption remains a prevalent challenge, especially in developing countries (Hoang, et al., 2022). South Africa's declining CPI score (Figure 5) supports the literature claiming that corruption is a challenge for developing countries.

2.2.2 Small and Medium Enterprises (SMEs)

Small and medium enterprises (SMEs) are profit-driven, privately held businesses that aim to turn a profit. SMEs make up the majority of the world's business population and are crucial to economic development as they create most of the formal jobs in developing markets, and account for up to 40% of the national income (GDP) in emerging markets (Changwony & Kyiu, 2023; Piper, 2019; World Bank, nd). From Figure 7, there were an estimated 332.99 million SMEs worldwide in 2021, with Asia having the largest quantity of SMEs and the second largest number of SMEs being from Africa (Clark, 2023).

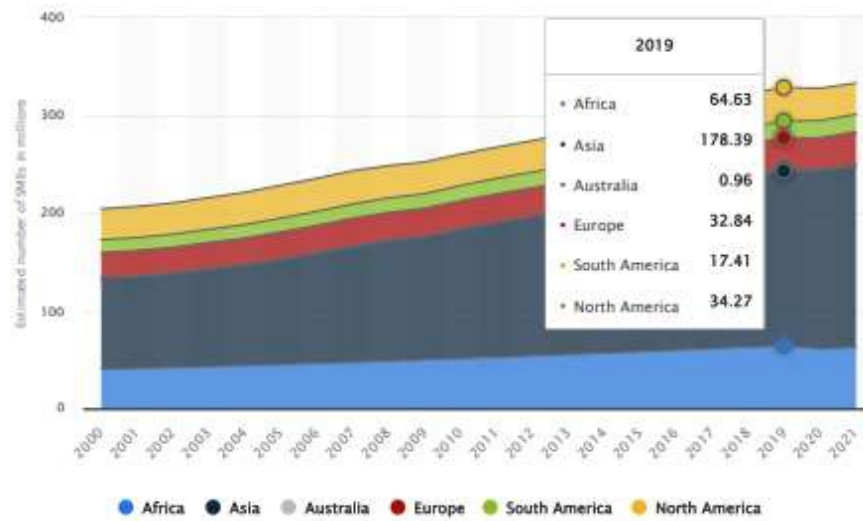


Figure 7: Estimated number of small and medium sized enterprises (SMEs) worldwide from 2000 to 2021, by region (in millions).

(Source: Clark, 2023)

SMEs in developing countries have more business challenges than large firms, including bribery and corruption, with 83% of business leaders in Sub-Saharan Africa agreeing that bribery and corruption are obstacles for SMEs (Changwony & Kyiu, 2023). SMEs continue to face the hard choice of making illegal payments to obtain public services to prevent the loss of business opportunities, or to be rendered uncompetitive or driven out of business (Changwony & Kyiu, 2023). According to Sumah (2018), as cited in (Mansoor et al., 2019) SMEs pay 4 to 5 percent of their annual profit in bribes, whereas large companies pay less than 3 percent, supporting the idea that the payment of bribes does negatively affect SMEs. SMEs seek business group affiliations to overcome the challenges preventing them from gaining access to resources, capabilities, and international markets, while the relationship promotes the affiliated firm's competitive capabilities and increases its market power (Changwony & Kyiu, 2023).

Larger firms have significant financial resources to create conducive environments for their business; however, SMEs with limited resources need to be strategic in how

they utilise their resources to ensure the survival and success of their businesses (Adomako et al., 2021). Therefore, financial slack, the liquid financial resources the firm possesses above what it needs for its current operations, is especially valuable for SMEs in countries where corruption is prevalent because it is challenging to access credit in such environments (Adomako et al., 2021).

2.2.2.1 Factors Affecting SMEs Performance

The business environment is defined as factors both internal (internal environment) and external (external environment) of the organisation that influence the continued successful existence of the organisation (Sitharam & Hoque, 2016). Internal environment factors are largely controllable by the business and include managerial competency and skill, access to finance, and technological capabilities, while economic variables and markets, crime and corruption, labour, infrastructure, regulations, and competition are considered external environment factors (Sitharam & Hoque, 2016). Macroeconomic factors (inflation, interest rates, unemployment, and weak currency) are factors that negatively affect the success of SMEs by increasing their expenses while decreasing their profitability. For an SME to be successful, it must manage the internal and external environmental factors while it has more control over the internal factors meaning these factors should be easier to manage.

In a Mexican study, more than 50% of those interviewed reported that corrupt practices had a significant negative impact on their businesses (Sitharam & Hoque, 2016). This has become prevalent in South Africa as corruption is impacting SMEs ability to survive and grow with the majority. In the study conducted by Sitharam and Hoque (2016) of SMEs in KwaZulu Natal, 88.98% of the respondent's viewed crime and corruption as major factors affecting business performance, as reflected Figure 8.

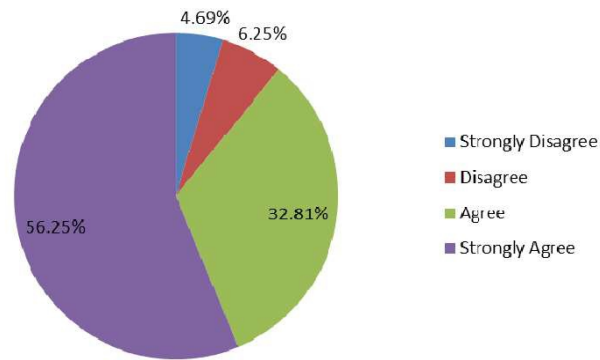


Figure 8: Crime and corruption affects the growth of the business

(Source: Sitharam & Hoque, 2016)

Another aspect that is internal to the business and impacts its performance is its reputational value. In a survey of business executives, it was stated that the most severe impact if corruption was discovered would be damage to the corporate reputation, and the risk of reputational damage increases significantly for businesses operating in corrupt environments (Rune & Hansen, 2011). Therefore, the risk of reputational damage for organisations operating in developing countries is significantly higher than for organisations in the developed countries because corruption has been identified as a major challenge for developing countries.

While larger businesses have more reputational risk at stake due to their higher economic importance, larger stakeholder interests, and greater public exposure, it is equally important for SMEs to manage their reputational risks because, while reputation can be viewed as an intangible asset, damages made to it can quickly turn into tangible costs (Rune & Hansen, 2011). Examples of reputational damages, most notably in large corporations, are negative press coverage, civil society protests, and boycotts of products by customers (Rune & Hansen, 2011).

Although SMEs don't have the same leverage and impact on society and markets they operate in when compared to large organisations, having a good reputation based on integrity, accountability, and professionalism is crucial for building business partnerships, and managing the business reputation is of vital importance as it can be used to build competitive advantage. SMEs that have been previously

sentenced for corruption and are being investigated or perceived to be involved in corruption will not be chosen as potential business partners out of the risk of tainting the potential partner's reputation by being affiliated with the SME, resulting in a loss of potential income for the SME (Rune & Hansen, 2011).

Despite internal and external factors affecting SMEs performance in today's fiercely competitive market, SMEs need to be proactive and actively seek ways to increase profits reasonably to survive and grow (Xuan et al., 2020). Enaifoghe and Ramsuraj (2023) state that maintaining an ethical reputation is important for an SMEs survival, and this is an important internal factor that can affect SMEs performance.

2.3 Forms of Corruption

A literature review on the forms of corruption will be discussed in this section.

2.3.1 Types of Corruption

The literature has identified two types of corruption namely grand corruption and petty corruption which have an impact on sustainable development. In contrast to petty corruption, which is more manageable than grand corruption because it involves lower-level officials who control access to fundamental services, grand corruption involves high-level individuals who have discretionary authority over government policy (Wu et al., 2023). Grand corruption involves high-ranking officials and associates, generally includes professional enablers and large sums of money are misappropriated (Miralis, 2020).

For businesses, the distinction between petty and grand corruption, as well as predictable and arbitrary corruption, is crucial since the former is regarded as a business expense or extra tax, while the latter has a less noticeable effect on the economy (Wu et al., 2023).

The Zondo Commission highlighted that grand corruption occurred in South Africa which has led to the personal enrichment of a few individuals and that such corrupt activities occurred over a longer period.

2.3.2 Causes of Corruption

According to Mansoor et al. (2019), the most common causes of corruption identified are (i) the absence of rules, regulations, policies, and legislation; (ii) weak systems of enforcement; (iii) weak systems of oversight implying a lack of a watchdog institution; (iv) lack of accountability; (v) lack of transparency; (vi) institutional weakness in the legislative and judicial systems; (vii) lack of integrity; (viii) monopoly of power; (ix) high degree of discretion; (x) low salaries; (xi) high rewards compared to risks; and (xii) low detection rate. Both developed and developing nations share these factors, but emerging nations face additional difficulties that impact the origins of corruption.

Private sector businesses and state-owned businesses operate differently from one another, with state-owned business managers generally having close relationships with government representatives, whose primary concern is re-election in government; thus, state-owned business managers get more favourable treatment when compared to private sector managers. Therefore, private sector firms perceive this relationship as corruption, which benefits state-owned businesses (Wu et al., 2023).

The four major varieties of corruption in emerging markets are: (i) opportunistic corruption; (ii) society directly or indirectly endorses corruption as acceptable; (iii) systemic corruption, which is at the expense of the state; and (iv) destructive corruption, where the rich strive to attain more wealth while displaying flamboyant lifestyles, provoking a chaotic situation in a country (Suleiman & Othman, 2017). Given the current culture in South Africa regarding corrupt activities, the four varieties of corruption continue to thrive due to the decline in the government effectiveness governance indicator as indicated in Figure 4.

2.3.3 Forms of corruption

Owusu et al. (2021) state that corruption can take many different forms, making a system, process, or environment vulnerable to corrupt activities in both its internal and external structures.

According to the study conducted by Chan and Owusu in 2017, the different categories of corrupt acts and various forms per category were identified in the construction industry and are shown in Table 4. The forms of corruption provided by Owusu et al. (2021) are similar to the corrupt forms indicated in Table 4. Therefore, to be able to develop measures to curb corruption, a thorough understanding of the various forms of corruption is required, as is the degree to which these forms impact corruption. According to the study by Owusu et al. (2021), bribery acts were identified as the most critical construct within the corruption form set.

The causal factors are variables that propel the incidence of corruption and can be classified into 5 subcategories, namely: (1) regulatory or legal-specific causes; (2) organisational-specific causes; (3) project-specific causes; (4) statutory-specific causes; and (5) psychosocial-specific causes. A total of 44 variables were identified and classified into 5 subcategories (Owusu et al., 2021).

Table 4:*Forms of corrupt acts identified in construction sector.*

Construct	Forms of corruption	Description
Bribery Acts	Bribery	may involve giving, promising, soliciting, accepting, or offering a benefit to lure or entice someone to act in an unethical or illegal manner
	Kickbacks	where a secret payment is demanded by an individual in a coercive position from another party in search of an advantageous or a biased decision
	Facilitation payments	are regarded as small bribes that can also be termed as grease or speed payments normally made to speed up or secure an action to which the briber already has authorized or other rights to
	Lobbying	any corrupt act that is undertaken to influence the decisions and policies of an institution to favor an outcome or a course
	Influence Peddling	use of one's status or influence on behalf of another person for a special advantage in return for financial favors or other benefits
Fraudulent Acts	Fraud	act of deception with the intention to cheat
	Collusion	undisclosed arrangement that exists among the parties involved, who meet to conspire to commit deceitful or fraudulent acts with the intention of gaining illegitimate rewards such as financial gains
	Front companies	limited liability companies or corporations that have no corporal existence regarding jurisdiction, no commercial activities, nor are they made up of any real employees
	Ghosting	to an entity (either an individual or a unit) made-up for the purposes of fraudulent act or deception
	Dishonesty	an act of lying, stealing, or cheating with the primary aim of acquiring, converting, or disposing of either tangible or intangible property to obtain an upper hand or a benefit.
	Money laundering	act of concealing the ownership, source, or the end point of money obtained in an unlawful of a dishonest manner and secretly placing it in legitimate ventures or projects to make them look lawful
	Deception	act of presenting wrongful information with the aim of misleading another person concerning a situation that in itself is true
Collusive Acts	Bid rigging	where consenting participants settle on the results of a bid process beforehand
	Price fixing	competitors or tenderers colludes to either manipulate or fix prices rather than observe an open market competition
	Cartels	also regarded as a form of collusive act and similar to bid rigging, transpires when two or more firms arrange or enter into an agreement to limit the flow of materials or fix the prices of goods they control in a specific industry
Extortory Acts	Extortion	the direct or indirect act of using one's power, knowledge, or status to coercively threaten others in the form of demanding unmerited benefits, compensations, or benefits
	Client abuse	biased arrangement of exchanging goods, favors, or resources on a manipulative affiliation between a powerful party and a punier client
	Intimidations	an individual intentionally induces a sense of subjection, inferiority, or fear into another person or group of persons with the aim of frightening them to make them do what the intimidator wants
	Coercion	direct or indirect act of committing harm, prejudice, or threats to negatively influence the actions of another person often to favor the coercer
	Blackmail	party threatens another party if the latter party does not render some privileges or advantages demanded by the former party and the threats are usually in the form of punishment or a mean act as observed in the act of coercion
Discriminatory Acts	Nepotism	an individual in a position grants a favor to either a relative or a friend without suitable regard to qualification
	Favouritism	offering special treatment to either an individual or a group of persons, and it often takes the form of awarding a contract, honoring, hiring, benefits, among others, even though the person may not necessarily be qualified for the position or the contract offered
	Patronage	where an individual is offered a job, award contract, or other benefits regardless their entitlement or qualifications and it is normally due to either the individual's connections or affiliations
Unclassified Acts	Embezzlement	where an individual misappropriates, traffics, or uses either goods or funds of an organization or an institution entrusted in their care for personal benefits
	Conflict of interest	where a professional of the industry is challenged with a choice of deciding between the demands and duties required by profession and their respective personal interests
	Professional negligence	when a professional fails to provide a responsibility of care that a normal careful and prudent professional would offer given the same conditions

Note. Adapted from (Chan & Owusu, 2017). Retrieved from doi: 10.1061/(ASCE)CO.1943-7862.0001353. Date of access 2023.

2.3.4 Hypothesis 1

Based on the literature review the following hypothesis is to be answered by this study:

H1₀: There is no relationship between the organisational-specific causal factors of corruption and bribery acts in the SME sector in Gauteng.

H1: There is a significant relationship between the organisational-specific causal factors of corruption and bribery acts in the SME sector in Gauteng.

2.4 Relationship Between Business Performance and Corruption

A literature review on the relationship between SME performance and corruption will be discussed in this section.

2.4.1 Impact of Corruption on SMEs

Corruption has a strong negative impact on SMEs in the private sector financial performance in the Vietnamese manufacturing industries, and therefore corruption reforms may reduce informal costs of doing business and enhance SMEs performance in Vietnam (Hoang et al., 2022).

Corruption is a plague with serious economic and social consequences with a greater impact than people perceive, as the impacts on business are often underestimated and corruption is a good indicator of conditions that boost unethical behaviour (Medioli et al., 2021). Previous studies indicate that public corruption has significant economic impacts on business operations and performance (Hoang et al., 2022). Previous literature supports the idea that corruption would be beneficial and detrimental to a firm's performance and value. Furthermore, studies on corruption and economic growth have not reached a unified conclusion on the relationship between these two variables, as there are studies that support a

negative relationship between the two variables while others have identified a positive relationship (Labeled et al., 2022). This poses a challenge as without a unified approach to the impact of corruption, there cannot be a global standard to use as a basis to prevent corruption leaving anti-corruption measures to each country and each business's own discretion making the challenge to fight corruption more difficult.

2.4.2 Impact of Corruption

The literature identifies two strands of the impact corruption has on corporate operations and performance, namely (i) that corruption motivates the performance of the private sector and (ii) that corruption hurts the economic growth of the private sector (Hoang et al., 2022). Despite the growing body of literature, there is no direct answer as to whether corruption “greases” or “sands” the wheel of development, and there is a problem with the concept of corruption, which is multidimensional. (Le & Doan, 2020; Otto et al., 2022; Salahuddin et al., 2020).

According to Labeled et al. (2022) and Le and Doan (2020), when corruption has a positive impact, it is known as the “grease in the wheel” theory. This type is characterised by engaging in bribery to gain competitive advantages, abnormal profits, buy political patronage, circumvent government regulations, and help firms bypass public sector rules and impediments and stimulate innovation (Hoang et al., 2022; Salahuddin et al., 2020). Also, firms with close political proximity might gain preferential access to bank loans from state banks at lower costs, have more government bailouts, gain government contracts, and have better performance relative to their counterparts (Hoang et al., 2022). Here, who you know matters, meaning having the right connections can open access to resources and eliminate obstacles that firms would normally encounter (Adomako et al., 2021).

Here, firms will passively accept the corruption norms and pay rents as informal business costs, equating to an involuntary tax imposed on the business due to corruption. According to Labeled et al. (2022) and Le and Doan (2020), this type of corruption is known as the “sand on wheels” theory, which hurts investments and economic growth, especially in terms of misallocation of public resources, but is

considered the closest to reality. Malesky et al. (2020, cited in Hoang et al., 2022) indicate that the informal costs related to bribery account for about 2.99% of their revenue and therefore increase the firm's informal operating costs, lowering firm performance and growth in private sector firms.

Hoang et al. (2022), confirm that, in firms with state ownership, corruption is seen as positive until the corrupt deeds are revealed, and once revealed, the impact is negative. This supports the negative impact of corruption on the reputation of the business.

While Chinese firms take advantage of political proximity to gain a competitive advantage through the payment of bribes, Vietnamese firms view corruption as a social norm and an informal cost of doing business in Vietnam (Hoang et al., 2022). Therefore, the “grease in the wheel” theory is prevalent in China, while the “sand on wheels” theory exists in Vietnam.

Many studies have concluded that corruption has a negative direct and one-way impact on economic growth, identified as (i) a decline in domestic and foreign investment; (ii) an increase in production costs; (iii) misallocation of natural resources; (iv) growing income inequality; and (v) increasing uncertainty in the decision-making process by investors (Labed et al., 2022). Salahuddin et al. (2020) further identified (vi) intensifying poverty, (vii) reducing economic growth, (viii) hampering the productivity of the public sector, (ix) reducing private sector investment, (x) increasing inflation, (xi) causing a decline in personal incomes, and (xii) lowering expenditure on health and education. Adomako et al. (2021) mention that the cost of not engaging in corruption could be high for those who choose not to participate, and they will likely be excluded in favour of those partaking in corruption. This is termed pay-to-play which could significantly harm the business, and hence some reluctance to engage in bribery.

Corruption can reduce positive developments in a country gained through globalisation, like poverty, and it intensifies poverty while weakening state institutions and gradually eroding the economy's potential, implying that a lack of

good governance will further exacerbate corruption, which will improve the nation (Salahuddin et al., 2020).

Developing nations often experience corruption, which affects both business and society, negatively impacts economic development, and shifts benefits from society to corrupt individuals (Adomako et al., 2021). Entrepreneurs who operate their businesses in a corrupt environment will develop relationships with government officials to help the entrepreneur buffer against uncertainties and attain higher performance and success, which comes at a cost beyond what is necessary to smoothly operate the business (Adomako et al., 2021; Moumbark & Koudalo, 2022).

The study by Adomako et al. (2021) found that there is a positive link between corruption and the firm's performance through institutional networking and relationships with government and bureaucratic officials, and that financial slack amplifies the relationship between perceived corruption and institutional networking in Ghanaian SMEs. However, it is important to note that unrestricted bribery may encourage opportunistic civil servants to intentionally impose bottlenecks to enrich themselves, which could increase the cost of doing business and negatively impact economic development (Adomako et al., 2021). This supports the viewpoint that corruption may benefit a firm in the short term, but there could be negative long-term effects for the firm and society.

2.4.3 Cost of Corruption

The costs of corruption to society are staggering, and unfortunately, developed countries, with developed anti-corruption mechanisms, are still struggling with corruption and are not immune to the effects of corruption. According to the 2014 European Commission report, corruption costs the European economy about 120 billion euros a year, which is an increase from the 2004 World Bank survey, which showed that \$1 billion in bribes in both developing and rich countries is paid annually (Mansoor et al., 2019). The developed countries while not immune to the effects of corruption have a stronger economy to weather the effects which developing countries cannot do. South Africa cannot afford to weather the effects of corruption

because of poor economic growth, high levels of inequality and lack of fulfilment of the government's social contract with its citizens and therefore the perceived cost of corruption will be higher than the actual cost of corruption.

The costs of corruption can be categorised into two categories: the costs of corruption for the state and the undue benefits obtained by companies through corrupt practices (Monteverde, 2019). The cost of corruption for society is the highest because of the negative impact on people's lives, and therefore it follows that the cost of corruption for the state is substantial. The cost of corruption for the state results in a reduction of national and foreign investment; a disproportionate increase in government spending; distortion of the composition of government spending favouring projects that have a greater scope for manipulation and opportunities for bribes; disincentives for taxpayers to pay taxes and a reduction in the state's ability to collect taxes; wasteful public spending coupled with lower revenue can result in large fiscal deficits and substantial debt accumulation; a reduction in private investment; poor education and health indicators; and inefficiencies in the provision of social services (Monteverde, 2019).

The cost of corruption in the case of bribes in the public sector is a private collection that impacts the state using the formula indicated in Equation 1.

