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The Impact of Enterprise and Supplier Development Programmes on the Growth of SMMEs in Gauteng, South Africa

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2022
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Ramokgopa, Lebogang. (2022). The Impact of Enterprise and Supplier Development Programmes on the Growth of SMMEs in Gauteng, South Africa [Master's dissertation, University of the Witwatersrand, Johannesburg].WireDSpace.https://hdl.handle.net/10539/44467

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The Impact of Enterprise and Supplier Development Programmes on the Growth of SMMEs in Gauteng, South Africa

Applied Research Project Proposal

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14 December 2022

SUPPLEMENTARY INFORMATION

Project format:	Research article
Nominated journal:	The South African Journal of Entrepreneurship and Small Business Management.
Supplementary files:	Data collection instrument

DECLARATION

I, Lebogang Ramokgopa, declare that this research report is my own

work except as indicated in the references and acknowledgements. It is submitted in partial fulfilment of the requirements for the degree of Master of Business Administration in the Graduate School of Business Administration, University of the Witwatersrand, Johannesburg. It has not been submitted before for any degree or examination in this or any other university.

_____

Lebogang Ramokgopa

Signed at Johannesburg

On the 31st of March 2022

ABSTRACT

While various studies have investigated the challenges that Small Medium and Micro Enterprises (SMMEs) face and many of them outline the support that is required by SMMEs, there have been limited studies that look into the effectiveness of government support interventions that are implemented through the public and private sectors. The effectiveness of Broad-Based Black Economic Empowerment Commission (B-BBEE) and Enterprise and Supply Development (ESD) support programmes and their impact on SMME growth have not been extensively interrogated through research. This knowledge is particularly important to investigate because SMMEs play a significant role in improving economic growth and reducing unemployment and equality levels. As such, this study sought to assess the impact of B-BBEE ESD programme support on the growth of SMMEs. The study employed qualitative methods and thematic analysis was used to analyse data. The sample size included 10 beneficiaries of B-BBEE ESD in Gauteng province, obtaining their views on participation experience. The findings suggest that ESD initiatives assist SMMEs in both financial and nonfinancial ways. However, participants usually believed that the benefits were limited and that partnerships may provide more value. Further, findings from the study highlighted the presence of constraints that impede ESD's capacity to provide an optimal service offering to SMMEs, resulting in restricted visibility for small enterprises. Some internal and external difficulties in delivering services to SMMEs were outlined based on the experience of beneficiaries. As such, it was recommended that enterprise and supplier development programs should avoid attempting to be all things to all people. The emphasis should be on an area in which they excel and on providing that service to SMMEs. This allows them to impart their specialized knowledge to small enterprises. To be effective, this focus should be sector or industry specific.

Key terms: Broad-Based Black Economic Empowerment, Enterprise and Supplier Development, Parent (buying organisation), Beneficiary (selling/developed organisation)

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LIST OF ACRONYMS

B-BBEE	Broad Based Black Economic Empowerment
BDS	Business Development Service
DTI	Department of Trade and Industry
ED	Enterprise Development
ESD	Enterprise and Supplier Development
IFC	International Finance Corporation
ME	Measured Entity
NPAT	Net Profit after Tax
QLFS	Quarterly Labour Force Survey
RBT	Resource Based Theory
RBV	Resource Based View
SD	Supplier Development
SEDA	Small Enterprise Development Agency
SMMEs	Small, Medium and Micro Enterprises

CHAPTER 1

1.1 Introduction

It is generally acknowledged that the small, medium, and micro enterprises (SMMEs) sector plays a crucial role in the economy. The general view is that SMMEs as enterprises have an economic role to fulfil. The SMME sector is considered a key element in providing solutions to major societal problems like high unemployment, poverty, and inequality. Consequently, this sector has been evolving globally over the years and great emphasis has been placed on its vital role in promoting economic growth, employment creation, poverty, income, and wealth generation as well as upgrading human capital.

Small businesses further provide an opportunity for workers unable to find secure employment and offer prospects of an improved livelihood to the entrepreneurial poor. According to the Committee of Donor Agency for Small Business Development (2001), SMMEs play a pivotal role in raising the productivity and growth of the private sector and the national economy at large. Due to the significant role played by SMMEs, the government has invested significantly through policy development and the introduction of various developmental initiatives

There are various policies and regulations aimed at advancing SMME growth. One such policy is the Broad Based Black Economic Empowerment Act, 2003 (Act No. 53 of 2003) and the "B-BBEE Codes of Good Practice gazetted in February 2007, and the Amended Codes of 2013" (DTI, 2019). The amended codes consist of five pillars namely: "ownership, management control, skills development, socio-economic development and Enterprise, and Supplier Development (ESD)".

