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Desraj, Kirthi

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Key Factors Influencing Business Success of Logistics SMEs in South Africa

Kirthi Desraj

(Student number: 475157)

School of Mechanical, Industrial and Aeronautical Engineering

University of the Witwatersrand

Johannesburg, South Africa.

Supervisor: Dr Bruno Emwanu

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ABSTRACT

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

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

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