**Equation 1: Cost of corruption in the case of bribes in the public sector
(Monteverde, 2019)**

Bribery corruption cost = bribery tax evasion rate + opportunity cost of bribery tax evasion rate + social cost + μ

Where:

- Tax evasion rate of bribery = the amount of tax the state does not collect on the bribe and is therefore the sum of the general VAT rate and the income tax rate for companies or individuals
- Opportunity cost of bribery tax evasion rate = recovery of loss tax, through the market, to replenish shortfall of funds
- Social cost = the human cost that must be calculated where corruption has either directly or indirectly caused accidents or deaths
- μ = the error or omission that must be in all formulas

Figure 9: Equation 1: Cost of corruption in the case of bribes in the public sector

(Source: (Monteverde, 2019))

From Figure 9, corruption results in a decrease in monies available for collection via the state in the form of taxes, leading to a reduction in state income which negatively impacts the state's fiscus for providing social services.

According to Monteverde (2019), the formula for the cost of corruption in the public sector for overpricing public works is an extension of the formula used in Figure 9 and shall be presented as Equation 2.

**Equation 2: Cost of corruption in the case of overpricing in public works
(Monteverde, 2019)**

Public works corruption cost = bribery tax evasion rate + opportunity cost of bribery tax evasion rate + social cost + public work cost overrun + opportunity cost of the public work cost overrun + μ

Where:

- Public work cost overrun = overprice of public works indicated as cost overrun to hide monetary participations of corrupt networks
- Opportunity cost of the public work cost overrun = the inefficient allocation of expense or the cost of the overpricing debt

Figure 10: Equation 2: Cost of corruption in the case of overpricing in public works

(Source: (Monteverde, 2019))

The findings of Monteverde (2019) based on studies in Argentina using Equation 1 in the following scenario with a 10 percent bribe, a 56 percent tax evasion rate, and a 27.24 percent opportunity cost of the tax evasion result in a bribe corruption cost for the Argentine state of 7.12 percent. Using Monteverde's Equation 2 with the above scenario, which includes a 25 percent public work cost. overrun the cost of corruption for the Argentine state is 46.12 percent (Monteverde, 2019).

The summary of the literature review provided supports the view that there are two sides to the corruption coin, namely greasing the wheel, the positive side, and sanding the wheel, the negative side, which is more prevalent in developing markets, and that there exists a link between corruption and firms' performance.

Monteverde supports the view that corruption “sands the wheel” because the cost of corruption is substantial and also takes away additional revenue from the state fiscus while leading to wasteful expenditure. This view was supported by the findings of the Zondo Commission meaning that corruption hurts the business sector in South Africa while the cost of corruption impacts both the business sector and the state. The cost of corruption for McKinsey & Company was substantial as it voluntarily returned its earnings after being charged in the Transnet corruption scandal (McKinsey & Company, n.d.). Similarly, SAP, the software giant, was fined US\$220 million for corruption between 2013 and 2017 relating to contracts with various government institutions (OUTA, 2024). Both these organisations not only suffered financial losses because of engaging in corrupt acts but they also suffered reputational loss which impacted the business performance. Monteverde does not take into account the quantification of reputational loss into his equations represented in Figure 9 and Figure 10 which can affect business performance.

2.4.4 Hypothesis 2

Based on the literature review the following hypothesis are to be answered by this study:

H2₀: There is a positive relationship between the bribery acts, and the reputation of SMEs in Gauteng.

H2: There is a negative relationship between the bribery acts, and the reputation of SMEs in Gauteng.

2.5 Challenges for Implementation of Anti-Corruption Measures

A literature review on the barriers to implementing anti-corruption measures (ACMs) will be discussed in this section.

2.5.1 Anti-Corruption Measures

Corruption negatively impacts a country's performance and creates a gap between the public and government, increasing public dissatisfaction and potentially leading to political instability. Combating corruption is in the public interest, and when choosing anti-corruption measures, care should be taken to consider both the supply and demand sides of corruption (Mansoor et al., 2019).

The impact of anti-corruption on the performance of firms might be economically significant, depending on how strong the commitment to the anti-corruption process is (Hoang et al., 2022). Additionally, the results of Medioli et al. (2021) demonstrated that low corruption levels and high standards of public governance quality reduces particular types of opportunistic transactions, highlighting the importance of anti-corruption initiatives in reducing corrupt practices.

Changwony and Kyiu (2023) suggest that firms' response to corruption depends on the strategic tools used to disclose or conceal information, enhance their credibility and reputation, and legitimise their activities. Although business group affiliations have their pros; they can conceal information, expropriate minority shareholders, solicit rent from politicians and governments, display less corporate transparency, and can cause negative economic and social consequences (Changwony & Kyiu, 2023). The findings of Cheng (2018), as cited in Changwony and Kyiu (2023), confirm that politically connected firms' market value decreases when the politician dies as political connections are no longer exploited by the politician.

According to Hoang et al. (2022), Vietnam has implemented anti-corruption initiatives that set new records for party members and senior government officials being asked to face corruption charges in court. This type of anti-corruption campaign has been unprecedented since the establishment of the Vietnamese government in 1945 and has gained attention from local citizens and the international community (Hoang et al., 2022).

Hoang et al. (2022), it is stated that the anti-corruption campaign in Vietnam resembles the recent anti-corruption campaign in China, as both these countries

have similar political and economic systems whereby there is a crackdown on corruption at all levels of government and economic sectors. Despite the similar anti-corruption campaigns, the impact of firms in both countries differs, as firms in China experience growth explained more by corruption than by the financial development of the country, whereas private firms in Vietnam have displayed evidence of growth hindrance due to corruption in the country (Hoang et al., 2022).

In Vietnam, the anti-corruption campaign improved private firms' performance by 3.72%, indicating that they benefited from the government's anti-corruption campaign due to the alleviation of the "grabbing hand" form of corruption and the enhancement of the country's institutions (Hoang et al., 2022). However, in firms with state ownership, there was a negative impact of the anti-corruption campaign as most of the corruption cases were related to these firms, and once the corruption was revealed, the result was a decrease in their assets and financial performance with an improvement in financial transparency (Hoang et al., 2022).

Anti-corruption campaigns limiting the payment of bribes will stop these private firms from gaining a competitive advantage (Hoang et al., 2022). In firms with state ownership, corruption is seen as positive until the corrupt deeds are revealed, and once revealed, the impact is largely negative (Hoang et al., 2022).

However, in China, according to Kong et al. (2017), as cited in Hoang et al. (2022), there is a negative impact of anti-corruption on private firms' performance, while the study supports the idea that firms actively engage in bribery to gain preferential treatment and abnormal benefits over their peers.

In South Africa, it has become clear that official measures to curb corruption in public procurement are inadequate (Klaaren et al., 2022). The state capture report highlights that even though South Africa has legislation that criminalises involvement in corruption, many private firms and highly ranked and politically connected individuals benefited from corrupt acts at the expense of the public sector (Klaaren et al., 2022). Corruption in the public sector is driven by the poor enforcement of anti-corruption legislation and policy, and divergent political and economic interests play a role whereby corruption leads to an increase in costs with

the delivery of lower-quality services, which is evident in South Africa (Rispel et al., 2016). The key ACMs for South Africa will be: (i) the political deployment in the civil service needs to be replaced by one based on merit; (ii) the insulation of administrative processes from political interference to prevent state resources from being accessed based on political affiliation; and (iii) respect for the rule of law and effective enforcement of legislation and regulations (Rispel et al., 2016).

According to Medioli et al. (2021), the introduction of ACMs with rigorous sanctioning as well as an ethical and sustainable framework at both a local and transnational level should be encouraged. A good environmental context protects all stakeholders, is more attractive for a healthy business, and improves firms' growth and performance. Their findings confirm that a negative context leaves room for opportunistic behaviours (Medioli et al., 2021). This supports the theory that weak institutions provide discretionary opportunities for the abuse of power for private gain through the facilitation of illegal payments, and hence it is crucial for a country wanting to reduce and prevent corruption to focus on improving its institutions capabilities and speedily implementing anti-corruption policies without favour or prejudice.

In summary, to combat corruption, there needs to be improvement and/or establishment of effective and practical anti-corruption laws; transparency and accountability at all public levels; equal and fair treatment; streamlined regulations on business, investment, and tax procedures; corporate governance; severe punishment for corrupt behaviours; serious implementation of corruption laws; increasing civil servant salaries and work environment satisfaction; education and awareness of people; freedom of speech and freedom of the press; and whistle-blowers protection laws (Mansoor et al., 2019).

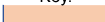
2.5.2 Anti-Corruption Barriers

If the obstacles preventing most ACMs from being effective in the battle against corruption were removed, they would be able to accomplish notable successes. Owusu and Chan (2019) found 17 barriers to effective ACMs, which are emphasised in Table 5, for both developed and developing countries.

The barriers highlighted in Table 5 for developing countries which have a mean score of 3.5 or higher are also present in developed countries. However, lower mean scores indicates that although the barrier is present in developed countries, it does not significantly reduce the efficacy of ACMs in comparison to developing nations. Thus, determining the ACM hurdles might provide a knowledge foundation for practitioners, policymakers, anti-corruption institutions, and organisations to incorporate into the development of their ACMs to reduce involvement in corruption. (Owusu & Chan, 2019).

Table 5:
Barriers to effective ACMs

Barrier code	Barrier Description	Overall Mean	Developed Countries Mean	Developing Countries Mean
B1	Political and structural barriers	3.47	2.97	4.00
B2	Fear of insecurity	3.25	2.88	3.63
B3	Fear of losing life	3.02	2.64	3.41
B4	Social misrepresentation	3.02	2.58	3.47
B5	Fear of being sidelined or marginalised	3.11	2.64	3.59
B6	Fear of being caught reporting	3.35	3.10	3.63
B7	Social or occupational stigma and rejection	3.02	2.64	3.41
B8	Bureaucratic process of reporting corrupt cases	3.20	2.94	3.47
B9	Lack of independence	3.06	2.71	3.44
B10	Fear of victimisation	3.25	2.67	3.84
B11	Inappropriate coordination of internal structures of institution relationship	3.03	2.82	3.25
B12	Perception of no better end result, distrust in system	3.20	2.85	3.56
B13	Lack of political will by government official and statutory professional councils to fight corruption	3.35	2.64	4.09
B14	Lack of knowledge and understandign of one's rights within a contractual environment coupled with the difficulty in giving tangible evidence in the event of corrupt activity	2.94	2.40	3.50
B15	Inappropriate staffing	3.25	3.00	3.50
B16	Lack of knowledge or nonfamiliarity with ethical codes/organisational codes of ethics	3.31	3.15	3.47
B17	Personal attitude (willingness to become involved in fighting corruption)	3.51	3.00	4.03

Key:
 = barriers identified for developing countries with a mean value of 3.5 and above
Overall Mean = combined mean value for both developed and developing countries

Note. Adapted from (Owusu & Chan, 2019). Retrieved from doi:10.1061/(ASCE)ME.1943-5479.0000667. Date of access 2023.

2.5.3 Hypothesis 3

Based on the literature review the following hypothesis are to be answered by this study:

H3₀: There is no relationship between barriers that hamper the effectiveness of anti-corruption measures and the prevention of corruption in the SME sector of Gauteng province.

H3: There is a relationship between barriers that hamper the effectiveness of anti-corruption measures and the prevention of corruption in the SME sector of Gauteng province.

2.6 ANALYTICAL FRAMEWORK

The analytical framework is an integrated overview of the theoretical and empirical concepts of the study and describes the theoretical and conceptual framework used to answer the research question and research objectives.

2.6.1 Theoretical Framework

2.6.1.1 Social Psychology, Criminology and Economics Frameworks

From the literature, several frameworks may explain why individuals engage in corruption, primarily from the social psychology, criminology, and economics disciplines (Gorsira et al., 2018). According to Grosira et al. (2018), the theories proposed by the above-referenced disciplines are summarised below:

- a) Social psychology frameworks propose both personal and social norms and incorporate the perceived opportunity to comply as an essential factor in explaining corrupt behaviour.
- b) Criminological theories uniquely add the opportunity to violate as a dominant factor.

c) Economic theories suggest that incentives, both positive and negative, are critical factors for explaining corrupt behaviour.

- Social psychology factors

Social psychological theories, critical in explaining corrupt behaviour, are based on norms, incorporating the theory of planned behaviour, the focus theory of normative conduct, and the norm activation model (Grosira et al., 2018). There are four types of norms: a person's norms, personal norms, norms outside of the self, and social norms (Grosira et al., 2018).

- Economic factors

Corruption can be viewed as a purposeful action, which is the outcome of a rational decision-making process in which the costs and benefits are weighed for a specific situation, implying that it is a planned action (Grosira et al., 2018). Therefore, for the economic approach, cost and benefit assessments play a deciding role in explaining why individuals engage in or refrain from rule-breaking behaviours (Grosira et al., 2018). While decisions to engage in corrupt acts are usually based on monetary gain, some are based on non-monetary considerations such as excitement, pleasure, or status (Grosira et al., 2018).

- Criminological factors

For individuals to engage in corruption, there must not only be a desire to commit this kind of behaviour but also a need to be able to do so. Hence, motivation and opportunity are key variables in criminological theories for the causes of criminal behaviour (Grosira et al., 2018). The opportunity to engage in corrupt acts is a vital precondition, and an opportunity is identified as an individual's perception regarding the ease or difficulty of performing the corrupt act (Grosira et al., 2018).

2.6.1.2 Anomie Theory

According to Merton (1968), anomie arises in cultures when significant objectives and the moral or ethical means of achieving them are not given equal weight (Medioli

et al., 2021; Zschoche, 2011). Deviant and unethical behaviour in the pursuit of goals becomes more likely when the ends become more significant than following legitimate paths (Zschoche, 2011). Therefore, a state of anomie develops when access to goals is blocked, and deviant behaviours are employed to achieve the goals. Accordingly, the difference between means and goals—rather than between requirements and satisfaction—defines anomic conditions.

Wickert (2022) states that there are five behavioural patterns individuals have to cope with the pressure of anomic conditions namely:

1. Conformity (acceptance of cultural goals and adaption to social change)
2. Innovation (acceptance of cultural goals with non-recognition of legal means to achieve the goals)
3. Ritualism (lowering or abandoning the cultural goals and maintaining legal means to achieve them)
4. Retreatism (rejection of cultural goals and legal means)
5. Rebellion (combating the objectives and means to change social structures)

The above five behavioural patterns are summarised in Table 6, which shows the impact of cultural goals and institutionalized means associated with each behavioural pattern.

Table 6:

Different adaption reactions and the approval/availability (+) or rejection (-) of cultural goals and institutionalised means

MODE OF ADAPTATION	CULTURE GOALS	INSTITUTIONALISED MEANS
Conformity	+	+
Innovation	+	–
Ritualism	–	+
Retreatism	–	–
Rebellion	(+/-)	(+/-)

Note. Adapted from (Wickert, 2022). Retrieved from <https://soztheo.de/theories-of-crime/anomie-strain-theories/anomie-theory-merton/?lang=en>. Date of access 2023.

According to Merton (as cited in Zschoche (2011)) the primary cultural goal is economic and material accomplishment. He argued that high rates of criminal and other unethical behaviour resulted from a lack of comparable emphasis on using legitimate means to attain economic wealth. Therefore, while anomie increased throughout society, people of a lower social status were more likely to use illicit means to achieve economic attainment goals due to lower access and fewer opportunities (Zschoche, 2011).

According to Kamensky (2016), the norms of cultural values are being destroyed and replaced with corruption normativity. When there is an absence of effective social and legal regulations, corrupt behaviour patterns strengthen the patterns of the culture of corruption, and these factors have a cyclic relationship (Kamensky, 2016).

The anomie theory emerged in criminology, but it has been extended and applied to research on business and white-collar crimes because societies culturally value wealth and economic well-being (Bernburg, 2019).

Anomie conditions arise from the cultural structures that create pressure for monetary success (the goal), causing the individual to focus on the achievement of the goal while downplaying the legitimacy of the means utilised to achieve monetary success, resulting in deviance from moral and ethical societal norms (Cruz, 2021). Therefore, to achieve monetary success, the individual chooses criminal activity because it is believed that there is no other way to achieve monetary success. Hence, in countries where there is more commitment to gaining economic success with a weak commitment to use legitimate means, there is an increase in crime rates, and this situation is currently visible in South Africa. The focus on the achievement of monetary success may influence the ethical climate within the business, promoting unethical behaviours and rationalising corrupt acts.

Anomie contributes to corrupt behaviours by weakening moral constraints, focusing on the pursuit of personal gain, forming weak social bonds between individuals and

society, and making individuals unable to distinguish between acceptable and unacceptable behaviours.

In summary, anomie is a condition of modern society caused by economic development and characterised by the absence of social and moral norms which can destabilise the social order when personal interests are of utmost importance. This forms a climate ripe for corrupt behaviours.

2.6.2 Hypothesis 4

Based on the literature review the following hypothesis are to be answered by this study:

H₀: Anomie behaviour does not affect the relationship between the customer's willingness to purchase products and/or services from an SME based on perceptions of corrupt behaviour.

H₄: Anomie behaviour mediates the relationship between the customer's willingness to purchase products and/or services from an SME based on perceptions of corrupt behaviour.

2.6.3 Theoretical Relationships Among Constructs of Corruption

According to Owusu et al. (2021), there are five main categorical constructs namely: (i) the forms of corruption; (ii) the causal factors of corruption; (iii) the risk indicators of corruption; (iv) anti-corruption measures; and (v) the barriers that hamper the effectiveness of anti-corruption measures and their relationship towards corruption within the procurement process for infrastructure projects, as illustrated in Figure 11.

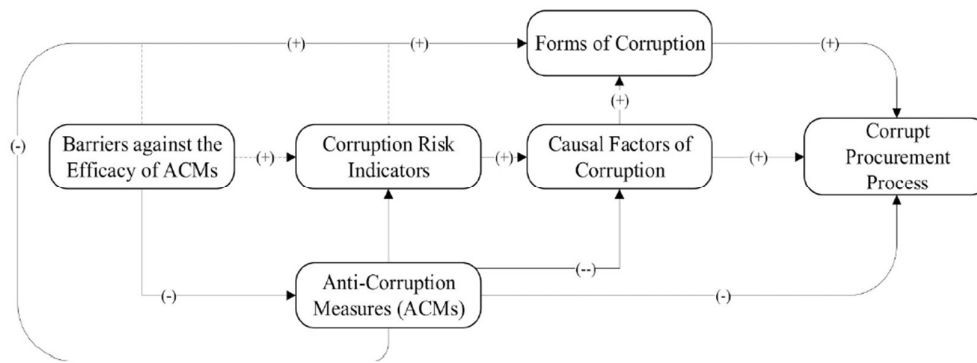


Figure 11: Theoretical relationships among the constructs

(Source: (Owusu, Chan, & Wang, 2021, p. 3))

The causal factors and risk indicators have been a leading instigator of corruption, represented by (+) notation, and the anti-corruption measures help to prevent the instigation and prevalence of corrupt practices, represented by (-) notation. An inhibitor of corruption prevention is the barrier construct that affects the effectiveness of anti-corruption measures and has a (+) notation as it contributes to corruption (Owusu et al., 2021). The forms of corruption create the necessary conditions for the causal factors of corruption to thrive but do not cause corrupt acts themselves (Owusu et al., 2021). Therefore, a generic outlook of how the individual constructs of corruption affect the procurement process of infrastructure-related works is shown in Figure 11.

2.6.4 Conceptual Framework

This research will use the theoretical lenses of social psychology, criminology, and economics frameworks, the framework of Owusu et al. (2021), and anomie theory to develop a conceptual framework to address the research question. The conceptual framework will prove the research objectives and hypothesis of the study and investigate how perceived corruption and the effectiveness of anti-corruption measures impact the performance of SMEs in Gauteng. The conceptual framework is illustrated in Figure 12.

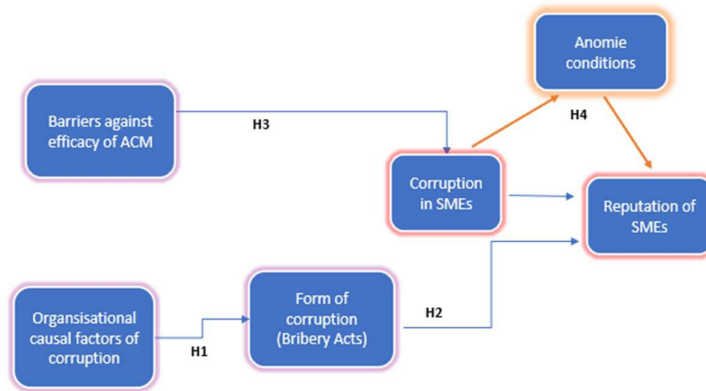


Figure 12: Conceptual framework for the impact of corruption on the SME sector

(Source: Researcher)

The research design will be quantitative to test the relationships between theoretical constructs and corrupt behaviours within the SME sector and their impact on the reputation of the SMEs using a survey instrument.

2.7 Conclusion of Literature Review

Chapter 2 provides a summary of the literature review conducted and the theoretical framework that forms the basis for the proposed conceptual framework developed for the study to test the hypotheses proposed for the study (Table 7) and to explore how perceived corruption impacts the reputation of SMEs.

Table 7:
Summary of hypotheses

Hypothesis Description
H1 ₀ : There is no relationship between the organisational-specific causal factors of corruption and bribery acts in the SME sector in Gauteng
H1: There is a significant relationship between the organisational-specific causal factors of corruption and bribery acts in the SME sector in Gauteng.
H2 ₀ : There is a positive relationship between bribery acts and the reputation of SMEs in Gauteng.
H2: There is a negative relationship between bribery acts and the reputation of SMEs Gauteng
H3 ₀ : There is no relationship between barriers that hamper the effectiveness of anti-corruption measures and the prevention of corruption in the SME sector of Gauteng province.
H3: There is a relationship between barriers that hamper the effectiveness of anti-corruption measures and the prevention of corruption in the SME sector of Gauteng province.
H4 ₀ : Anomie behaviour does not affect the relationship between the customer's willingness to purchase products and/or services from an SME based on perceptions of corrupt behaviour.
H4: Anomie behaviour mediates the relationship between the customer's willingness to purchase products and/or services from an SME based on perceptions of corrupt behaviour.