Within the generic scorecard, ESD contributes 40% sub-minimal and contributes the highest number of points (DTI, 2019). Large corporates are required to contribute 1% of their Net Profit After Tax (NPAT) spend on Enterprise Development

(ED) and 2% of Net Profit After Tax spend on Supplier Development (SD) to reach compliance targets (DTI, 2019). The B-BBEE policy compels large private sector entities to invest in SMME development.

According to (Rungani & Potgieter, 2018) financial support has a significant contribution toward the growth and success of SMMEs, even though there are various support structures for SMMEs, there still exists a gap as far as their growth is concerned (Cant & Wiid, 2013). (Moise et al., 2020) coincides that to achieve business success, SMMEs require both financial and non-financial support.

The SMME sector provides prospects for the development of new ideas and services that lead to an increase in national income. They also have the capability of moving many individuals from a survivalist, including the informal economy, to the mainstream economy. It is additionally believed that the SMME sector is indispensable to the accomplishments of more extensive development objectives, namely the Sustainable Development Goals. Thus, great emphasis has been placed even by the United Nations and International Labour Organisation on the advancement of small businesses through enterprise development (International Labour Organisation, 2007).

It is, therefore, imperative to study the impact of enterprise and supplier development programmes on the growth of SMMEs

1.2 Background

It was in the 1960s when the idea of small and medium business began to gain impetus, and it comparatively picked up reception in developing nations like South Africa. As indicated by Lussier and Hyder (2016), many nations now realise the necessity and benefits of enterprise development promotion and consider it a viable strategy for poverty alleviation, particularly in developing nations.

In the past decade, the South African Government has begun recognising the significant contribution of small micro and medium enterprises (SMMEs) towards

economic development and growth (Bhorat et al, 2018). SMMEs are therefore recognised as a vehicle to drive transformation imperatives such as employment creation, alleviation of poverty, and stimulation of economic development (Fatoki, 2014; Bryman, 2012; Rungani & Potgieter, 2018; Mlotshwa & Msimango-Galawe, 2020). In recent years, the contribution of SMMEs towards GDP has been between 32 and 42% and accounts for approximately 65% of all jobs in South Africa, majority of them operating in Gauteng (SEDA, 2021).

In South Africa, unemployment is pervasive and inhibits long-term social, economic, and political stability (DTI, 2004). Recent statistics show that unemployment has continued to rise over the years. In 2019, unemployment rose to 27.6% according to Statistics South Africa quarter one, Quarterly Labour Force Survey (QLFS; 2019). Because of the SMME sector's dynamic role in the economy, it has become a policy instrument through which unemployment and other challenges can be addressed. This policy approach was first conceived through the White Paper on National Strategy for the development and promotion of small businesses in South Africa, released in 1995 (DTI, 2005). The White Paper thus set a new trajectory for the SMME sector and defined the policy and strategy necessary for the effective functioning of small businesses.

Through this paper, the government demonstrated commitment to improving the lives of the vast majority of people in the country by creating an enabling environment for small businesses to thrive (DTI, 1995). To date, there is a strong belief by the government that SMMEs can drive economic growth through job creation as has been demonstrated in other countries across the globe.

Following the White Paper in 1995, the government then introduced the Integrated Strategy on the Promotion of Entrepreneurship and Small Businesses. One of the key features of the strategy was a focus on making sure that small businesses are supported to facilitate their survival, growth, and competitiveness through the provision of business development services (BDS).

According to the Department of Trade and Industry (DTI) (2005), the provision of BDS was intended to anticipate and provide business support based on the needs of small businesses at every stage of the development cycle. In this case, taking decisive action and providing appropriate solutions meant that the number of small businesses that survive the first few years of establishment would increase, thereby leading to higher levels of job creation and economic expansion.

Driven by this incessant desire to create jobs and stimulate economic growth, government efforts culminated in the creation of a ministry dedicated to small businesses. Before the above policy and legislative frameworks, the South African small business sector was dominated by large capital intensive businesses with no regard for the small firms (Department of Trade and Industry, 2003). In the apartheid political regime, development focused on a certain class of individuals, accelerating a certain few, with other classes being left behind, introducing the structural inequalities experienced in South Africa today (Mellet, 2012).