Note. Source Researcher.

CHAPTER 3. RESEARCH METHODOLOGY

This chapter aimed to examine how the perceived corruption and the effectiveness of anti-corruption measures impacted performance. It outlined all the significant steps in the research process and the methodology used to answer the research question. The methodology overview for the chapter consisted of the study design, sampling techniques, data collection procedure, data analysis techniques, and ethical considerations.

3.1 Research Approach

There are three types of research approaches namely: quantitative, qualitative, or mixed methods. A quantitative approach aims to define a particular phenomenon by collecting numerical data to address specific questions and by using mathematical methods to analyse the numerical data. (Taherdoost, 2022). A qualitative approach aims to collect primary first-hand textual data, study a phenomenon with limited accessible information and analyse the data using specific interpretive methods (Taherdoost, 2022). A mixed-methods approach is a combination of both quantitative and qualitative approaches and can focus on both approaches equally or on one of the methods based on the purpose of the study and the nature of the research question (Taherdoost, 2022).

Quantitative methodology relies on numerical data and follows a confirmatory scientific method because it focuses on hypothesis testing and theory testing using deductive reasoning (Antwi & Hamza, 2015). The quantitative approach measures variables in a sample of subjects and expresses the relationship between variables using effect statistics to test theory (Antwi & Hamza, 2015).

A summary of the research approach is indicated in Figure 13, and with a non-experimental study, the researcher cannot manipulate variables but can only observe and interpret what the data is showing (Khaldi, 2017).

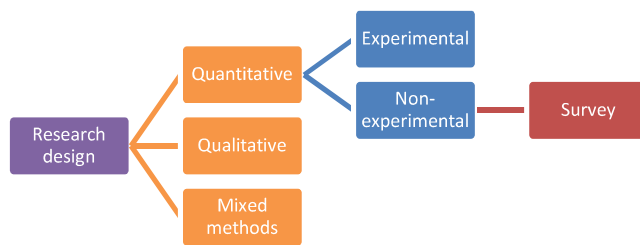


Figure 13: Summary of research methodology

(Source: Khaldi, 2017)

Since the selection of the research approach is dependent on its fitness for purpose, for this study, the research approach used is the quantitative approach, as it is often used to test hypotheses and generalise about a wider population (Antwi & Hamza, 2015).

3.2 Research Paradigm

A research paradigm is the researcher's view and interpretation of the world, which shapes the researcher's approach to research and informs the methodological choices. A positivist will favour a hypothetic-deductive procedure that advocates quantitative measurement usually associated with natural science, while a post-positivist will follow an inductive procedure advocating a qualitative assessment mostly associated with social science (Khaldi, 2017).

The quantitative approach has been selected, and this study is therefore a non-experimental study where the independent variable cannot be manipulated, and a survey strategy was used to observe the patterns generated from the data gathered.

This positivist paradigm aligned well with the study's objectives and enabled the use of quantitative research methods for data collection and analysis, which was supported by the study's research question and objectives.

3.3 Research Design

The quantitative research approach has five different types of research designs: survey research, descriptive research, experimental research, correlational research, and causal-comparative research (Taherdoost, 2022). For this study, survey research was used to study individuals' attitudes and beliefs from a sample, and then the results were generalised to the target population. The data analysis process generally aims to achieve statistical relationships between the variables (Taherdoost, 2022). This study used a data collection instrument to gather quantitative data by conducting a survey.

The survey strategy is mostly associated with the philosophical paradigm of positivism, since it looks for patterns and generalisations, but may also be used with interpretive, critical, and critical realism research paradigms (Ochara, 2016). A survey will collect data in standard form from a large sample of respondents, either via paper or electronic form. The quantitative research approach reduced the measurements to numbers, and hence the survey response was converted to numerical measurements for analysis purposes.

3.4 Data Collection Methods

3.4.1 Data Collection

Data collection plays a crucial role in answering research questions and achieving the objectives of a study. The primary data collection method used is an electronic survey questionnaire which is an effective method for collecting large amounts of quantitative data in a structured manner to enable comparability and reduce the potential for biases in the analysis. The electronic questionnaire allowed for the anonymity of respondents and enabled the researcher to gather the necessary information to address the research problem, questions and objectives ensuring the study's validity and reliability.

An electronic questionnaire was used for this study as it is an appropriate method for investigating how perceived corruption and the effectiveness of anti-corruption measures impact the performance of SMEs in Gauteng. The electronic questionnaire was designed in a simple logical way to enable the respondent to complete the survey in an efficient timely manner to answer the research objectives by proving or not proving the study's hypotheses.

3.5 Population and Sample

The process for determining the population and sample selected for the research will be detailed in the section below.

3.5.1 Population

The population for the study was the working population of Gauteng employed in the formal sector above 20 years old (Figure 14). This study focused on the SMEs as the impact of corruption on multinational organisations is less severe due to their large size and financial resources. The population targeted for this study was Gauteng as this province has the highest population in South Africa (see Table 2) and from the summary of Figure 3, the highest number of corruption reports were received from Gauteng.

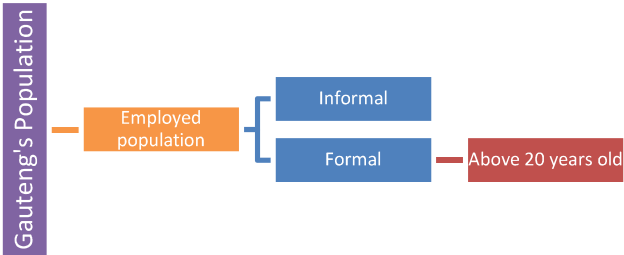


Figure 14: Population and sample for the study

(Source: Researcher)

According to Global Security (n.d.), 55 percent of South Africa's working population is between the ages of 15 and 34 making this group of the working class an

important focus area. Therefore, the population selected is individuals, over the age of 20, employed in the formal sector within the Gauteng. Table 8 indicates the total number of individuals employed in South Africa and Gauteng as of Q3 2021 and the total number of employed individuals, in Gauteng, will be considered as the sample population size to determine the sample size.

Table 8:

Number of people employed in South Africa in Q3 2021

Population group	Male		Female		Total	
	Total	Employed	Total	Employed	Total	Employed
South Africa						
Black African	9,563	6,093	7,871	4,606	17,434	10,699
Coloured	1,106	759	891	632	1,997	1,391
Indian/ Asian	383	305	187	140	571	445
White	1,063	972	860	775	1,924	1,747
Total	12,115	8,129	9,809	6,153	21,926	14,282
Gauteng						
Black African	3,285	2,035	2,649	1,471	5,933	3,506
Coloured	102	59	75	48	177	106
Indian/ Asian	92	66	53	29	145	95
White	432	408	368	333	800	741
Total	3,911	2,568	3,145	1,881	7,055	4,448

Population size is based on 90% of total employed to factor out age group less than 20 years old

Population size = 4003

Note. Adapted from (Watkins, 2021) (Original Data Source - StatsSA 30 November 2021 (in thousands). Retrieved from <https://www.workinfo.com/index.php/articles/item/2143-national-and-regional-economically-active-population-profile-qlfs-q3-2021>. Date of access 2023.

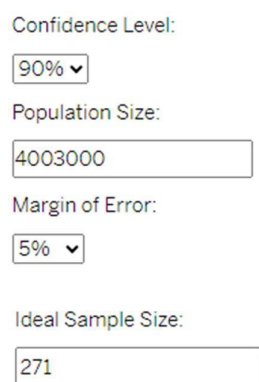
3.5.2 Sample and Sampling Method

There are two types of sampling techniques, namely (i) probability sampling where every item of the population has an equal chance of being included in the sample and (ii) non-probability sampling where the smaller sample is selected to examine a real-life phenomenon and not to generalise to the wider population (Ochara, 2016; Taherdoost, 2016).

Non-probability sampling whereby the selection of participants is based on subjective criteria rather than random selection was used for this study because it was impractical to obtain a complete list of the population. This study will utilise the simple random sampling method to select the sampling frame from the population. A simple random sampling will be used to provide every respondent of the sampling frame with an equal probability of inclusion in the sample.

3.5.3 Sampling Frame

To determine the sample size there are 3 criteria namely level of precision of results (which depends on confidence intervals which vary according to sample size), the level of detail in the proposed analysis and the budget (Ochara, 2016). Therefore, using the online sample size calculator from Qualtrics (2023), the sample size is 271 as illustrated in Figure 15 with a confidence level of 90% and a margin of error of 5%. Individuals from the sample frame shall be randomly selected to respond to the electronic survey.



Confidence Level:
90% ▼

Population Size:
4003000

Margin of Error:
5% ▼

Ideal Sample Size:
271

Figure 15: Sample size calculation

(Source: (Qualtrics, n.d.))

3.6 The Research Instrument

The sections of the electronic questionnaire were arranged as follows and were based on the literature review conducted in Chapter 2. The Linkert scale is used to measure respondents' attitudes, opinions and perceptions in a scientifically

accepted and validated manner by indicating their degree of agreement or disagreement with each statement (Joshi et al., 2015). Furthermore, ranking scales were used in the survey to establish the respondents' preferences or levels of importance in a group of items.

The format of the electronic survey used in the survey is described below and the survey is attached as Appendix 1

- Demographics
- Forms of corruption (bribery acts) - the researcher asked respondents to rank the forms of corruption prevalent in the SME sector in order of most financial impact on SME performance using a 5-point ranking scale.
- Organisation specific causes of corruption – the respondents were asked to rank the causes of corruption using a 9-point ranking scale.
- Barriers to ACMS, the impact of corruption, the relationship between perceived corruption and reputation and anomie conditions impact on reputation - a 5-point Linkert scale was used to establish the participant's attitudes, opinions and perceptions by indicating their degree of agreement or disagreement with each statement for these sections of the survey.

3.7 Procedure for Data Collection

The electronic survey research design was well-suited for this study as it allowed the researcher to gather data from a larger number of respondents from the sample, and the results could then be generalised to the target population (Taherdoost, 2022). Furthermore, the respondents can remain anonymous when providing their viewpoints, which will be important considering the research problem. Investigating the type of corruption and the impact of corruption on business performance and sustainability in South Africa's SME business sector is a controversial topic that can impact data collection should a different type of research design be used. An anonymous electronic survey link was generated using Qualtrics XM, which was distributed to various people using WhatsApp Messenger with the request to forward it to other participants who would be willing to partake in the study. WhatsApp

Messenger was used to ensure a higher response rate, as most people frequently utilise the Messenger services either on an individual basis or via groups.

3.8 Data Analysis Strategies and Interpretation

The study used the IBM Statistical Package for Social Sciences (SPSS) (version 28) program to analyse the data. SPSS is a statistical tool used to analyse the data using

- descriptive statistics is used to describe the basic features of the data.
- reliability and factor analysis are used to test the goodness of the data.
- inferential analysis, using multiple regression, is used to draw conclusions about the sample.

3.9 Possible Limitations and Challenges of the Study

Limitations and potential weaknesses in the research have been identified below:

- Lack of participation
- Biased survey answers
- Inadequate sample frame
- Results cannot be generalised
- Time consuming
- Difficulty in data analysis

3.10 Quality Assurance

Quality assurance is important for quantitative research as it ensures creditability, reliability and validity of the research. Key factors that assisted with the quality assurance of the research were to ensure the survey was valid and reliable, the correct sampling was done and that it reflected the target population, the same data collection process was used for all participants and the data analysis process was transparent.

3.10.1 External Validity or Transferability

External validity refers to the extent to which research results are generalisable to other settings. The research can be generalised to the other provinces in South Africa but may not be generalised to other developing countries.

3.10.2 Internal Validity or Credibility

Internal validity refers to the degree of confidence in the causal effects between the variables. In a field study internal validity is generally lower than in a laboratory study therefore the research will have a lower internal validity.

3.10.3 Reliability or Dependability

Reliability assesses the consistency and repeatability of the research and measures the extent to which the same results can be obtained under the same conditions across different raters (Ochara, 2023a). The research instrument can be utilised in other studies and is therefore reliable. The research can be generalised for South Africa therefore it ought to be reliable. During data analysis the reliability will be tested using the Alpha Cronbach's coefficient which has a range from 0 to 1 and a result closer to one indicates higher reliability (Ochara, 2023a).

3.11 Ethical Considerations

The core of the ethical principles for research is to do good (known as beneficence) and do no harm (known as non-maleficence) (Laerd, n.d.). Before conducting the research, the researcher had to seek approval from the Wits Business School's ethics committee. The ethics clearance certificate, Appendix 2, was received and thereafter the researcher proceeded with the data collection preparation phase. Before commencing with data collection permission was requested from the participants and adherence to the ethical considerations ensured the research maintained the trust of the participants, the public, the business community and the academic community.

It is crucial to consider ethical considerations when researching the impacts of corruption on SMEs in Gauteng and the following important considerations were identified;

1. Informed consent

The participants needed to understand that they were taking part in the research, the purpose of the research and what was required from them for the participant to provide their consent. There was no risk of harm to the participants in the research and no participants were under the age of 20 years old. Participants were informed about their right to withdraw from the research.

2. Confidentiality and anonymity

Anonymity and confidentiality are important to protect the privacy of the participants. No personal distinguishing or identifiable data was collected from the participants and therefore the participants cannot be recognised. To further preserve anonymity all data collected was collated and represented as a collective. An electronic survey was issued using the online platform Qualtrics XM, via an anonymous link, to ensure participant's anonymity and confidentiality.

3. Voluntary participation

All participants had voluntarily participated in the research and were not coerced or deceived into participating in the research. All participants had the right to withdraw from the research should they want to, without any repercussions.

4. Data protection

No data was shared with others and data collected was used solely for academic purposes and limited to the research. The researcher has access to the data collected and the research supervisor has access to the consolidated data presented in table or graphical formats.

5. Use of incentives

No incentives were provided to participants for participating in the survey.

3.12 Proposed Schedule and Timelines

The summary of the research timeframe is indicated below in Figure 16 as per the Wits Business School submission schedule for the MBA programme:



Figure 16: Summary of research timeframe

(Source: Researcher)

3.13 Conclusion

This chapter provided a summary of the steps to be used in the research process for the study which aims to investigate how the perceived corruption and the effectiveness of anti-corruption measures impact the performance of SMEs in Gauteng. In the following chapter the analysis of the data collected is provided in a consolidated format.

CHAPTER 4. DATA ANALYSIS

This chapter aims to determine how the perceived corruption and the effectiveness of anti-corruption measures impact the reputation of SMEs. This chapter summarises the research method used, the data collection process and provides the results gathered using the electronic questionnaire. The methodology overview for the chapter consists of the research method, data collection, data analysis techniques and data interpretation.

4.1 Research Method

The quantitative data analysis framework used for the study is indicated in Figure 17.

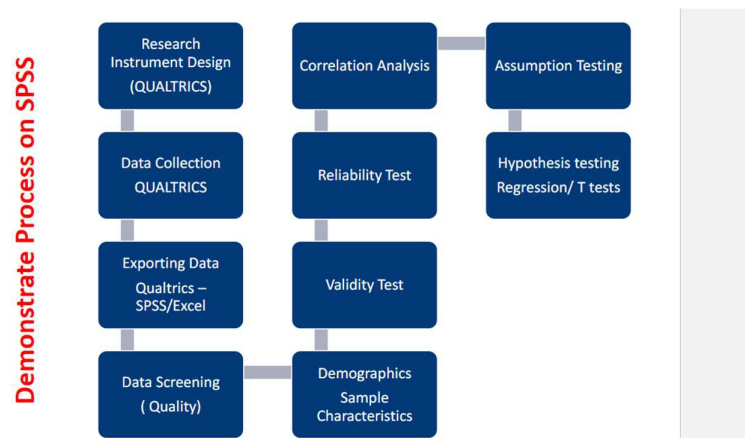


Figure 17: Quantitative Data Analysis – Framework

(Source: N. Ochara (personal communication 2023b, p 43))

The questionnaire was created using Qualtrics.XM under the survey tool for efficient data collection and was issued via an anonymous electronic survey link generated by Qualtrics.XM to a random population sample via WhatsApp Messenger, with a request to further share the anonymous link with other interested participants. The survey was launched in November 2023, and the survey links were sent via WhatsApp Messenger to a total of 403 participants in various WhatsApp Messenger groups by the researcher. The responses were collected over a defined period to ensure the researcher had sufficient time to complete the study within the time frames indicated in Figure 16. the

dataset was downloaded from Qualtrics XM on January 9, 2024, for the analysis stage. The data was collected ethically without any incentives for participation, and no personal identification data was collected to ensure the anonymity of the participants. To ensure further protection of the dataset collected via the electronic survey tool, Qualtrics XM was accessed using a licenced version provided by the Wits Business School.

The researcher used the IBM Statistical Package for Social Sciences (SPSS) (version 28) program to analyse the data under licence from Wits Business School. SPSS is a statistical tool to analyse the data using

- descriptive statistics is used to describe the basic features of the data.
- reliability and factor analysis are used to test the goodness of the data.
- inferential analysis is used to draw conclusions about the sample

4.2 Data Collection

The data collection steps are indicated in Figure 18

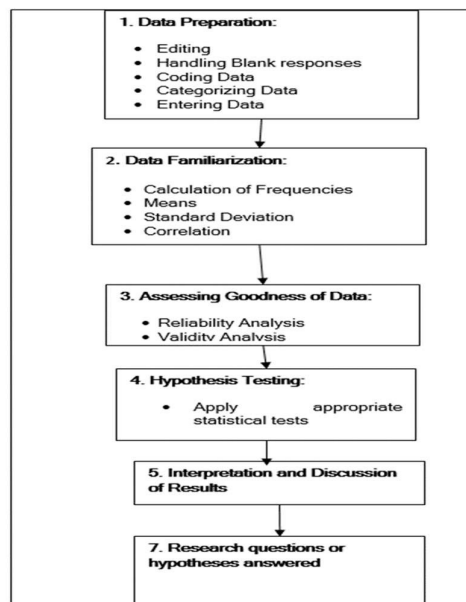


Figure 18: Data collection framework

(Source: N. Ochara (personal communication 2023b, p 44))

4.2.1 Data Preparation

The data collected by Qualtrics XM and blank responses or responses where consent was not provided were deleted from the dataset accounting for 6 deletions. The remaining dataset was coded to facilitate data analysis using the SPSS tool and the construct categorization is provided in the study codebook, indicated in Appendix 3. The coded data was then entered into SPSS for analysis.

4.2.2 Data Familiarization

Data familiarisation was conducted using the Descriptive analysis function of SPSS focusing on frequency distribution, central tendencies, dispersion, and measures of shape.

4.2.3 Assessing the Goodness of Data

To assess the goodness of the data, a reliability and validity test was utilised. The inter-item consistency reliability analysis was performed using Cronbach's Alpha score. The construct factor analysis was performed using the Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy and Bartlett's Test of sphericity.

4.2.4 Hypothesis Testing

A combination of inferential analysis tools was conducted to test the hypothesis namely T-tests, ANOVA, correlation analysis and/or regression analysis.

4.2.5 Interpretation and Discussion of Results

The dataset analysis is interpreted, and the findings of the study are provided.

4.2.6 Hypotheses Answered

The research hypotheses are answered based on the analysis of the dataset.

4.3 Data Familiarization

4.3.1 Summary of Survey Responses

A total of 100 respondents participated in the survey where consent was received; however, 26 surveys had a total survey score of less than 60, implying a partially answered survey, and 3 had a missing location. From the sample size of 97 respondents, most of the participants were located in Gauteng province (77), were of the male gender, had postgraduate degrees, and were in the 41–50 age group. Descriptive statistics tools were used to provide a summary of the demographics of the respondents who participated in the study as illustrated in Table 9. The sample calculator, as provided in Figure 14, indicates that a sample size of 271 was required; however, the data was collected from a sample size of 97 respondents. A possible low response rate could be explained by the controversial survey topic, the survey sent at the wrong time as it was close to the holiday season, a lack of interest in participating, and survey fatigue as many Wits Business School students received approval simultaneously to continue with their research data collection.

Table 9:

Summary of Respondents Demographics

		Respondents gender			Total
		Male	Female	Prefer not to say	
Respondents location	Other	14	6	0	20
	Gauteng	40	36	1	77
Total		54	42	1	97
Respondents age groups	20-30	5	6	0	11
	31-40	14	16	1	31
	41-50	28	17	0	45
	>50	7	3	0	10
Total		54	42	1	97
Respondents highest education level	Grade 12 (Matric)	3	4	0	7
	Diploma	10	4	0	14
	Undergraduate degree	13	10	0	23
	Postgraduate degree	25	23	0	48
	Other	3	1	1	5
Total		54	42	1	97
		Respondents location		Total	
		Other	Gauteng		
Respondents age groups	20-30	0	11	11	
	31-40	6	25	31	
	41-50	11	34	45	
	>50	3	7	10	
Total		20	77	97	

Note. Source: Researcher

4.3.1.1 Forms of Corruption

The study ranked the forms of corruption for bribery acts using the mean values and Bribery was ranked as the highest form of corruption with Lobbying as the lowest rank.

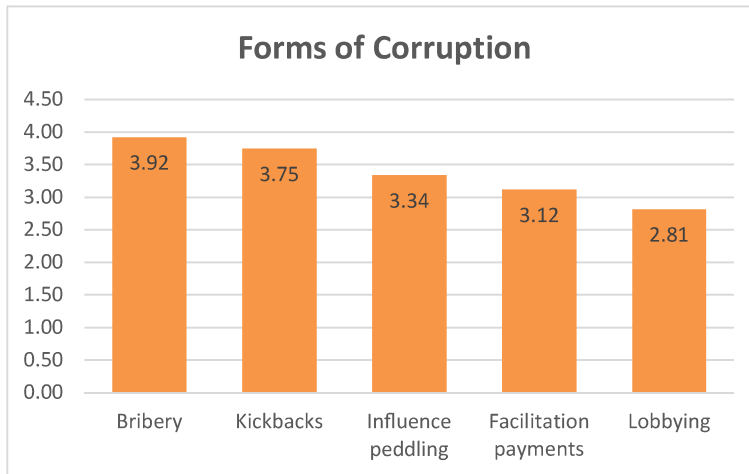


Figure 19: Ranking of the forms of corruption

(Source: Researcher)

4.3.1.2 Organisational Specific Causes of Corruption

The respondents ranked the highest organisational specific cause of corruption, using mean values, as the ability to hide corrupt acts preventing individuals from being caught with delayed payment of worker's salaries as the lowest organisational specific cause of corruption.

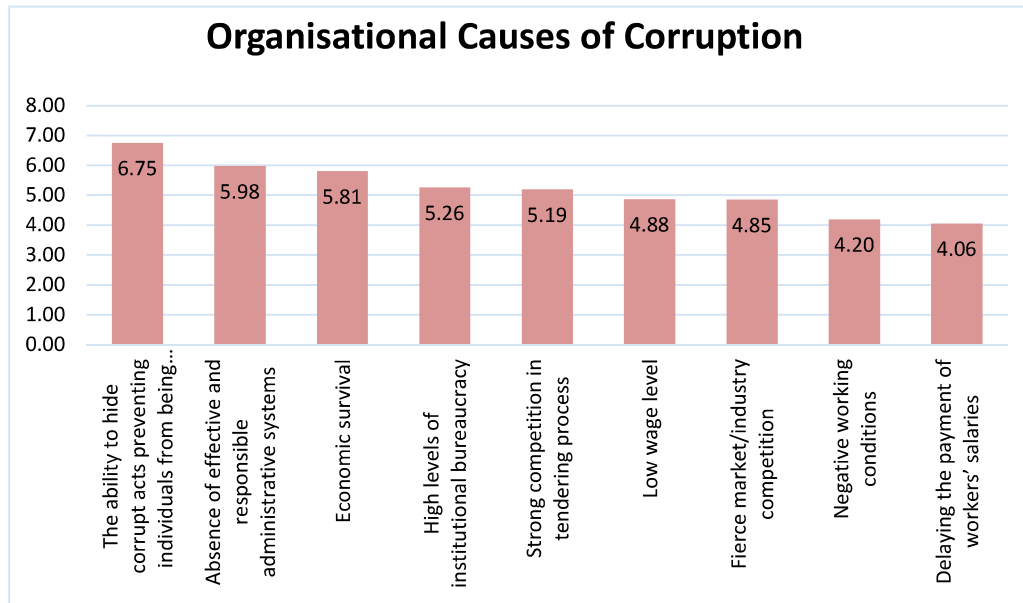


Figure 20: Ranking of the organisational specific cause of corruption

(Source: Researcher)

4.3.1.3 Barriers Hampering the Effectiveness of ACMs

The data analysis shows in Table 10 that the respondents appear to feel that there is a high perception that lack of protection, social or occupational stigma and rejection for reporting a corrupt act, bureaucratic process of reporting corrupt cases, inappropriate staffing qualifications/experience and lack of knowledge or nonfamiliarity with ethical codes/organisational codes of ethics are the barriers hampering the effectiveness of ACMs.

Table 10:*Summary of barriers hampering the effectiveness*

Item	Strongly agree (%)	Somewhat agree (%)	Neither agree nor disagree (%)	Somewhat disagree (%)	Strongly disagree (%)	Mean	Std Dev	Decision
Lack of protection	42(56.0)	16(21.3)	6(8.0)	4(5.3)	7(9.3)	1.91	1.31	High perception
Fear of loss of life	41(53.2)	22(28.6)	6(7.8)	6(7.8)	2(2.6)	1.78	1.06	Low perception
Fear of being sidelined or marginalised (victimisation)	40(52.6)	24(31.6)	6(7.9)	4(5.3)	2(2.6)	1.74	1.00	Low perception
Fear of being caught reporting a corrupt act	46(60.5)	21(27.6)	2(2.6)	3(3.9)	4(5.3)	1.66	1.08	Low perception
Social or occupational stigma and rejection for reporting a corrupt act	23(30.3)	30(39.5)	8(10.5)	12(15.8)	3(3.9)	2.24	1.17	High perception
Bureaucratic process of reporting corrupt cases	32(42.1)	23(30.3)	13(17.1)	6(7.9)	2(2.6)	1.99	1.08	High perception
Perception of no better end result, distrust in system	48(62.3)	18(23.4)	6(7.8)	6(7.9)	2(2.6)	1.61	0.98	Low perception
Lack of political will by government official and statutory professional councils to fight corruption	58(76.3)	9(11.8)	5(6.6)	2(2.6)	2(2.6)	1.43	0.93	Low perception
Inappropriate staffing qualifications/experience	31(40.3)	25(32.5)	10(13.0)	6(7.8)	5(6.5)	2.08	1.20	High perception
Lack of knowledge or nonfamiliarity with ethical codes/organisational codes of ethics	27(35.1)	22(28.6)	9(11.7)	12(15.6)	7(9.1)	2.35	1.35	High perception
Personal attitude (willingness to partake in corrupt behaviours)	41(53.2)	22(28.6)	8(10.4)	2(2.6)	4(5.2)	1.78	1.08	Low perception

Note: N (listwise) = 73. Decision = weighted average = $20.57/11 = 1.87$

Note. Source: Researcher

4.3.1.4 The Impact of Corruption on SME Business Sector

The data analysis, in Table 11, shows that the respondents appear to feel that is corruption a cost of doing business that cannot be eradicated, business opportunity denial as a result of not engaging in corrupt payments, business opportunity denial as a result of not engaging in corrupt payments and increasing education levels of employees has a high perception for the impact of corruption on SMEs.

Table 11:*Summary of impact of corruption on SME business sector*

Item	Strongly agree (%)	Somewhat agree (%)	Neither agree nor disagree (%)	Somewhat disagree (%)	Strongly disagree (%)	Mean	Std Dev	Decision
Is corruption a cost of doing business that cannot be eradicated	13(19.1)	18(26.5)	6(8.8)	10(14.7)	21(30.9)	3.12	1.56	High perception
Business opportunity denial as a result of not engaging in corrupt payments	28(41.2)	28(41.2)	8(11.8)	1(1.5)	3(4.4)	1.87	0.99	High perception
Corrupt payments erode profitability of the company	43(63.2)	15(22.1)	7(10.3)	1(1.5)	2(2.9)	1.59	0.95	Low perception
Inability to fund business expansion and increase market share	23(33.8)	25(36.8)	13(19.1)	5(7.4)	2(2.9)	2.09	1.05	High perception
Increasing education levels of employees	21(31.3)	21(31.3)	12(17.9)	10(14.9)	3(4.5)	2.3	1.19	High perception
Implementation of severe punishment of the corrupt	43(64.2)	16(23.9)	2(3.0)	6(9.0)	0	1.57	0.93	Low perception
Political support for anti-corruption measures	43(64.2)	14(20.9)	3(4.5)	3(4.5)	4(6.0)	1.67	1.15	Low perception
Private sector support for anti-corruption measures	40(58.8)	15(22.1)	7(10.3)	5(7.4)	1(1.5)	1.71	1.02	Low perception
Creating an environment that hinders corrupt behaviours	41(60.3)	22(32.4)	1(1.5)	2(2.9)	2(2.9)	1.56	0.90	Low perception
Enforcement of action against corrupt acts would reduce levels of corruption	48(70.6)	13(19.1)	3(4.4)	3(4.4)	1(1.5)	1.47	0.89	Low perception
Strengthening anti-corruption measures would benefit the SME	53(76.8)	10(14.5)	3(4.3)	2(2.9)	1(1.5)	1.38	0.82	Low perception

Note: N (listwise) = 66. Decision = weighted average = $20.33/11 = 1.85$

Note. Source: Researcher

4.3.1.5 The Responsible Person for Preventing Corruption in SMEs

From Figure 21, the majority of the respondents (48) stated that all staff are primarily responsible for preventing corruption with 16.7% believing that senior management are primarily responsible. There is similarity in responses between Gauteng respondents and non-Gauteng respondents.

Person primarily responsible for preventing corruption in SMEs *
Respondents location Crosstabulation

Count		Respondents location		Total
		Other	Gauteng	
Person primarily responsible for preventing corruption in SMEs	Senior management	1	10	11
	All staff	8	40	48
	Internal auditors	0	1	1
	Government	2	3	5
	External auditors	0	1	1
Total		11	55	66

Figure 21: Person primarily responsible for preventing corruption
 (Source: Researcher)

4.3.1.6 The Most Effective Way to Minimise the Likelihood of Corruption in SMEs

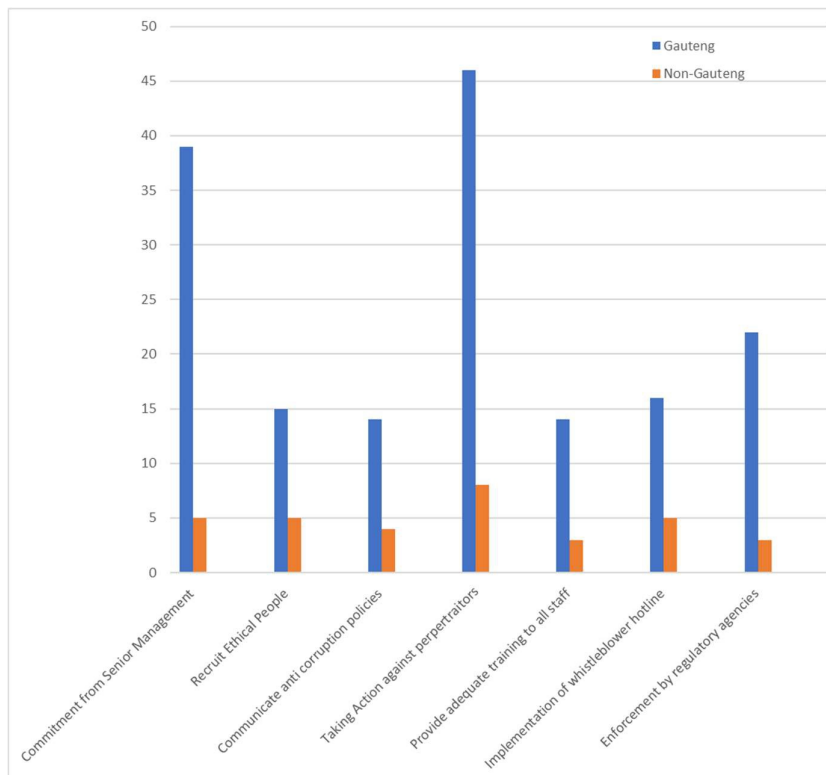


Figure 22: Summary for the most effective way to minimise the likelihood of corruption
 (Source: Researcher)

The study (in Figure 22) revealed that the most effective way to minimise the likelihood of corruption was (1) Taking action against the perpetrators, (2) and Commitment from senior management and (3) Enforcement by regulatory agencies. The least effective way to minimise corruption is Provide adequate training to all staff.

4.3.1.7 The Greatest Barriers to Implementing Anti-Corruption Measures

The study revealed that the greatest barrier for implementing ACMs is the (1) Lack of protection for whistleblowers, (2) Systemic corruption in environment, (3) Lack of management support for anti-corruption and (4) Country specific cultural practices and ways of doing business as indicated in Figure 23.

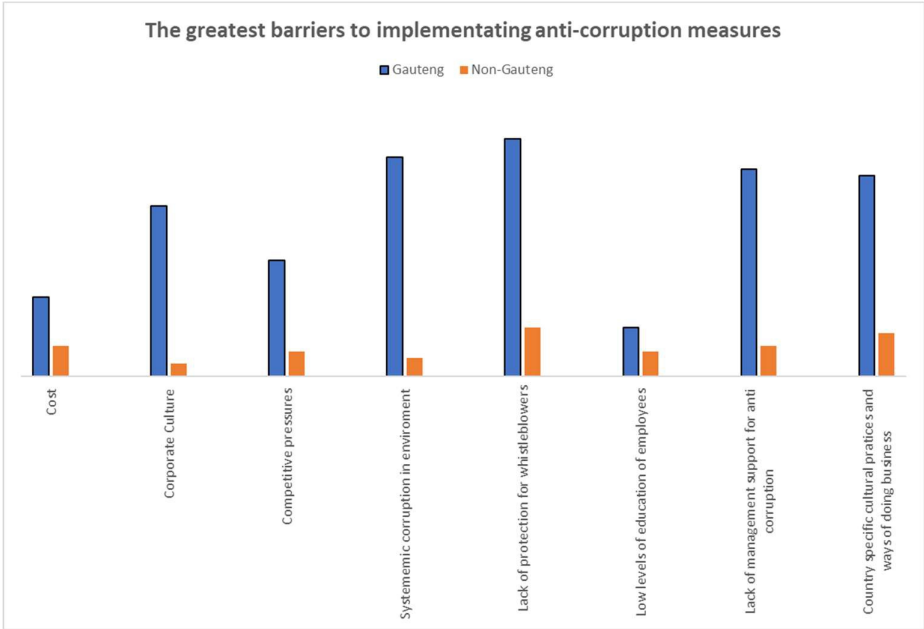


Figure 23: Summary of survey responses for barriers to implementation ACMs
(Source: Researcher)

4.3.1.8 The Statement that has the Most Positive Impact on a Company's Reputation and Sustainability

The study revealed that majority viewed that a public report by external auditor stating that ACMs has been implemented has the most positive impact on a company's reputation.

Item	Respondents		Total
	Other	Gauteng	
Public report by external auditor stating the ACMs is been implemented	5	29	34
Management statement that ACMs has been implemented	1	12	13
Management statement that ACMs has been externally verified by a third party	5	15	20
Total	11	56	67

Figure 24: Summary of the most positive impact on the company's reputation
(Source: Researcher)

4.3.1.9 Description of SME Controls Related to Corruption

Majority of the survey respondents prefer controls that allow for proactive monitoring and control of corruption risk as described in Figure 25 to be implemented.

Item	Respondents		Total
	Other	Gauteng	
Detects corruption after it occurs	0	1	1
Prevents corruption before it occurs	7	17	24
Proactive monitoring and control of corruption risks	4	37	41
Total	11	55	66

Figure 25: Preference for controls related to corruption to be described
(Source: Researcher)

4.3.1.10 The Relationship Between Perceived Corruption and SME's Reputation

The data analysis shows that in Table 12, the majority of the respondents appear to feel that the impact on purchase decisions of SME's products/services, trustworthiness

of SME leadership, price for product/services outweighs the value of the product/services and reduced customer loyalty have a high perception when establishing the relationship between perceived corruption and SME's reputation.

Table 12:

Summary of the relationship between perceived corruption and SME's reputation

Item	Strongly agree (%)	Somewhat agree (%)	Neither agree nor disagree (%)	Somewhat disagree (%)	Strongly disagree (%)	Mean	Std Dev	Decision
Loss of trust and credibility of SME	45(67.2)	16(23.9)	3(4.5)	3(4.5)	0	1.46	0.79	Low perception
Your impact on purchase decisions of SME's products/services	28(41.8)	27(40.36)	9(13.4)	3(4.5)	0	1.81	0.84	High perception
Negative public image of SME	38(56.7)	21(31.3)	5(7.5)	1(1.5)	2(3.0)	1.63	0.92	Low perception
Trustworthiness of SME leadership	39(58.2)	18(26.9)	4(6.0)	5(7.5)	1(1.5)	1.67	0.99	High perception
Price for product/services outweighs the value of the product/services (selling price inflated to cater for costs of bribery acts)	34(50.7)	23(34.3)	6(9.0)	3(4.5)	1(1.5)	1.72	0.92	High perception
Reduced customer loyalty	29(43.3)	22(32.8)	11(16.4)	4(6.0)	1(1.5)	1.9	0.99	High perception
Ethical concerns and lack of transparency	45(68.2)	17(25.8)	3(4.5)	1(1.5)	0	1.39	0.65	Low perception

Note: N (listwise) = 66. Decision = weighted average $11.58/7 = 1.65$

Note. Source: Researcher

4.3.1.11 Anomie Conditions (Breakdown of Social Norms) and its Mediation of the Relationship Between the Perception of Corruption and SME's Reputation

The data analysis, Table 13, shows that respondents appear to feel that ethical norms and values are clear and well-enforced within the business environment and prioritising of monetary success is the most important measure of success and must be achieved by any means necessary have a higher perception of anomie conditions.

Table 13:*Summary of Anomie condition*

Item	Strongly agree (%)	Somewhat agree (%)	Neither agree nor disagree (%)	Somewhat disagree (%)	Strongly disagree (%)	Mean	Std Dev	Decision
Ethical norms and values are clear and well-enforced within the business environment	20(29.9)	24(65.7)	4(6)	13(19.4)	6(9.0)	2.42	1.34	High perception
A sense of normlessness or confusion about what is considered right or wrong exists in society	23(34.3)	30(44.8)	6(9.0)	5(7.5)	3(4.5)	2.03	1.07	Low perception
There is a high level of social disorganization or breakdown of social cohesion in society	27(40.3)	31(46.3)	5(7.5)	2(3.0)	2(3.0)	1.82	0.92	Low perception
Corruption is always morally wrong	53(80.3)	8(12.1)	1(1.5)	3(4.5)	1(1.5)	1.35	0.85	Low perception
Prioritising of monetary success is the most important measure of success and must be achieved by any means necessary	17(25.4)	9(13.4)	6(9.0)	12(17.9)	23(34.3)	3.22	1.64	High perception
Anomie can erode stakeholder trust	29(43.3)	22(32.8)	14(20.9)	1(1.5)	1(1.5)	1.85	0.91	Low perception

Note: N (listwise) = 66. Decision = weighted average = $12.69/6 = 2.12$

Note. Source: Researcher

4.3.1.12 Impact of Corruption on Reputation

Majority of the respondents stated that the (1) perception of corruption; (2) a lack of trust and social capital; (3) weakening of regulatory enforcement impact the reputation of SMEs and (4) the breakdown of ethical norms and values negatively affects the reputation of SME's as illustrated in Figure 26.

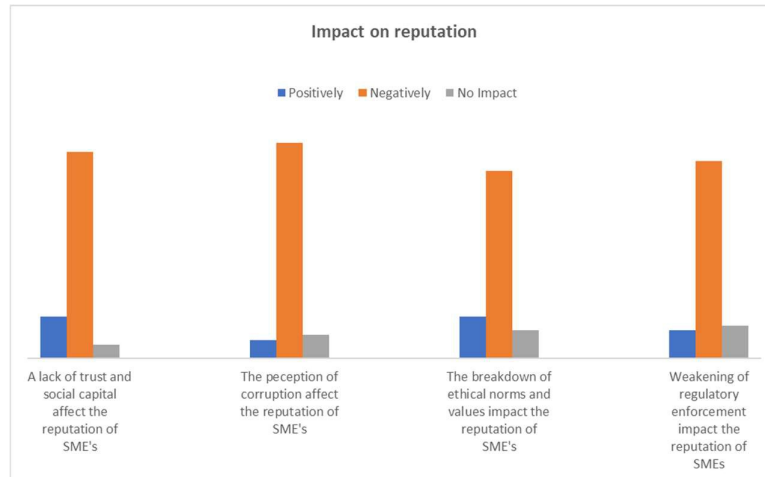


Figure 26: Summary of survey responses for the impacts of corruption on reputation of SME

(Source: Researcher)

4.4 Assessing Goodness of Data

According to Ochara (2023a), Landis and Koch's (1977,p.168) benchmarks to determine reliability are based on the Cronbach's Alpha score and the levels are described below:

- 0.0 to 0.20 as "slightly reliable"
- 0.21 to 0.40 as "fairly reliable"
- 0.41 to 0.60 as "moderately reliable"
- 0.61 to 0.80 as "substantially reliable"
- 0.80 to 1.0 as "almost perfect"

The Cronbach's Alphas reliability was tested for each construct namely Barriers hampering the effectiveness of ACMs, the impact of corruption on the SME business sector, the Relationship between perceived corruption and SME's reputation and Anomie conditions and the results are indicated in Table 14.

Table 14:*Results of the Cronbach's Alpha test for the observed constructs*

Construct	Cronbach's Alpha Value	No. of items	Cronbach's Alpha Results
Barriers hampering the effectiveness of ACMS	0.814	11	Almost perfect
The impact of corruption on SME business sector	0.703	10	Substantially reliable
Relationship between perceived corruption and SME's reputation	0.81	7	Almost perfect
Anomie conditions.	0.432	5	Moderately reliable

Note. Source: Researcher

The Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy and Bartlett's Test of sphericity results for the above observed constructs, using an absolute value of 0.55, are provided in Table 15.

Table 15:*Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy and Bartlett's Test of sphericity results*

Construct	KMO Value	KMO Results	Bartlett's Test of Sphericity			
			Approx. Chi-Square	df	Sig	Decision
Barriers hampering the effectiveness of ACMS	0.737	Good	257.831	55	< 0.001	Significant
The impact of corruption on SME business sector	0.662	Acceptable	176.252	55	< 0.001	Significant
Relationship between perceived corruption and SME's reputation	0.722	Good	144.56	21	< 0.001	Significant
Anomie conditions.	0.524	Unacceptable	47.511	15	< 0.001	Significant

Note. Source: Researcher

According to Ochara (2023a) KMO assesses whether the correlations among the observed variables are strong enough to perform factor analysis. The KMO value ranges from 0 to 1 with higher values indicating better adequacy for factor analysis with a KMO value above 0.6 considered acceptable, above 0.7 being good and above 0.8 being excellent (Ochara, 2023a.).