Small business development can be an efficient tool to redress the legacy of apartheid. This belief is encapsulated in such instruments as the Black Economic Empowerment (BEE) Act 53 of 2003, which was later amended to the Broad-Based Black Economic Empowerment (B-BBEE) Act. The B-BBEE Act came about as an acknowledgement that for decades, development in South Africa was provided at different levels to different groups leaving some groups lagging (Mellet, 2012). This historical legacy meant that the majority of South Africans were marginalised and left out of the mainstream economy through systematic deprivation of viable business opportunities (Department of Trade and Industry, 1995).

Far and above the policy framework, the South African government realised that promoting and developing SMEs required partnerships between the government and various stakeholders (South African Parliament, 2014).

1.3 Problem Statement

Studies indicate that SMMEs play a pivotal role in accomplishing inclusive economic growth, and the sustainable development goals through provision of job opportunities, decent work, encouraging innovation and lessening income disparities. As indicated by Graetz (2016), South Africa has a sound policy framework to support SMMEs and as a rejoinder to such, there has been an emergence of diverse finance institutions and business support service providers, but critical challenges remain.

South Africa, like many other countries, is faced with rising levels of unemployment, poverty, and equality. According to Statistics South Africa, unemployment levels stood at 32.6% in the first quarter of 2021 Stats SA, (2021) which is one of the highest levels in the past decade. Mutyenyoka and Madzivhandila (2014) highlight that majority of the labour force is employed within the SMME sector, therefore making them a key player in addressing socio-economic difficulties and enhancing economic growth. According to Stats SA (2021), SMMEs in South Africa represent more than 98% of businesses, they employ over 60% of the country's workforce across all sectors.

The South African government, through public entities and the private sector alike, has implemented various support mechanisms to enhance the growth of SMMEs, However, even with government support interventions in place, the failure rate of SMMEs in South Africa is still regarded as one of the highest in the world sitting in the region of 57% and 80% (Ngcobo & Sukdeo, 2015). The high failure rate of SMMEs has been attributed to various factors, which include a lack of financial resources, a lack of adequate infrastructure, lack of business training and skills (Ngcobo & Sukdeo, 2015; Chimucheka, 2013).

The Bureau of Economic Research (2016) alike attributes SMME failure to the absence of infrastructure, access to markets, and support structures. The Global Entrepreneurship Monitor Report (GEM, 2020), argues that the correct support

interventions can foster SMME growth and reduce their failure rate. (Mahadea & Pillay, 2008) argues that small business growth and success are dependent on governments' ability to create an environment that is supportive by rolling out effective policy interventions.

According to the DTI (2019), several initiatives have been implemented by government institutions aimed at endorsing enterprise growth and transformation. The B-BBEE Codes of Good Practice is one such intervention aimed at the growth of black entrepreneurs and therefore promoting black-owned SMMEs through enterprise and supplier development (ESD) support. Through the implementation of such support interventions, the government has demonstrated its interest in the promotion of SMME growth.

While various studies have investigated the challenges that SMMEs face and many of them outline the support that is required by SMMEs, there have been limited studies that look into the effectiveness of government support interventions that are implemented through the public and private sectors. The effectiveness of B-BBEE ESD support programmes and their impact on SMME growth have not been extensively interrogated through research. This knowledge is particularly important to investigate because SMMEs play a significant role in improving economic growth and reducing unemployment and equality levels. There is therefore an opportunity to examine and gain insights into how the support provided by B-BBEE ESD programmes can positively impact the growth of SMMEs.

The need for business support services to support SMMEs has created an opportunity for business development service providers. However, despite such developments, lack of access to or poor BDS remains one of the major challenges in the SMME sector. The identified research gap leads to, the main research problem of this study, which is: Government has implemented various support initiatives aimed at the growth of SMMEs, however, there is still a high failure rate of SMMEs. Therefore, this study analyse the impact of enterprise and supplier Development programmes on the growth of SMMEs in Gauteng, South Africa.

1.4 Aims and Objectives

1.4.1 Main research aim

- The broad aim of this study is to assess the impact of ESD programme financial support on the growth of SMMEs in Gauteng.