The Barlett's Test checks whether the correlation matrix of the observed variables is significantly different from the identity matrix and a p-value < 0.05 indicates that there are sufficient correlations among the variable to justify the use of factor analysis (Ochara, 2023a.). From Table 15 sampling adequacy for the observed variables indicate an acceptable measure of sampling adequacy and the Barlett's Test (p-value < 0.001) indicates that the result is significant and that there are meaningful correlations among the observed variables meaning that the data is suitable for factor analysis as there is adequate sampling and sufficient correlations among the observed variables. The amount of variance explained by each extracted factor and the cumulative percentage of variance explained by all the factors retained in the analysis are indicated in Table 16

Table 16:

Total Variance for extracted factors for observed variables.

	Total Variance Explained				
	Rotation Sums of Squared Loadings				
Construct	No of Factors	Factor classification	Total	% of Variance	Cumulative %
Anomie conditions.	1	Breakdown of social cohesion	1.299	21.648	21.648
	2	Sense of normlessness	0.780	13.008	34.656
	3		0.602	10.025	44.681
Barriers hampering the effectiveness of ACMS	1	Regulation	2.299	20.901	20.901
	2	Professional Lack	2.074	18.852	39.753
	3	Victimisation	1.594	14.490	54.243
Relationship between perceived corruption and SME's reputation	1	Lack of creditability	1.915	27.355	27.355
	2	Ethics	1.780	25.423	52.779

Extraction Method: Principal Axis Factoring.

Note. Source: Researcher

Table 16 shows the amount of variance explained by each of the extracted factors per variable grouping as indicated below:

- The impact of corruption on the SME business sector variable did not yield any extraction factors,

- The barriers hampering the effectiveness of ACMs variable yielded 3 extracted factors which cumulatively explain 54.24% of the total variance in the dataset,
- The relationship between perceived corruption and SME's reputation variable yielded 2 extracted factors which cumulatively explain 52.78% of the total variance in the dataset.
- The anomie conditions variable yielded 3 extracted factors which cumulatively explain 44.68% of the total variance in the dataset.

4.5 Hypothesis Testing and Interpretation of Results

A combination of inferential analysis tools was conducted to test the hypothesis namely T-tests, ANOVA, correlation analysis and/or regression analysis.

4.5.1 Hypothesis 1:

A linear regression analysis was conducted to establish the relationship between organisational specific causal factors of corruption and bribery acts and the relationship is positive which is supported by the correlation test ($r=0.524$). The correlation between the variables is statistically significant ($R^2=0.274$, $p<0.001$), that is 27.4% of the variance is caused by organisational causes. The regression equation is $y=5.362+0.163(x)$. The results of the linear regression analysis are indicated in Appendix 4.

Therefore, the null hypothesis "*H1₀: There is no relationship between the organisational specific causal factors of corruption and bribery acts in the SME sector in Gauteng*" is not accepted as there is a significant positive relationship between organisational specific causal factors of corruption and bribery acts.

4.5.2 Hypothesis 2:

A linear regression analysis was conducted to establish the relationship between bribery acts and the reputation of SMEs. The results, in Appendix 5, shows a weak positive relationship which is supported by the correlation test ($r=0.237$). The

correlation between the variables is statistically significant ($R^2=0.056$, $p=0.038$) with 5.6% of the variance being caused by bribery acts. The regression equation is $y=5.424+0.296(x)$.

Based on the analysis of the data, the null hypothesis "*H2₀: There is a positive relationship between bribery acts and the reputation of SMEs*" is accepted as there is a significant positive relationship between bribery acts and the reputation of SMEs

4.5.3 Hypothesis 3:

A linear regression analysis was conducted to establish the relationship between barriers that hamper the effectiveness of ACMs and the prevention of corruption. There is a weak positive relationship which is supported by the correlation test ($r=0.147$). The correlation between the variables is not statistically significant ($R^2=0.022$, $p=0.274$). The regression equation is $y=3.695+0.043(x)$.

Based on the analysis of the data (in Appendix 6), the null hypothesis "*H3₀: There is no relationship between barriers that hamper the effectiveness of anti-corruption measures and the prevention of corruption in the SME sector of Gauteng province*" is not accepted.

4.5.4 Hypothesis 4:

Using regression analysis to test the mediating effect of the anomie variable on the impact of corruption and the reputation of the SMEs, each relationship was tested individually, and the 3 models were significant ($p<0.001$). Thereafter the mediating variable was controlled, and a significant result ($p<0.001$) was noted with a 63.5% variance ($R^2=0.635$) and with $B=0.471$. From the individual regression analysis for the impact of corruption and reputation the $B=0.776$ value is higher therefore after controlling for the mediating variable implying that there is partial mediation. The regression analysis is indicated in Appendix 7.

Therefore, the null hypothesis “H4₀: *Anomie behaviour does not affect the relationship between the customer’s willingness to purchase products and/or services from an SME based on perceptions of corrupt behaviour*” is not accepted.

The dataset analysis was interpreted and the summary of the research hypotheses for the study is indicated in Table 17.

Table 17:
Summary of research hypotheses

Hypothesis Description	Decision
H1 ₀ : There is no relationship between the organisational-specific causal factors of corruption and bribery acts in the SME sector in Gauteng	Not accepted
H1: There is a significant relationship between the organisational-specific causal factors of corruption and bribery acts in the SME sector in Gauteng.	Accepted
H2 ₀ : There is a positive relationship between bribery acts and the reputation of SMEs in Gauteng.	Accepted
H2: There is a negative relationship between bribery acts and the reputation of SMEs Gauteng	Not accepted
H3 ₀ : There is no relationship between barriers that hamper the effectiveness of anti-corruption measures and the prevention of corruption in the SME sector of Gauteng province.	Not accepted
H3: There is a relationship between barriers that hamper the effectiveness of anti-corruption measures and the prevention of corruption in the SME sector of Gauteng province.	Accepted
H4 ₀ : Anomie behaviour does not affect the relationship between the customer’s willingness to purchase products and/or services from an SME based on perceptions of corrupt behaviour.	Not accepted
H4: Anomie behaviour mediates the relationship between the customer’s willingness to purchase products and/or services from an SME based on perceptions of corrupt behaviour.	Accepted

Note. Source: Researcher

CHAPTER 5. DISCUSSION

This chapter discusses the results providing insight into their significance and implications. with existing literature, identifying similarities, differences, and contributions to the body of knowledge in the field.

5.1 Interpretation

The study showed that bribery is the highest-ranked form of corruption in Gauteng, closely followed by kickbacks supporting the literature which states the most common form of corruption is bribery and kickbacks, especially in developing countries. This suggests that these forms of corruption exist within the SME landscape and give rise to challenges regarding ethical business conduct as owners will engage in corrupt acts to ensure economic survival. This is influenced by economic survival, which is ranked as the third highest organisational cause of corruption (Figure 20), which supports the literature that states most small business owners will tend to partake in corrupt acts to ensure the survival of their business.

The barrier hampering the effectiveness of ACMs with the lowest mean value (1.43) in Table 10 highlights a common trend identified from the literature, especially in developing countries, whereby there is a lack of political will by government officials and statutory professional councils to fight corruption. This increases the corruption levels, which are prevalent in the analysis of the CPI score for South Africa in 2020.

The results indicate that the most effective way to minimise the likelihood of corruption was to take action against perpetrators, which would seem to be a reasonable step in reducing corruption. This does not signify the importance of implementing anti-corruption measures to prevent and detect corrupt activities at the organisational level. Also at the country level, the lack of political will to address corruption will ensure that no action is taken against perpetrators involved in corruption.

In developing countries, most businesses deem corruption a cost of doing business, which can either have a grease on the wheels or a sand on the wheels effect on the

business. This was supported by the study results, whereby this impact of corruption on the SME sector had the highest mean value of 3.12 (Table 11). The anomie behaviour (Table 13) of prioritising monetary success as the most important measure of success, which must be achieved by any means, fuels the narrative that corruption greases the wheels of corruption and supports the finding that corruption is a cost of doing business in South Africa.

The study highlighted the relationship between perceived corruption and the SME's reputation: reduced customer loyalty impacts the purchasing decisions of the SME's products or services (Table 12) and the perception of corruption negatively impacts the reputation of SMEs (Figure 26). Since the reputational value of SMEs is tarnished by corruption, reducing customer and stakeholder trust, loss of business opportunities, and difficulties securing partnerships, this has implications for the sustainability of the SME. This highlights the importance of ethical conduct within the organisation.

5.1.1 Hypothesis 1

The results revealed that there is a strong positive and significant relationship between organisational-specific causal factors of corruption and bribery acts in SMEs ($r=0.524$, $p<0.001$) with a 95% confidence interval. The regression equation indicates that bribery acts is impacted by organisational-specific causal factors of corruption, therefore, hypothesis H1 is acceptable. Both the regression equation and Figure 20 support the literature which indicates that corruption thrives in emerging countries with weak administrative and legislative systems as it is easier for perpetrators to get away with engaging in corrupt acts.

5.1.2 Hypothesis 2

The study revealed that there is a weak positive relationship between bribery acts and the reputation of SMEs, with bribery acts being responsible for 5.6% of the variance, implying that hypothesis H2₀ is accepted. This implies that in Gauteng the study revealed there is a slight impact on the reputation of SMEs, which again supports the fact that corruption is seen as a cost of doing business in the province.

This, however, does not support the high failure rate of SMEs in the country unless the cost of bribery has become too high for the SMEs to continue paying, therefore leading to their demise. Prompting that the true cost of corruption on the reputation of SMEs is not an immediate identifier.

5.1.3 Hypothesis 3

There is a positive relationship between barriers that hamper the effectiveness of ACMs and the prevention of corruption, therefore, hypothesis H3 is accepted. The study relates to literature whereby it was found that barriers to effective ACMs increase the level of corruption in emerging countries because, although barrier exist in developed countries. their effect on the effectiveness of ACMs is lower.

5.1.4 Hypothesis 4

Hypothesis H4 is accepted as anomie behaviours do mediate the relationship between the customer's willingness to purchase products and/or services from an SME based on perceptions of corrupt behaviour. This supports the view that corruption does negatively impact the reputation of the SME from the customer's perspective and therefore hinders the sustainability of the SME as trust between the customer and the SMEs has deteriorated.

5.2 Conclusion

The study findings align with the literature review conducted in Chapter 2 on the impact of corruption in SMEs and on the reputation of SMEs in emerging countries, thereby confirming the findings of previous studies and the importance of maintaining ethical conduct. The study has provided new insights into our understanding of the impact of corruption on SMEs in Gauteng and supported existing literature that corruption does reduce the reputation value of the SMEs in Gauteng, even though there appears to be a slight positive indication.

CHAPTER 6. CONCLUSION

6.1 Introduction

This chapter summarises the key findings and limitations of the study and recommendations and suggestions for further research.

6.2 Summary of Findings

The research objectives for this study are indicated below:

1. To investigate the relationship between perceived corruption and its impact on the SMEs performance focusing on reputation.
2. To determine the customer's willingness to purchase products and/or services from an SME based on perceptions of corrupt behaviour.
3. To investigate the relationship between the barriers to anti-corruption measures and the effectiveness of the anti-corruption measures to improve the reputation of SMEs.

Bribery was the most common form of corruption identified, and the motivation to engage in corrupt acts stems from economic survival. However, the study revealed that corruption tarnishes the reputation of SMEs, which negatively impacts customers' purchasing decisions, resulting in a reduction in customer loyalty and hindering the sustainability of the SME. The lack of protection for whistleblowers and country-specific cultural practices and ways of doing business emerged as the major barriers to the implementation of ACMs, and the most common organisation cause of corruption is acting against perpetrators, which leads to the ability to hide corrupt acts. This leads to unethical conduct, which is fuelled by a lack of transparency and damages the reputation of the SMEs.

The decisions for the four research hypotheses are indicated Table 18 where 3 hypotheses (H1, H3 and H4) are accepted.

Table 18:

Summary of the decisions for the hypotheses

Hypothesis Description	Decision
H1: There is a significant relationship between the organisational specific causal factors of corruption and bribery acts in the SME sector in Gauteng.	Accepted
H2: There is a negative relationship between bribery acts and the reputation of SMEs Gauteng	Not accepted
H3: There is a relationship between barriers that hamper the effectiveness of anti corruption measures and the prevention of corruption in the SME sector of Gauteng province.	Accepted
H4: Anomie behaviour mediates the relationship between the customer's willingness to purchase products and/or services from an SME based on perceptions of corrupt behaviour.	Accepted

Note. Source: Researcher

Hypothesis H2 indicates that there is a weak positive relationship between bribery acts and the reputation of SMEs, implying that there are instances where the grease-the-wheel impact of corruption might exist in SMEs in Gauteng.

The study can be replicated for SMEs in other provinces of South Africa and is therefore reliable. However, due to the limited number of participants, the results cannot be generalised to South Africa but can provide a basis for further studies. In South Africa, given the ability of SMEs to play a vital role in being able to provide employment and skills, research into enabling SMEs to be sustainable within the marketplace is important.

6.3 Recommendations

6.3.1 Recommendations for SME owners

- Implement Anti-Corruption Measures (ACMs):

Implement anti-corruption measures to prevent and detect corruption to promote transparency and accountability within the organisation. This includes establishing clear codes of conduct, implementing whistleblower protection mechanisms, conducting regular audits to ensure compliance with ethical

standards, and creating a culture of integrity. Establish mechanisms to monitor and evaluate the effectiveness of anti-corruption measures within SMEs.

- **Provide Training and Awareness Programmes**

Ensure training and awareness programmes are provided to educate all staff about the risks and consequences of corruption and empower them to make ethical decisions. Possible programmes to implement are ethical business practices, corruption prevention, and compliance with anti-corruption laws.

- **Promote Ethical Leadership**

To create a culture of trust, fairness, and respect within the organisation, accountability, integrity, and ethical decision-making among senior management and executives should be promoted.

- **Collaborate with Stakeholders to collectively combat corruption**

Share best practices and information and collaborate on initiatives aimed at promoting transparency, integrity, and accountability in the business sector with government agencies, industry associations, and civil society organisations.

6.3.2 Recommendations for government and policy makers

- **Promote Transparency and Accountability**

Implement measures to enhance transparency and accountability in government sectors, procurement processes, and public service delivery.

- **Investment in Anti-corruption Agencies**

Ensure anti-corruption agencies have sufficiently skilled resources to strengthen their capacity to investigate, prosecute, and prevent corrupt acts. Ensure the agencies act independently and are empowered to reduce corruption in both the public and private sectors. Incentivise anti-corruption agencies by offering a percentage of the monetary value of successful awards as a top up for their annual operating budget.

- Improve existing anti-corruption legislation

Ensuring that the existing anti-corruption legislation is comprehensive, enforceable, and aligned with international best practices. Also, amend legislation to cater for emerging forms of corruption.

By implementing these recommendations, SMEs and the government can take proactive steps to prevent corruption, uphold ethical standards, and safeguard their reputation in the marketplace.

6.4 Limitations

The limitations of the study are:

- Sample size

The sample size may not be a full representation of the target population, which could affect the generalizability of the study. The majority of the respondents were in the 40–50 age group, which is a group of the target population.

- Response rate

The study suffered from a low response rate, resulting in the study being based on a limited viewpoint, which affects the validity of the research. There were only 77 participants, all of whom were from Gauteng.

- Response bias

The respondent may have provided a biased viewpoint when answering the survey questionnaire, preferring to provide the correct answer, which would impact the generalisability of the study.

6.5 Further studies

The requirement for further studies is important to develop literature on the topic of SMEs and the impacts of corruption; hence, further proposed research studies identified from the study are:

1. Exploring the impact of a positive environment on SME corruption levels

SMEs in South Africa operate in a difficult business environment, and the impact of a positive environment on corruption levels should be investigated as a potential factor for improving the sustainability of the SME business sector.

2. Investigating the psychosocial causes of corruption

The study highlighted the need to understand the psychosocial factors that contribute to partaking in corruption and how societal norms influence the attitudes, behaviours, and motivations of people to commit corrupt acts.

3. Comparative analysis at a provisional level in South Africa on the effects of corruption

The comparative analysis will identify the provisional differences and similarities in the effects of corruption and provide insights for policymakers, business owners, and other stakeholders on the attitudes towards corruption in South Africa.

4. Assessing the impact of current anti-corruption legislation to ensure protection of whistleblowers and impact on corruption

Investigate if the enforcement of anti-corruption legislation can protect whistleblowers and if the protection of whistleblowers will reduce corruption levels in South Africa. The inclusion of a comparative study with a country where similar legislation is implemented can provide valuable insights into the proposed manner of enforcement and areas for improvement of the relevant legislation.

5. Investigate the reasons for the formations of SMEs

Determine if SMEs are formed for entrepreneurship or tenderpreneurship in South Africa, as this will shed light on the high corruption levels and failure rate in the SME business sector.

The above-mentioned future studies can contribute to the understanding of the complex phenomenon of corruption and provide strategies to address the problem in South Africa.

6.6 Conclusion

The study showed that corruption does tarnish the reputation of the SME, which has a knock-on negative effect on SME sustainability. Therefore, actively managing perceptions and maintaining a reputation for ethical conduct is vital for SMEs. The study has contributed value to the growing literature on SMEs in an emerging economy.

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APPENDICES

Appendix 1: Electronic Survey Questionnaire



Informed Consent

Dear Sir / Madam

My name is Melanie Chetty. I am a Master of Business Administration student in the Faculty of Commerce and Law at the University of the Witwatersrand, Johannesburg working under the supervision of Dr Rob Venter.

I am conducting research to investigate how perceived corruption and the effectiveness of anti-corruption measures impacts the performance of SMEs (small and medium enterprises) in Gauteng. While corruption is a global challenge this study will focus on the impact of bribery acts on SMEs performance and the effectiveness of anti-corruption measures. The study title is *“Corruption and the performance of small and medium enterprises in Gauteng”*.

I am inviting you to take part in this research study by completing a survey questionnaire. If you decide to take part, your participation in this research study will be voluntary, completely anonymous and will last about 10-15 minutes.

As part of the research, you'll be asked for certain personal information, which will be used for research purposes only. The questionnaire will be confidential and anonymous. When the results of the research study are shared, no personal information or anything else that could identify you will be included. This research study will be written up as a research report and if you would like to receive a copy of this report, kindly contact the university.

If you have any questions during or afterwards about this research study, feel free to contact me or my supervisor on the details listed below. If you have any concerns or complaints about the ethical procedures of this research study, you are welcome to contact the University Human Research Ethics Committee (Non-Medical), telephone +27(0) 11 717 1408, email hrecnon-medical@wits.ac.za.

Yours sincerely,
Melanie

Researcher:
Melanie Chetty, 2612486@students.wits.ac.za

Supervisor:
Dr Rob Venter, Robert.Venter@wits.ac.za

I hereby consent to participate in the survey

- ☐ Yes
- ☐ No

General

1. General

What gender do you identify with

- ☐ Male
- ☐ Female
- ☐ Non-binary
- ☐ Prefer not to say

Which age group do you belong in

- ☐ 20-30
- ☐ 31-40
- ☐ 41-50
- ☐ >50

Are you located in Gauteng

- ☐ No
- ☐ Yes

State your highest education level

- ☐ Grade 12 (Matric)
- ☐ Diploma
- ☐ Undergraduate degree
- ☐ Postgraduate degree
- ☐ Other

Forms of Corruption

2. Forms of Corruption

Which forms of corruption, classified as bribery acts, do you believe has the most financial impact on SME's performance. Rank from lowest (1) to highest (5).