1.4.2 Primary objective

- the primary research objective of this study is to assess the impact of B-BBEE ESD programme support on the growth of SMMEs.

1.4.3 Secondary objective

- To understand the nature of BDS and the extent to which they meet SME needs.

1.5 Research Questions

To achieve the main research objective, the following research questions are expected to be answered.

- To what extent do ESD programmes support the growth of SMMEs?
- How does financial support offered by ESD programmes influence the growth of SMMEs?
- How does non-financial support offered by ESD programmes influence the growth of SMMEs?

1.6 Justification of the study

Ensuring the effectiveness of SMMEs in the economy is fundamental to ensure growth, employment, and resilience in the light of the economic downturn. Policies

directed at the SMME sector are constantly reviewed to ensure alignment with the economic needs of the country. It is evident that although there have been many interventions, they have not yielded the anticipated results. Previous studies have also indicated that there are still gaps in the study of BDS, which require further research.

Mazanai and Fatoki (2011) suggested the need to examine the supply side by focusing on the business development service providers (that is, the supply side) to establish their challenges and potential areas for increasing their effectiveness. This is a key priority, given the centrality of BDS from a policy perspective. Given the empirical studies available, it seems there is a need for a revised approach. Amid all the interventions provided, SMME competitiveness and growth remain challenges and need to be elevated to levels that enable SMMEs to compete, grow and ultimately, create much needed jobs. However, the capabilities of South African entrepreneurs are not sufficient to elevate on their own. They need a suite of services including both financial and non-financial services to ensure their success (Rodriguez, 2010). There further seems to be a need to assess the various platforms available for the support and development of SMMEs, as well as understand the various challenges faced by providers in these platforms and possibly identify best practices and more effective ways for offering BDS.

This study has sought to establish what needs to be done and what could be done regarding services provided to further advance the development of small businesses. The study was therefore intended to provide an opportunity for stakeholders to assess whether they achieve their aims and objectives and learn some best practices to develop appropriate support services to enhance the performance of SMMEs at different stages of their development. This study also sought to generate information and knowledge that could be accessed by stakeholders working in the BDS sector in South Africa.

1.7 Delimitations

This study was limited to Small and Medium Micro Enterprises (SMMEs) that operate in the region of Gauteng in South Africa; due to time constraints, the study was not able to stretch to areas beyond Gauteng. SMMEs will refer to Exempted Micro-Enterprises (EME) with a turnover of less than R10 million and Qualifying Small Enterprises (QSE) with a turnover of between R10 million and R50 million. These SMMEs must have 51% or more black ownership, in line with the prescripts of the "B-BBEE Codes of Good Practice and the B-BBEE Act of 2014" (DTI, 2019). The study mainly focuses on Enterprise and Supplier Development (ESD) programme support as per the requirement of the revised B-BBEE Codes of Good Practice of 2014. B-BBEE ESD Initiatives are limited to those that are funded by large corporates as part of their B-BBEE scorecard ESD pillar. This study was also limited to businesses that were willing to share information about this particular topic.

1.8 Limitations of the Study

- The researcher is using a qualitative approach, which involves a small sample size, thus making generalisations difficult.
- Time constraint- the researcher had about two months to finish the study, making it difficult for the researcher to get the required information in such a short period of time.

1.9 Organisation of the study

This chapter established the context for the remainder of the study. It began by introducing the research and then explaining its aim by describing the study's objectives and significance. The second chapter will be devoted to doing a literature review. The views of many academics will be discussed in relation to the study's objectives. The third Chapter will describe the study's methodology, or the methods

used to collect and analyse the data. The methodology and design of the study, as well as the selection of the research population and sample size, will be discussed. Additionally, comments on the validity and reliability of the research will be included. The fourth chapter analysed and assessed the interview data. The fifth and final chapter summarizes the preceding chapters, discusses the study's findings, and offers recommendations based on the findings.

Chapter 2: Literature Review

2.1 Introduction

This section looks into the literature that is relevant to the study by providing a background and substance for the study. It starts by defining SMMEs and providing details about their role and importance in the economic environment. A focus is then placed on SMMEs in South Africa, and how they are being promoted by the South African government through relevant policy. A focus is then given to literature on Broad-Based Black Economic Empowerment (B-BBEE) and the implementation of its Enterprise and Supplier Development (ESD) programmes. To conclude this section, management theories applicable to the problem statement are described.