1 2 3 4 5

Bribery

(may refer to any corrupt act that may involve giving, promising, soliciting, accepting, or offering a benefit to entice someone to act in an unethical or illegal manner. Enticements can be in the form of rewards, fees, loans, gifts, or any supplementary advantage such as donations, special treatment, or services)

☐ ☐ ☐ ☐ ☐

Kickbacks

(may refer to when a secret payment is demanded by an individual in a coercive position from another party in search of an

☐ ☐ ☐ ☐ ☐

advantageous
or a biased decision)

Facilitation payments

(may refer to small bribes termed as grease or speed payments normally made to speed up or secure an action to which the briber already has authorized or other rights to)

☐ ☐ ☐ ☐ ☐

Lobbying

(may refer to any corrupt act that is undertaken to influence the decisions and policies of an institution to favour an outcome)

☐ ☐ ☐ ☐ ☐

Influence peddling

(may refer to the use of one's status or influence on behalf of another person for a special advantage in return for financial favors or other benefits)

☐ ☐ ☐ ☐ ☐

Organisational Specific Causes of Corruption

3. Organisational Specific Causes of Corruption

Kindly rank the following causes of corruption from lowest (1) to highest (9)

1 2 3 4 5 6 7 8 9

Negative working conditions

☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐

Strong competition in tendering process

☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐

Low wage level

☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐

Economic survival

☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐

Fierce market/industry competition

☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐

	1	2	3	4	5	6	7	8	9
Absence of effective and responsible administrative systems	☐	☐	☐	☐	☐	☐	☐	☐	☐
High levels of institutional bureaucracy	☐	☐	☐	☐	☐	☐	☐	☐	☐
Delaying the payment of workers' salaries	☐	☐	☐	☐	☐	☐	☐	☐	☐
The ability to hide corrupt acts preventing individuals from being caught	☐	☐	☐	☐	☐	☐	☐	☐	☐

Barriers hampering the effectiveness of anti-corruption measures (ACMs)

4. Barriers hampering the effectiveness of anti-corruption measures (ACMs)

Kindly indicate the extent to which you agree that the following statements are barriers to anti-corruption measures

	Strongly agree	Somewhat agree	Neither agree nor disagree	Somewhat disagree	Strongly disagree
Lack of protection	☐	☐	☐	☐	☐
Fear of loss of life	☐	☐	☐	☐	☐
Fear of being sidelined or marginalised (victimisation)	☐	☐	☐	☐	☐
Fear of being caught reporting a corrupt act	☐	☐	☐	☐	☐
Social or occupational stigma and rejection for reporting a corrupt act	☐	☐	☐	☐	☐
Bureaucratic process of reporting corrupt cases	☐	☐	☐	☐	☐

	Strongly agree	Somewhat agree	Neither agree nor disagree	Somewhat disagree	Strongly disagree
Perception of no better end result, distrust in system	☐	☐	☐	☐	☐
Lack of political will by government official and statutory professional councils to fight corruption	☐	☐	☐	☐	☐
Inappropriate staffing qualifications/experience	☐	☐	☐	☐	☐
Lack of knowledge or nonfamiliarity with ethical codes/organisational codes of ethics	☐	☐	☐	☐	☐
Personal attitude (willingness to partake in corrupt behaviours)	☐	☐	☐	☐	☐

The impact of corruption on SME business sector

5. The impact of corruption on SME business sector

Kindly indicate the extent to which you agree with the following impacts of corruption on SMEs

	Strongly Agree	Somewhat agree	Neither agree nor disagree	Somewhat disagree	Strongly disagree
Is corruption a cost of doing business that cannot be eradicated	☐	☐	☐	☐	☐
Business opportunity denial as a result of not engaging in corrupt payments	☐	☐	☐	☐	☐
Corrupt payments erode profitability of the company	☐	☐	☐	☐	☐

	Strongly Agree	Somewhat agree	Neither agree nor disagree	Somewhat disagree	Strongly disagree
Inability to fund business expansion and increase market share	☐	☐	☐	☐	☐
Increasing education levels of employees	☐	☐	☐	☐	☐
Implementation of severe punishment of the corrupt	☐	☐	☐	☐	☐
Political support for anti-corruption measures	☐	☐	☐	☐	☐
Private sector support for anti-corruption measures	☐	☐	☐	☐	☐
Creating an environment that hinders corrupt behaviours	☐	☐	☐	☐	☐
Enforcement of action against corrupt acts would reduce levels of corruption	☐	☐	☐	☐	☐
Strengthening anti-corruption measures would benefit the SME	☐	☐	☐	☐	☐

Select the person primarily responsible for preventing corruption in SMEs

	Senior management	All staff	Internal auditors	Government	Lawyers	External auditors	C
Select the person primarily responsible for preventing corruption in SMEs	☐	☐	☐	☐	☐	☐	



Select the most effective way to minimise the likelihood of corruption in SMEs. Select 3 options

- ☐ Commitment from senior management
- ☐ Recruit ethical people
- ☐ Communicate anti-corruption policies
- ☐ Taking action against all perpetrators
- ☐ Provide adequate training to all staff
- ☐ Implementation of whistleblower hotline
- ☐ Enforcement by regulatory agencies

Select the greatest barriers to implementing anti-corruption measures. Select 4 options

- ☐ Cost
- ☐ Corporate culture
- ☐ Competitive pressures
- ☐ Systemic corruption in environment
- ☐ Lack of protection of whistleblowers
- ☐ Low levels of education of employees
- ☐ Lack of management support for anti-corruption
- ☐ Country specific cultural practices and ways of doing business

Select the statement that has the most positive impact on a company's reputation and sustainability

- ☐ Public report by external auditor stating the anti-corruption measures is been implemented

- ☐ Management statement that anti-corruption measures has been implemented
- ☐ Management statement that anti-corruption measures has been externally verified by a third party

If SME has controls related to corruption, how would you prefer them to be described

- ☐ Detects corruption after it occurs
- ☐ Prevents corruption before it occurs
- ☐ Proactive monitoring and control of corruption risks
- ☐ Does not exist

Relationship between perceived corruption and SME's reputation

6. Relationship between perceived corruption and SME's reputation

Kindly indicate the extent to which you agree that the following affects the reputation of SME based on perceptions of corrupt behaviour

	Strongly agree	Somewhat agree	Neither agree nor disagree	Somewhat disagree	Strongly disagree
Loss of trust and credibility of SME	☐	☐	☐	☐	☐
Your impact on purchase decisions of SME's products/services	☐	☐	☐	☐	☐
Negative public image of SME	☐	☐	☐	☐	☐

	Strongly agree	Somewhat agree	Neither agree nor disagree	Somewhat disagree	Strongly disagree
Trustworthiness of SME leadership	☐	☐	☐	☐	☐
Ethical concerns and lack of transparency	☐	☐	☐	☐	☐
Reduced customer loyalty	☐	☐	☐	☐	☐
Price for product/services outweighs the value of the product/services (selling price inflated to cater for costs of bribery acts)	☐	☐	☐	☐	☐

Block 7

7. Anomie conditions (breakdown of social norms) and its mediation of the relationship between the perception of corruption and SME's reputation

Kindly indicate the extent to which you agree with the following statements

	Strongly agree	Somewhat agree	Neither agree nor disagree	Somewhat disagree	Strongly disagree
Ethical norms and values are clear and well-enforced within the business environment	☐	☐	☐	☐	☐
A sense of normlessness or confusion about what is considered right or wrong exists in society	☐	☐	☐	☐	☐
There is a high level of social disorganization or breakdown of social cohesion in society	☐	☐	☐	☐	☐
Corruption is always morally wrong	☐	☐	☐	☐	☐

	Strongly agree	Somewhat agree	Neither agree nor disagree	Somewhat disagree	Strongly disagree
Prioritising of monetary success is the most important measure of success and must be achieved by any means necessary	☐	☐	☐	☐	☐
Anomie can erode stakeholder trust	☐	☐	☐	☐	☐

Kindly indicate the extent to which you agree with the following statements

	Postively	Negatively	No impact
Does a lack of trust and social capital affect the reputation of SMEs	☐	☐	☐
Does the perception of corruption affect the reputation of SMEs	☐	☐	☐
Does the breakdown of ethical norms and values impact the reputation of SMEs	☐	☐	☐
Does weakening of regulatory enforcement impact the reputation of SMEs	☐	☐	☐

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Wits Business School Ethics Committee

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

Ethics Clearance Certificate

Ethics protocol number: WBS/BA2612486/127

This certificate is only valid with a legitimate ethics protocol number and signed by the Researcher (below).

Project title Corruption and the performance of small and medium enterprises in Gauteng

Investigator / Researcher Miss Melanie Chetty

Nature of Project MBA (Research Article)

Decision of the Committee Approved, provided stakeholders and participants are guaranteed anonymity and confidentiality.

Issue Date of Certificate 9/11/2023

Expiry date Date of submission of the project / research report

Chairperson Dr Pius Oba
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☎ +27 82 733 6587
✉ pius.oba@wits.ac.za



Declaration by Researcher

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

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

M. Chetty

Signature

12/09/2023

Date:

Appendix 3: Code book for dataset collected via electronic survey

	Survey Question	Name	Survey Options	Code
1	I hereby consent to participate in the survey	Consent	Yes	1
			No	2
2	What gender do you identify with	Gender	Male	1
			Female	2
			Non-binary	3
			Prefer not to say	4
3	Which age group do you belong in	Age	20-30	1
			31-40	2
			41-50	3
			>50	4
4	Are you located in Gauteng	Gauteng	No	1
			Yes	2
5	State your highest education level	Education	Grade 12 (Matric)	1
			Diploma	2
			Undergraduate degree	3
			Postgraduate degree	4
			Other	5
6	Forms of Corruption			
	Bribery	CF1		
	Kickbacks	CF2		
	Facilitation payments	CF3		
	Lobbying	CF4		
	Influence peddling	CF5		
7	Organisational Specific Causes of Corruption			
	Negative working conditions	CC1		
	Strong competition in tendering process	CC2		
	Low wage level	CC3		
	Economic survival	CC4		
	Fierce market/industry competition	CC5		
	Absence of effective and responsible administrative systems	CC6		
	High levels of institutional bureaucracy	CC7		
	Delaying the payment of workers' salaries	CC8		
	The ability to hide corrupt acts preventing individuals from being caught	CC9		
	Linkert Scale		Strongly agree	1
			Somewhat agree	2
			Neither agree nor disagree	3
			Somewhat disagree	4
			Strongly disagree	5
8	Barriers hampering the effectiveness of anti-corruption measures (ACMs)			
	Lack of protection	B1		

	Fear of loss of life	B2		
	Fear of being sidelined or marginalised (victimisation)	B3		
	Fear of being caught reporting a corrupt act	B4		
	Social or occupational stigma and rejection for reporting a corrupt act	B5		
	Bureaucratic process of reporting corrupt cases	B6		
	Perception of no better end result, distrust in system	B7		
	Lack of political will by government official and statutory professional councils to fight corruption	B8		
	Inappropriate staffing qualifications/experience	B9		
	Lack of knowledge or nonfamiliarity with ethical codes/organisational codes of ethics	B10		
	Personal attitude (willingness to partake in corrupt behaviours)	B11		
9	The impact of corruption on SME business sector			
	Is corruption a cost of doing business that cannot be eradicated	IC1		
	Business opportunity denial as a result of not engaging in corrupt payments	IC2		
	Corrupt payments erode profitability of the company	IC3		
	Inability to fund business expansion and increase market share	IC4		
	Increasing education levels of employees	IC5		
	Implementation of severe punishment of the corrupt	IC6		
	Political support for anti-corruption measures	IC7		
	Private sector support for anti- corruption measures	IC8		
	Creating an environment that hinders corrupt behaviours	IC9		
	Enforcement of action against corrupt acts would reduce levels of corruption	IC10		
	Strengthening anti-corruption measures would benefit the SME	IC11		
10	Select the person primarily responsible for preventing corruption in SMEs	RP		
			Senior management	1
			All staff	2
			Internal auditors	3
			Government	4
			Lawyers	5
			External auditors	6
11	Select the most effective way to minimise the likelihood of corruption in SMEs			
		MC1	Commitment from senior management	1
		MC2	Recruit ethical people	2
		MC3	Communicate anti-corruption policies	3
		MC4	Taking action against all perpetrators	4
		MC5	Provide adequate training to all staff	5
		MC6	Implementation of whistleblower hotline	6

		MC7	Enforcement by regulatory agencies	7
12	Select the greatest barriers to implementing anti-corruption measures			
		BI1	Cost	1
		BI2	Corporate culture	2
		BI3	Competitive pressures	3
		BI4	Systemic corruption in environment	4
		BI5	Lack of protection of whistleblowers	5
		BI6	Low levels of education of employees	6
		BI7	Lack of management support for anti-corruption	7
		BI8	Country specific cultural practices and ways of doing business	8
13	Select the statement that has the most positive impact on a company's reputation and sustainability			
		PI	Public report by external auditor stating the anti-corruption measures is been implemented	1
			Management statement that anti-corruption measures has been implemented	2
			Management statement that anti-corruption measures has been externally verified by a third party	3
14	If SME has controls related to corruption, how would you prefer them to be described			
		CC	Detects corruption after it occurs	1
			Prevents corruption before it occurs	2
			Proactive monitoring and control of corruption risks	3
			Does not exist	4
15	Relationship between perceived corruption and SME's reputation			
	Loss of trust and credibility of SME	RA1		
	Your impact on purchase decisions of SME's products/services	RA2		
	Negative public image of SME	RA3		
	Trustworthiness of SME leadership	RA4		
	Ethical concerns and lack of transparency	RA5		
	Reduced customer loyalty	RA6		
	Price for product/services outweighs the value of the product/services (selling price inflated to cater for costs of bribery acts)	RA7		
16	Anomie conditions (breakdown of social norms) and its mediation of the relationship between the perception of corruption and SME's reputation			
	Ethical norms and values are clear and well-enforced within the business environment	AC1		

	A sense of normlessness or confusion about what is considered right or wrong exists in society	AC2		
	There is a high level of social disorganization or breakdown of social cohesion in society	AC3		
	Corruption is always morally wrong	AC4		
	Prioritising of monetary success is the most important measure of success and must be achieved by any means necessary	AC5		
	Anomie can erode stakeholder trust	AC6		
			Positively	1
			Negatively	2
			No impact	3
	Does a lack of trust and social capital affect the reputation of SMEs	AC7		
	Does the perception of corruption affect the reputation of SMEs	AC8		
	Does the breakdown of ethical norms and values impact the reputation of SMEs	AC9		
	Does weakening of regulatory enforcement impact the reputation of SMEs	AC10		
17	Prevention of corruption			
	Political support for anti-corruption measures	IC7		
	Creating an environment that hinders corrupt behaviours	IC9		
	Enforcement of action against corrupt acts would reduce levels of corruption	IC10		

Appendix 4: Linear regression analysis for Hypothesis H1

Descriptive Statistics

	Mean	Std. Deviation	N
Total score of forms of corruption	9.9740	5.03664	77
Total score of organisational causes	28.2597	16.16559	77

Correlations

		Total score of forms of corruption	Total score of organisational causes
Pearson Correlation	Total score of forms of corruption	1.000	.524
	Total score of organisational causes	.524	1.000
Sig. (1-tailed)	Total score of forms of corruption	.	<.001
	Total score of organisational causes	.000	.
N	Total score of forms of corruption	77	77
	Total score of organisational causes	77	77

Variables Entered/Removed^a

Model	Variables Entered	Variables Removed	Method
1	Total score of organisational causes ^b	.	Enter

a. Dependent Variable: Total score of forms of corruption

b. All requested variables entered.

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics	
					R Square Change	F Change
1	.524 ^a	.274	.265	4.31879	.274	28.365

Model Summary^b

Model	Change Statistics			Durbin-Watson
	df1	df2	Sig. F Change	
1	1	75	<.001	2.299

- a. Predictors: (Constant), Total score of organisational causes
b. Dependent Variable: Total score of forms of corruption

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	529.055	1	529.055	28.365	<.001 ^b
	Residual	1398.894	75	18.652		
	Total	1927.948	76			

- a. Dependent Variable: Total score of forms of corruption
b. Predictors: (Constant), Total score of organisational causes

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t
		B	Std. Error	Beta	
1	(Constant)	5.362	.996		5.383
	Total score of organisational causes	.163	.031	.524	5.326

Coefficients^a

Model		Sig.	95.0% Confidence Interval for B	
			Lower Bound	Upper Bound
1	(Constant)	<.001	3.377	7.346
	Total score of organisational causes	<.001	.102	.224

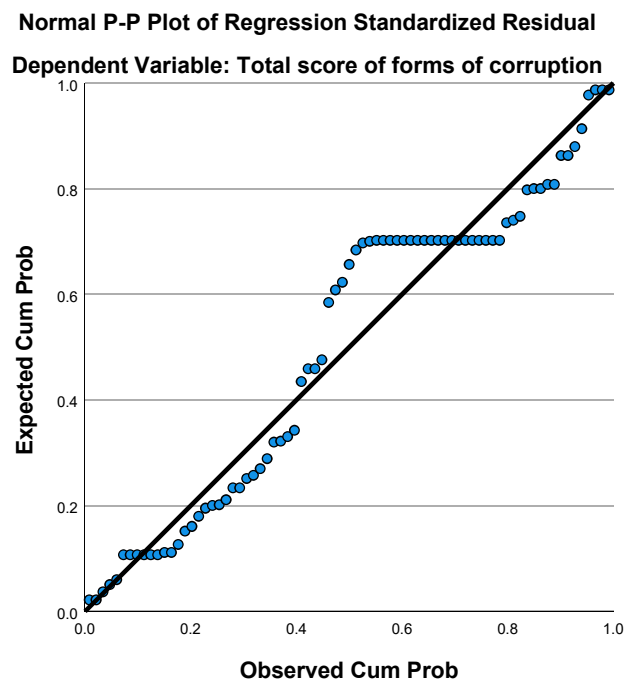
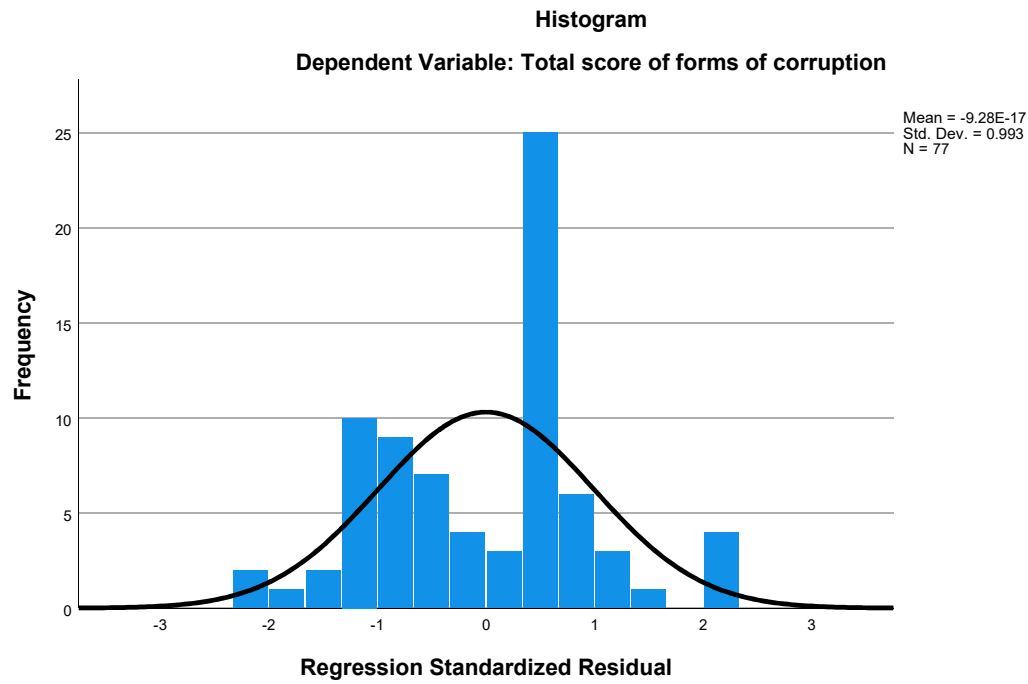
- a. Dependent Variable: Total score of forms of corruption

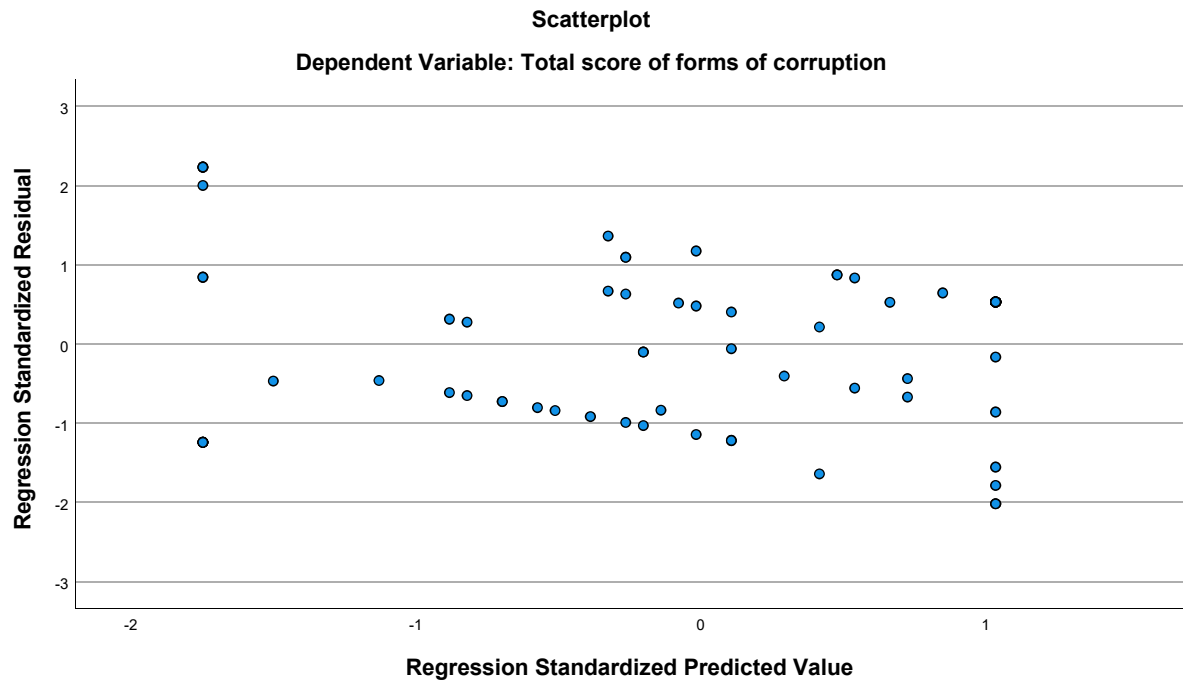
Residuals Statistics^a

	Minimum	Maximum	Mean	Std. Deviation	N
Predicted Value	5.3617	12.7062	9.9740	2.63842	77
Residual	-8.70623	9.63830	.00000	4.29028	77
Std. Predicted Value	-1.748	1.036	.000	1.000	77
Std. Residual	-2.016	2.232	.000	.993	77

- a. Dependent Variable: Total score of forms of corruption

Charts





Appendix 5: Linear Regression Analysis for Hypothesis H2

Descriptive Statistics

	Mean	Std. Deviation	N
Total score of Relationships	8.3766	6.29544	77
Total score of forms of corruption	9.9740	5.03664	77

Correlations

		Total score of Relationships	Total score of forms of corruption
Pearson Correlation	Total score of Relationships	1.000	.237
	Total score of forms of corruption	.237	1.000
Sig. (1-tailed)	Total score of Relationships	.	.019
	Total score of forms of corruption	.019	.
N	Total score of Relationships	77	77
	Total score of forms of corruption	77	77

Variables Entered/Removed^a

Model	Variables Entered	Variables Removed	Method
1	Total score of forms of corruption ^b	.	Enter

a. Dependent Variable: Total score of Relationships

b. All requested variables entered.