2.2 Definition of key terms

2.2.1 Small to Medium and Micro-Enterprises

In developed countries such as the United States business with less than 500 workers are categorized as a small business while in developing countries, small business have a significantly lower number of employees (Abor & Quartey, 2010). SMMEs are defined mainly by the number of workers and the legal status of the company. SMME definitions can vary by nation, with the European Union, for example, limiting the term to businesses with less than 250 workers (Johnson & Turner, 2009).

Abor and Quartey (2010) characterise SMMEs as more labour demanding and technically inferior compared to larger companies. Bhorat et al. (2018) argue that SMMEs have lower costs of labour as compared to larger corporates and this could be attributed to the lack of education and skills of workers employed by SMMEs. SMMEs are adaptable enough to offer services to tiny markets that would be

unprofitable for larger businesses, they contribute to social stability by preserving the environment and enabling more people to engage in the economy.

2.2.3 Role of Small Medium and Micro-Enterprises

Numerous writers and academics have shown that Small to Medium-Sized Enterprises (SMMEs) are critical to any economy. They provide a significant contribution to economies' Gross Domestic Product (GDP) (Abor & Quartey, 2010), increase a country's employment rate (Smit & Watkins, 2012), decrease poverty (Abor & Quartey, 2010), and therefore enhance the people's quality of life (Eniola & Ektebang, 2014). Despite these advantages, research indicates that the majority of SMMEs fail to survive beyond their third year of operation (Bhorat, et al., 2018; Chimucheka, 2013). Numerous authors express their concern about the high failure rate of SMMEs which demonstrates that they need assistance for the sake of the economy. This is due to a variety of issues, including a lack of financing facilities, a lack of knowledge and experience, laws that impede their growth, and bad management (Donga et al., 2016). This has resulted in just a few SMMEs growing to become big corporate companies.

According to Meyer et al. (2018), SMMEs generated 20% of tax income. This is consistent with many writers and economists who acclaim SMMEs as the most critical component of a thriving economy. Additionally, the study emphasizes the difficulties of empowerment for SMMEs, since the majority do not achieve their full potential despite their accomplishments. The main challenges faced by the majority of SMMEs include lack of access to finance, high cost of financing, a lack of adequate infrastructure; the use of outdated low-tech technology; information asymmetry; a lack of marketing and market knowledge; insufficient management and entrepreneurial skills and training; and an unreceptive regulatory environment (Chimucheka, 2013).

SMMEs contribute to economic growth since they are often numerous in any nation, much less South Africa, and they frequently collaborate with bigger businesses (Abor & Quartey, 2010). Additionally, SMMEs are more receptive to innovation. (Rosenbusch, et al., 2011) hypothesized that encouraging innovation is the primary predictor of long-term success. Globally, difficult economic circumstances and increased rivalry have emphasized the critical role of innovation in a business's success and longevity (Artz, et al., 2010). (Resnick, Cheng, & Lourenco, 2016) say clearly that companies that do not completely embrace the idea of innovation risk becoming obsolete, since consumer requirements and preferences change constantly. (Ahmed & Shepherd, 2010) substantiate this perspective by pointing out that nations such as the United States of America and Japan have both the greatest economic growth and the most activity in terms of innovations and patents.

According to a Price Waterhouse Coopers (PWC, 2013) study on innovation, more than 60% of Chief Executive Officers (CEOs) globally indicated that they prioritize not just product innovation but also innovative ideas that may enhance their companies. Another study done by (Bain & Company, 2013) found that companies that have a systematic approach to innovation expand at a higher rate than those that do not.

2.1.3 Enterprise and Supplier Development (ESD)

Enterprise and Supplier Development consists of a set of affirmative action and local content development policies aimed at supporting economic transformation in South Africa (B-BBEE Commission, 2021). ESD is defined as a mix of Preferential Procurement (PP), Supplier Diversity, Supplier Development (SD), and Enterprise Development (ED) programmes in the new B-BBEE Codes. Preferential Procurement refers to a national strategy aiming at purchasing products and services from historically disadvantaged persons or organisations through public and private sector procurement (B-BBEE Commission, 2021).

Supplier Development refers to a process of working one-on-one with specific suppliers to enhance their performance for the advantage of the buying organisation, resulting in increased total added value from the supplier in line with the B-BBEE rating, product offering, business operations and performance, and developments in lead times and delivery (Pooe, 2016).