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics	
					R Square Change	F Change
1	.237 ^a	.056	.044	6.15696	.056	4.457

Model Summary^b

Model	Change Statistics			Durbin-Watson
	df1	df2	Sig. F Change	
1	1	75	.038	1.372

- a. Predictors: (Constant), Total score of forms of corruption
b. Dependent Variable: Total score of Relationships

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	168.967	1	168.967	4.457	.038 ^b
	Residual	2843.111	75	37.908		
	Total	3012.078	76			

- a. Dependent Variable: Total score of Relationships
b. Predictors: (Constant), Total score of forms of corruption

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t
		B	Std. Error	Beta	
1	(Constant)	5.424	1.565		3.466
	Total score of forms of corruption	.296	.140	.237	2.111

Coefficients^a

Model		Sig.	95.0% Confidence Interval for B	
			Lower Bound	Upper Bound
1	(Constant)	<.001	2.307	8.541
	Total score of forms of corruption	.038	.017	.575

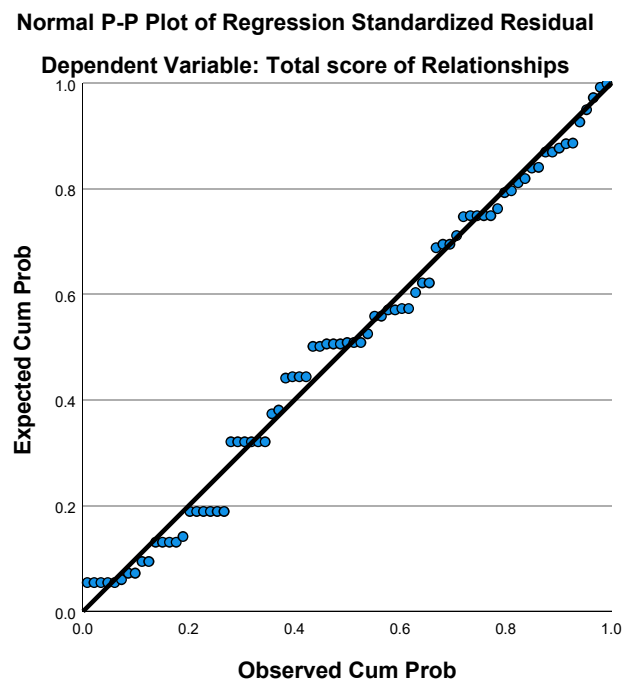
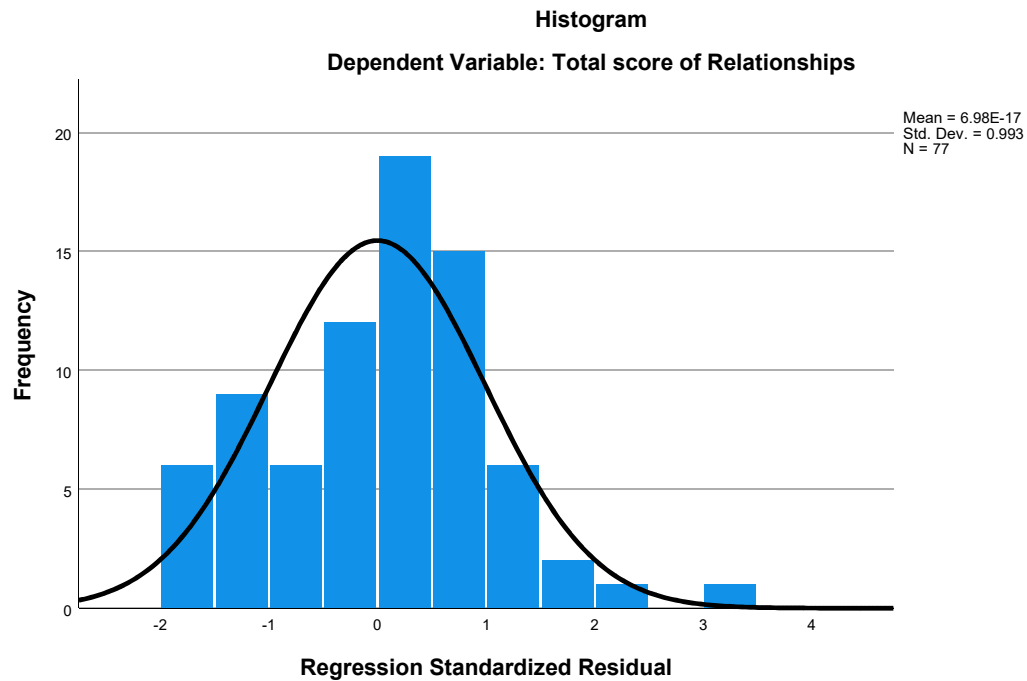
- a. Dependent Variable: Total score of Relationships

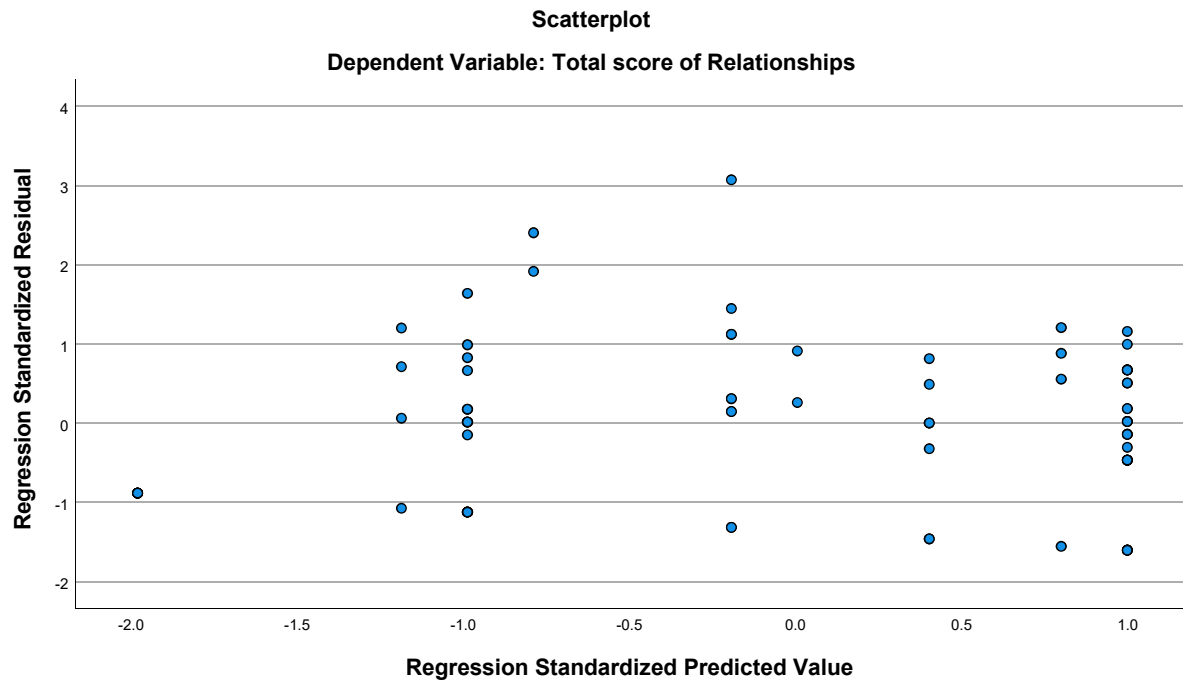
Residuals Statistics^a

	Minimum	Maximum	Mean	Std. Deviation	N
Predicted Value	5.4239	9.8645	8.3766	1.49106	77
Residual	-9.86452	18.91173	.00000	6.11632	77
Std. Predicted Value	-1.980	.998	.000	1.000	77
Std. Residual	-1.602	3.072	.000	.993	77

- a. Dependent Variable: Total score of Relationships

Charts





Appendix 6: Linear Regression Analysis for Hypothesis H3

Descriptive Statistics

	Mean	Std. Deviation	N
Impact variable classified as prevention of corruption	4.5965	2.22694	57
Total score of Barriers	20.7895	7.57047	57

Correlations

		Impact variable classified as prevention of corruption	Total score of Barriers
Pearson Correlation	Impact variable classified as prevention of corruption	1.000	.147
	Total score of Barriers	.147	1.000
Sig. (1-tailed)	Impact variable classified as prevention of corruption	.	.137
	Total score of Barriers	.137	.
N	Impact variable classified as prevention of corruption	57	57
	Total score of Barriers	57	57

Variables Entered/Removed^a

Model	Variables Entered	Variables Removed	Method
1	Total score of Barriers ^b	.	Enter

a. Dependent Variable: Impact variable classified as prevention of corruption

b. All requested variables entered.

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics	
					R Square Change	F Change
1	.147 ^a	.022	.004	2.22255	.022	1.221

Model Summary^b

Model	Change Statistics			Durbin-Watson
	df1	df2	Sig. F Change	
1	1	55	.274	2.090

a. Predictors: (Constant), Total score of Barriers

b. Dependent Variable: Impact variable classified as prevention of corruption

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	6.034	1	6.034	1.221	.274 ^b
	Residual	271.686	55	4.940		
	Total	277.719	56			

a. Dependent Variable: Impact variable classified as prevention of corruption

b. Predictors: (Constant), Total score of Barriers

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.695	.867		4.261	<.001
	Total score of Barriers	.043	.039	.147	1.105	.274

Coefficients^a

Model		95.0% Confidence Interval for B	
		Lower Bound	Upper Bound
1	(Constant)	1.957	5.433
	Total score of Barriers	-.035	.122

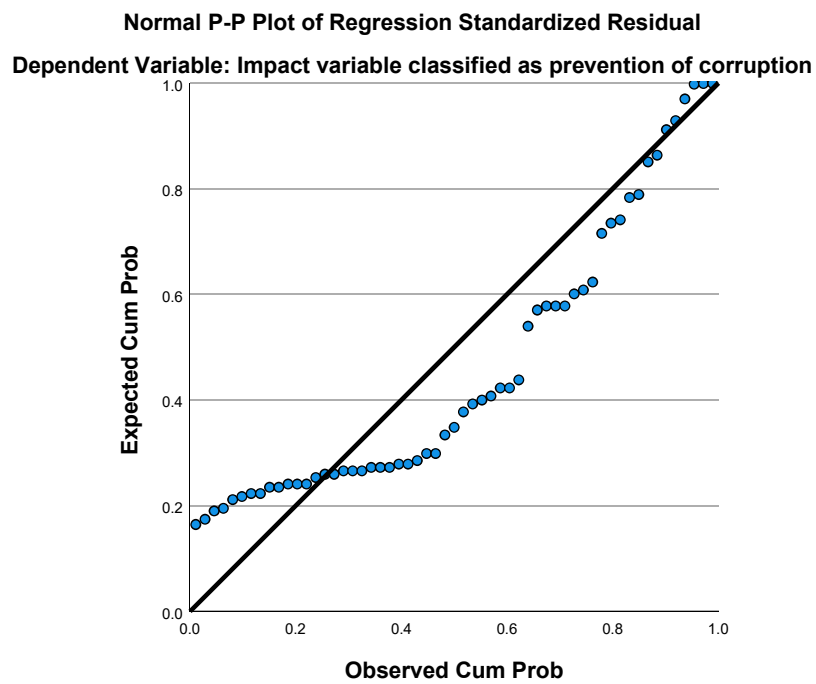
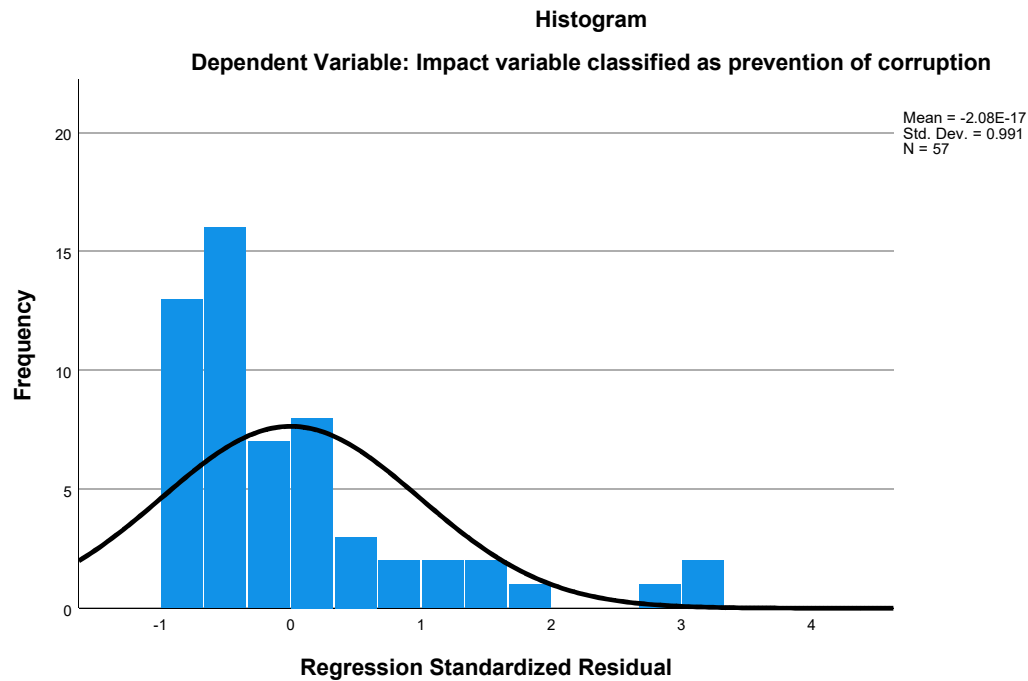
a. Dependent Variable: Impact variable classified as prevention of corruption

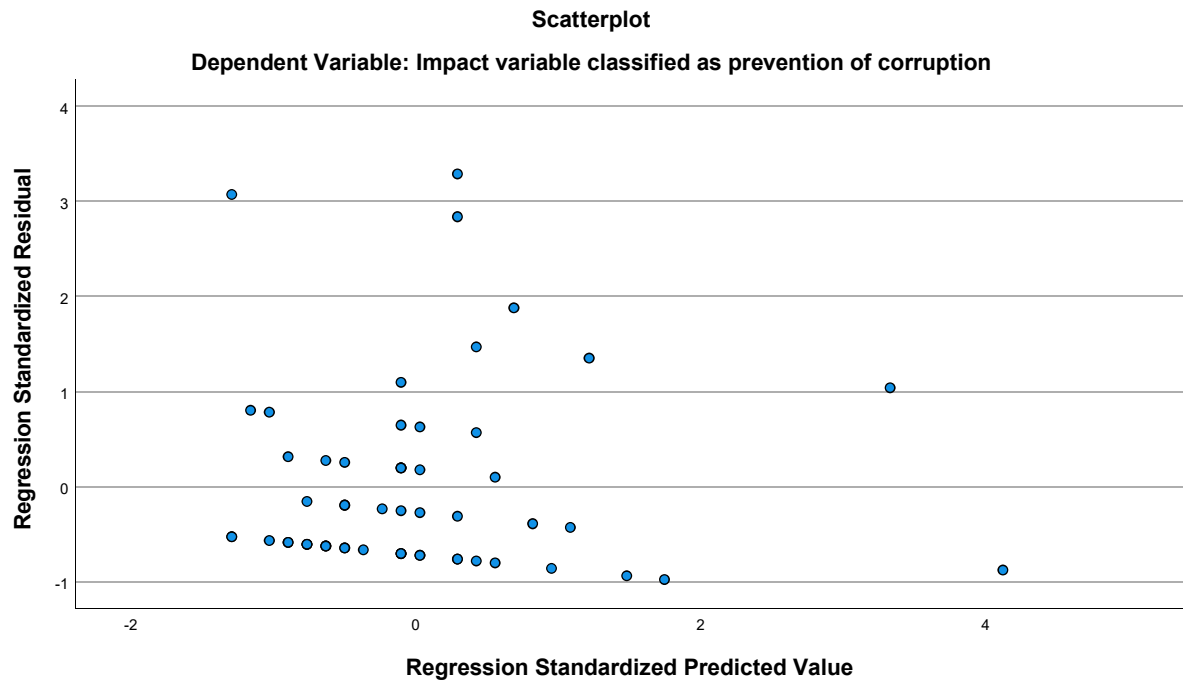
Residuals Statistics^a

	Minimum	Maximum	Mean	Std. Deviation	N
Predicted Value	4.1720	5.9497	4.5965	.32824	57
Residual	-2.16928	7.30766	.00000	2.20262	57
Std. Predicted Value	-1.293	4.123	.000	1.000	57
Std. Residual	-.976	3.288	.000	.991	57

a. Dependent Variable: Impact variable classified as prevention of corruption

Charts





Appendix 7 - Linear Regression Analysis for Hypothesis H4

Descriptive Statistics

	Mean	Std. Deviation	N
Average value of Relationship variables	1.1967	.89938	77
Average value of Anomie variables	1.5455	1.07115	77
Average value of Impacts variables	1.3554	.88254	77

Correlations

		Average value of Relationship variables	Average value of Anomie variables	Average value of Impacts variables
Pearson Correlation	Average value of Relationship variables	1.000	.744	.762
	Average value of Anomie variables	.744	1.000	.787
	Average value of Impacts variables	.762	.787	1.000
Sig. (1-tailed)	Average value of Relationship variables	.	<.001	<.001
	Average value of Anomie variables	.000	.	.000
	Average value of Impacts variables	.000	.000	.
N	Average value of Relationship variables	77	77	77
	Average value of Anomie variables	77	77	77
	Average value of Impacts variables	77	77	77

Variables Entered/Removed^a

Model	Variables Entered	Variables Removed	Method
1	Average value of Impacts variables, Average value of Anomie variables ^b	.	Enter

a. Dependent Variable: Average value of Relationship variables

b. All requested variables entered.

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics	
					R Square Change	F Change
1	.797 ^a	.635	.625	.55051	.635	64.421

Model Summary^b

Model	df1	df2	Sig. F Change	Durbin-Watson
1	2	74	<.001	2.080

a. Predictors: (Constant), Average value of Impacts variables, Average value of Anomie variables

b. Dependent Variable: Average value of Relationship variables

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	39.048	2	19.524	64.421	<.001 ^b
	Residual	22.427	74	.303		
	Total	61.475	76			

a. Dependent Variable: Average value of Relationship variables

b. Predictors: (Constant), Average value of Impacts variables, Average value of Anomie variables

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t
		B	Std. Error	Beta	
1	(Constant)	.065	.118		.549
	Average value of Anomie variables	.320	.096	.381	3.343
	Average value of Impacts variables	.471	.116	.462	4.054

Coefficients^a

Model		Sig.	95.0% Confidence Interval for B	
			Lower Bound	Upper Bound
1	(Constant)	.585	-.170	.300
	Average value of Anomie variables	.001	.129	.510
	Average value of Impacts variables	<.001	.239	.702

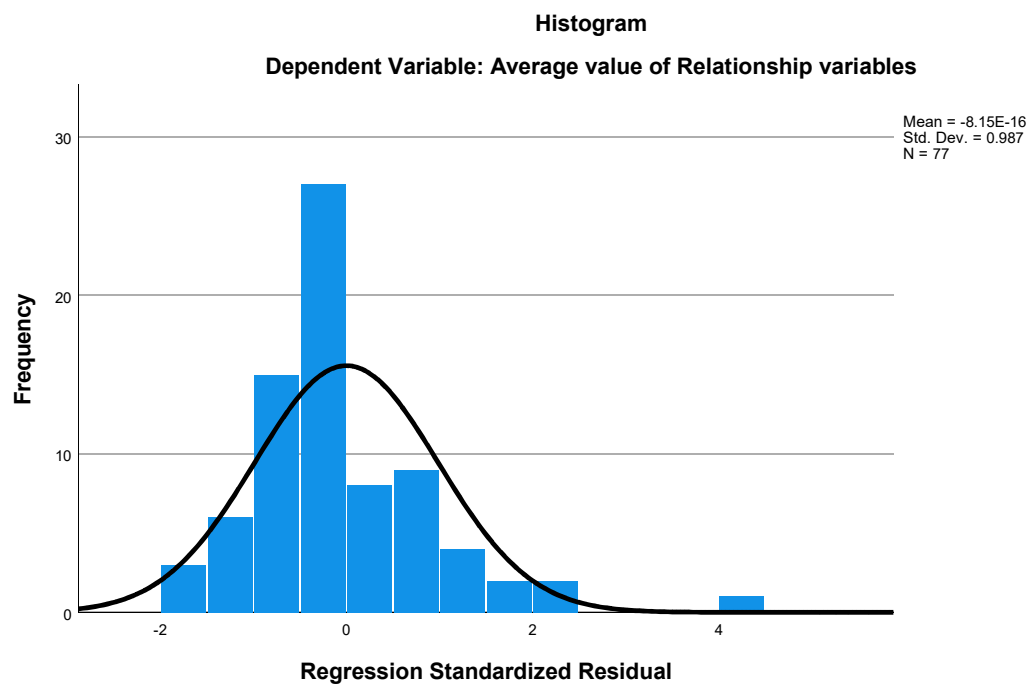
a. Dependent Variable: Average value of Relationship variables

Residuals Statistics^a

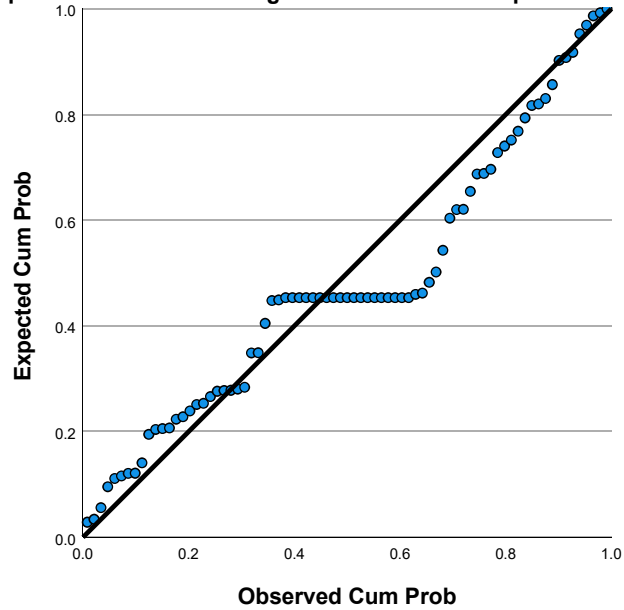
	Minimum	Maximum	Mean	Std. Deviation	N
Predicted Value	.0648	2.4577	1.1967	.71679	77
Residual	-1.04879	2.34006	.00000	.54322	77
Std. Predicted Value	-1.579	1.759	.000	1.000	77
Std. Residual	-1.905	4.251	.000	.987	77

a. Dependent Variable: Average value of Relationship variables

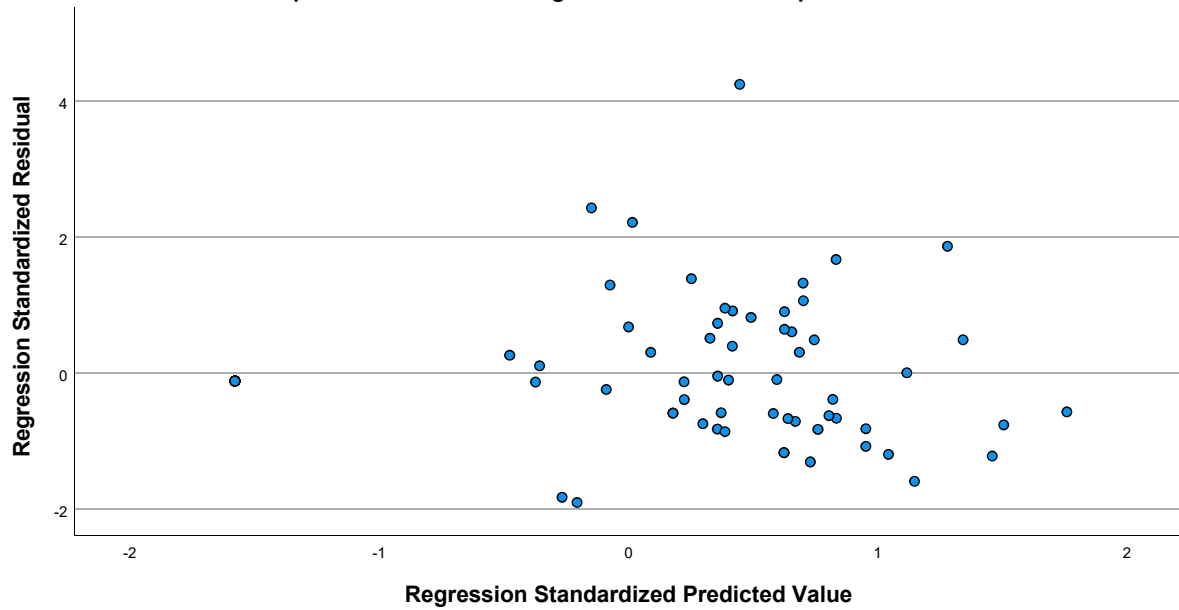
Charts



Normal P-P Plot of Regression Standardized Residual
Dependent Variable: Average value of Relationship variables



Scatterplot
Dependent Variable: Average value of Relationship variables



Regression

Descriptive Statistics

	Mean	Std. Deviation	N
Average value of Relationship variables	1.1967	.89938	77
Average value of Impacts variables	1.3554	.88254	77

Correlations

		Average value of Relationship variables	Average value of Impacts variables
Pearson Correlation	Average value of Relationship variables	1.000	.762
	Average value of Impacts variables	.762	1.000
Sig. (1-tailed)	Average value of Relationship variables	.	<.001
	Average value of Impacts variables	.000	.
N	Average value of Relationship variables	77	77
	Average value of Impacts variables	77	77

Variables Entered/Removed^a

Model	Variables Entered	Variables Removed	Method
1	Average value of Impacts variables ^b	.	Enter

a. Dependent Variable: Average value of
Relationship variables

b. All requested variables entered.

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics	
					R Square Change	F Change
1	.762 ^a	.580	.574	.58667	.580	103.613

Model Summary^b

Model	Change Statistics			Durbin-Watson
	df1	df2	Sig. F Change	
1	1	75	<.001	2.071

a. Predictors: (Constant), Average value of Impacts variables

b. Dependent Variable: Average value of Relationship variables

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	35.661	1	35.661	103.613	<.001 ^b
	Residual	25.813	75	.344		
	Total	61.475	76			

a. Dependent Variable: Average value of Relationship variables

b. Predictors: (Constant), Average value of Impacts variables

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t
		B	Std. Error	Beta	
1	(Constant)	.145	.123		1.176
	Average value of Impacts variables	.776	.076	.762	10.179

Coefficients^a

Model		Sig.	95.0% Confidence Interval for B	
			Lower Bound	Upper Bound
1	(Constant)	.243	-.100	.390
	Average value of Impacts variables	<.001	.624	.928

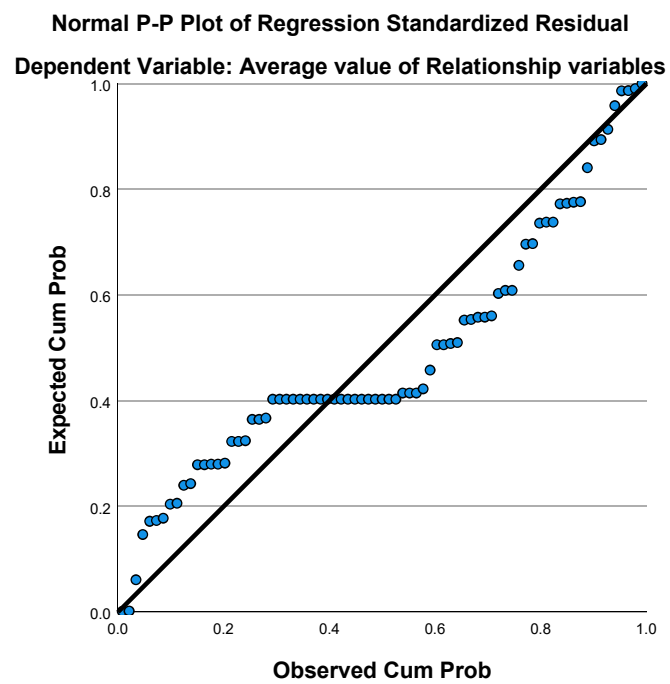
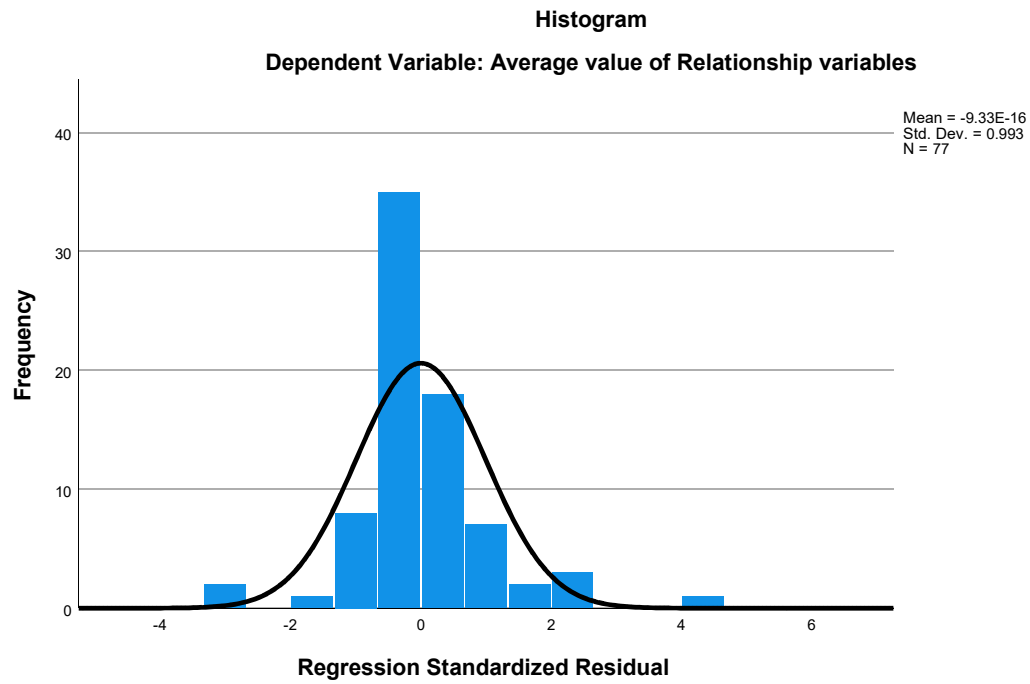
a. Dependent Variable: Average value of Relationship variables

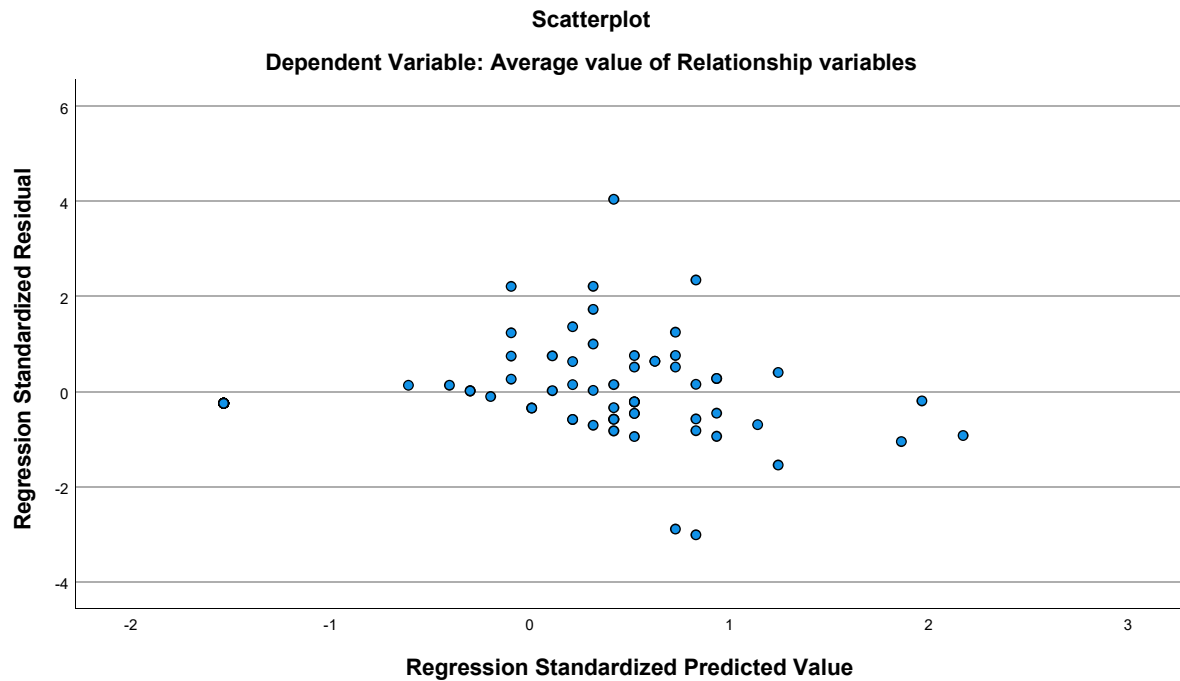
Residuals Statistics^a

	Minimum	Maximum	Mean	Std. Deviation	N
Predicted Value	.1447	2.6851	1.1967	.68500	77
Residual	-1.76770	2.37182	.00000	.58279	77
Std. Predicted Value	-1.536	2.173	.000	1.000	77
Std. Residual	-3.013	4.043	.000	.993	77

a. Dependent Variable: Average value of Relationship variables

Charts





Regression

Descriptive Statistics

	Mean	Std. Deviation	N
Average value of Relationship variables	1.1967	.89938	77
Average value of Anomie variables	1.5455	1.07115	77

Correlations

		Average value of Relationship variables	Average value of Anomie variables
Pearson Correlation	Average value of Relationship variables	1.000	.744
	Average value of Anomie variables	.744	1.000
Sig. (1-tailed)	Average value of Relationship variables	.	<.001
	Average value of Anomie variables	.000	.
N	Average value of Relationship variables	77	77
	Average value of Anomie variables	77	77

Variables Entered/Removed^a

Model	Variables Entered	Variables Removed	Method
1	Average value of Anomie variables ^b	.	Enter

a. Dependent Variable: Average value of Relationship variables

b. All requested variables entered.

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics	
					R Square Change	F Change
1	.744 ^a	.554	.548	.60451	.554	93.226

Model Summary^b

Model	Change Statistics			Durbin-Watson
	df1	df2	Sig. F Change	
1	1	75	<.001	1.973

a. Predictors: (Constant), Average value of Anomie variables

b. Dependent Variable: Average value of Relationship variables

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	34.067	1	34.067	93.226	<.001 ^b
	Residual	27.407	75	.365		
	Total	61.475	76			

a. Dependent Variable: Average value of Relationship variables

b. Predictors: (Constant), Average value of Anomie variables

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t
		B	Std. Error	Beta	
1	(Constant)	.231	.121		1.899
	Average value of Anomie variables	.625	.065	.744	9.655

Coefficients^a

Model		Sig.	95.0% Confidence Interval for B	
			Lower Bound	Upper Bound
1	(Constant)	.061	-.011	.473
	Average value of Anomie variables	<.001	.496	.754

a. Dependent Variable: Average value of Relationship variables

Residuals Statistics^a

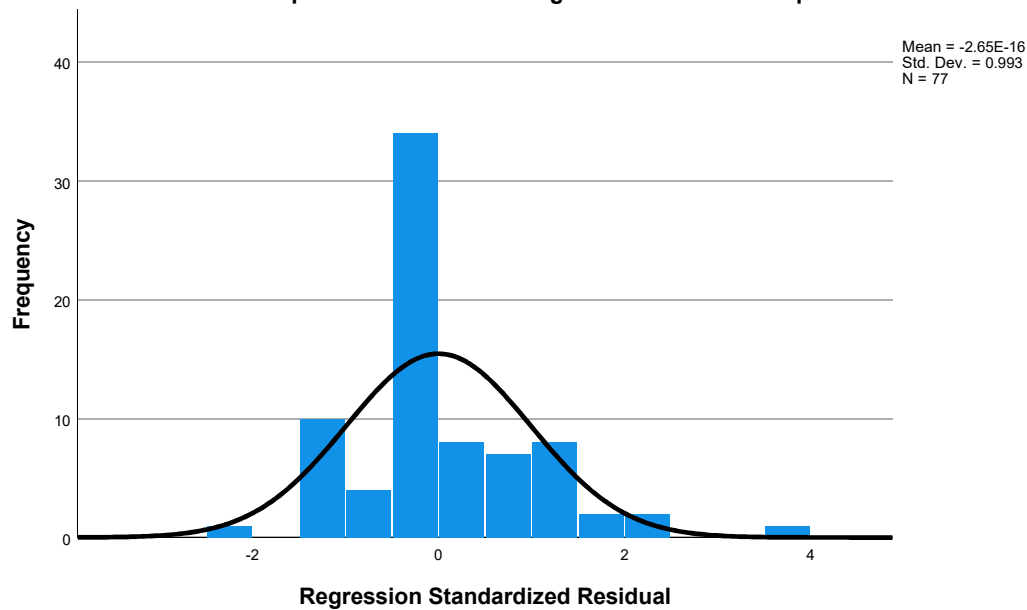
	Minimum	Maximum	Mean	Std. Deviation	N
Predicted Value	.2307	2.3140	1.1967	.66952	77
Residual	-1.31402	2.37617	.00000	.60052	77
Std. Predicted Value	-1.443	1.669	.000	1.000	77
Std. Residual	-2.174	3.931	.000	.993	77

a. Dependent Variable: Average value of Relationship variables

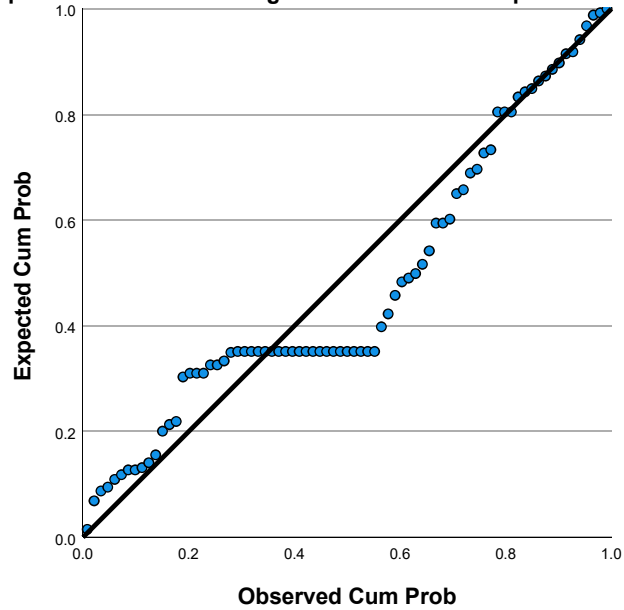
Charts

Histogram

Dependent Variable: Average value of Relationship variables

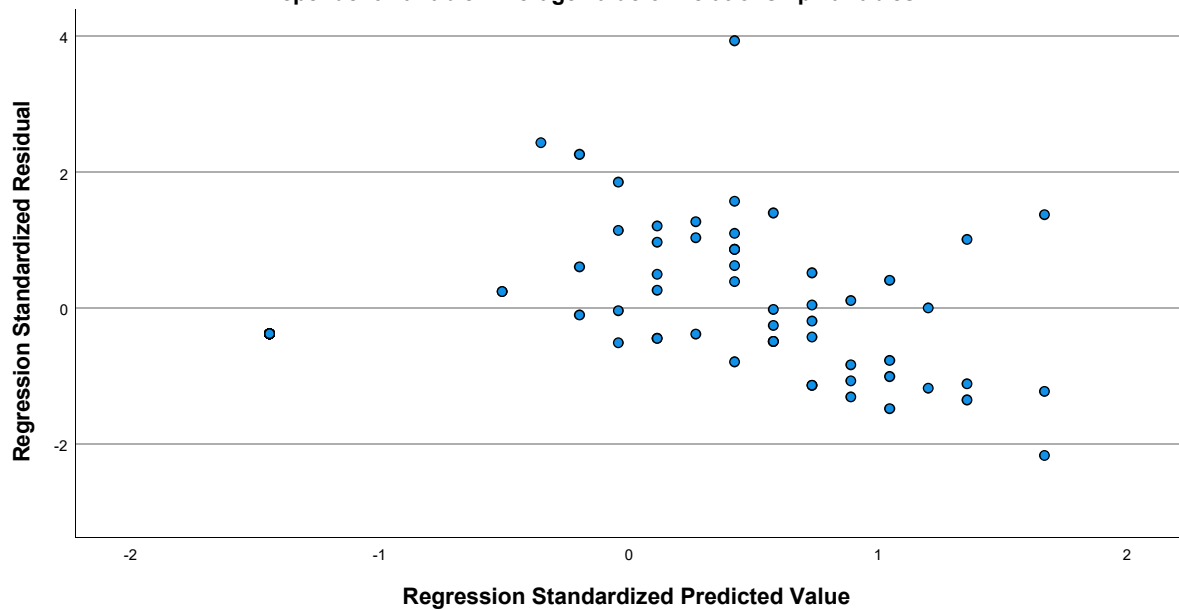


Normal P-P Plot of Regression Standardized Residual
Dependent Variable: Average value of Relationship variables



Scatterplot

Dependent Variable: Average value of Relationship variables



Regression

Descriptive Statistics

	Mean	Std. Deviation	N
Average value of Anomie variables	1.5455	1.07115	77
Average value of Impacts variables	1.3554	.88254	77

Correlations

		Average value of Anomie variables	Average value of Impacts variables
Pearson Correlation	Average value of Anomie variables	1.000	.787
	Average value of Impacts variables	.787	1.000
Sig. (1-tailed)	Average value of Anomie variables	.	<.001
	Average value of Impacts variables	.000	.
N	Average value of Anomie variables	77	77
	Average value of Impacts variables	77	77

Variables Entered/Removed^a

Model	Variables Entered	Variables Removed	Method
1	Average value of Impacts variables ^b	.	Enter

a. Dependent Variable: Average value of Anomie variables

b. All requested variables entered.

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics	
					R Square Change	F Change
1	.787 ^a	.620	.615	.66460	.620	122.420

Model Summary^b

Model	Change Statistics			Durbin-Watson
	df1	df2	Sig. F Change	
1	1	75	<.001	2.240

a. Predictors: (Constant), Average value of Impacts variables

b. Dependent Variable: Average value of Anomie variables

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	54.072	1	54.072	122.420	<.001 ^b
	Residual	33.127	75	.442		
	Total	87.199	76			

a. Dependent Variable: Average value of Anomie variables

b. Predictors: (Constant), Average value of Impacts variables

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t
		B	Std. Error	Beta	
1	(Constant)	.250	.139		1.793
	Average value of Impacts variables	.956	.086	.787	11.064

Coefficients^a

Model		Sig.	95.0% Confidence Interval for B	
			Lower Bound	Upper Bound
1	(Constant)	.077	-.028	.528
	Average value of Impacts variables	<.001	.784	1.128

a. Dependent Variable: Average value of Anomie variables

Residuals Statistics^a

	Minimum	Maximum	Mean	Std. Deviation	N
Predicted Value	.2501	3.3783	1.5455	.84349	77
Residual	-2.24855	2.04020	.00000	.66021	77
Std. Predicted Value	-1.536	2.173	.000	1.000	77
Std. Residual	-3.383	3.070	.000	.993	77

a. Dependent Variable: Average value of Anomie variables

Charts