Enterprise Development refers to an economic growth strategy that is based on the development of SMMEs and their integration into more competitive and inclusive markets (Sibiya & Barnard, 2020). Enterprise development is accomplished through monetary and non-monetary, recoverable and non-recoverable contributions made in the name of a beneficiary entity by a measured entity with the specific goal of assisting or hastening the beneficiary's development, sustainability, and ultimately financial independence (B-BBEE Commission, 2021).

The goal of ESD is to expand local procurement, improve local supplier development programmes, and provide financial assistance to black enterprises (Pooe, 2016). As a result, the measured entity (ME) must reach a 40 percent sub-minimum on the total points allotted for preferential procurement (40 percent of 25 points), supplier development (40 percent of 10 points), and enterprise development (40 percent of 5 points). This implies that in order for a measured entity to maintain its overall B-BBEE certification, it must score at least 10 points for preferred procurement, 4 points for supplier development, and 2 points for enterprise development (B-BBEE Commission, 2021).

An SD beneficiary is a supplier in the measured entity's supply chain, but an ED beneficiary is not recorded in the measured entity's supplier database (B-BBEE Commission, 2021). When determining an SD beneficiary, the measured entity should look to its supply chain to identify existing black-owned EMEs and QSEs that it can assist and develop, and when determining an ED beneficiary, the measured entity should identify entities that it can assist and develop to become part of its supply chain.

For both ED and SD beneficiaries' identification, the ME must analyse and identify the beneficiary entity's requirements before entering into an ED or SD Agreement with the beneficiary entity outlining the types of assistance that will be provided. The Agreement must include specific objectives, prioritised interventions, key performance metrics, and a succinct implementation plan with explicit deadlines (B-BBEE Commission, 2021).

2.3 Theoretical Overview

This section provides an overview of theories related to Enterprise and supplier development and growth SMMEs. Major theories that underline this discussion include Recourse Based View (RBV) and Human Capital Theory.

2.3.1 Resource Based View (RBV)

The RBV was developed largely in the early 1990s, and it has since been augmented by extensions. According to Mabanga (2018), by emphasising the acquisition of competitive advantage through internal resources, the RBV became one of the great economic theories. The resource-based approach looks into the link between a company's internal characteristics and its performance. The application of a combination of tangible and intangible resources is viewed as the foundation for a competitive edge in the resource-based approach. According to Christopher (2016), in order to maintain a competitive edge, resources must be diversified and immobile. Moreover, in order to provide a competitive advantage, resources must be valuable, rare, one-of-a-kind, and non-replaceable.

According to Kraaijenbrink, Spender, and Groen (2010), the resource-based approach enables organisations to establish their key competencies, which are also crucial for the formation of the latter. The addition of dynamic capabilities increases the value of the resource-based perspective even further. According to Helo and Hao (2019), this is the "firm's capacity to integrate, create, and restructure internal and external competencies in response to quickly changing circumstances." With this in mind, they address production variables, resources, organisational skills, and core competencies that enable the use of firm-specific assets in clusters that include groups and people. This suggests that abilities are not just valuable within the organisation, but they may also be valuable outside of it.

Furthermore, the RBV, which defines capabilities as processes inside organisations that use resources to create a market transformation, states that new resource configuration may be done through capabilities (Kraaijenbrink et al., 2010). These new or improved resource combinations can then result in a long-term competitive advantage. A company's dynamic talents enable it to stay profitable in the face of change. They define dynamic capabilities as an organisation's capacity to build, extend, or transform its resource base on purpose. This term encompasses the process of locating and choosing dynamic capabilities (Nunes et al., 2020). Because capabilities are viewed as resources, they may be enhanced through external acquisition, which requires the search and selection of qualified individuals.

While the original RBV concentrates on the development of returns based on in-house resources and skills, the relational viewpoint broadens this vision by recognising that rents may be produced cooperatively through information sharing with partnerships and alliances (Kraaijenbrink et al., 2010). Such alliances can provide a competitive edge by working with complementary resources or by efficiently creating and utilising an alliance portfolio. Partnering and maintaining this link is advantageous as long as partners actively offer network resources, which increases the company's industry performance if the firm can avoid relying on its partner. Not only may the extension of the previously mentioned resource-based

approach be extremely beneficial to economics, but so can its connection to another theory to which it is a counterpart (Priem & Swink, 2016).

Halldórsson et al. (2019) submit that traditional RBV assumed that resource ownership and control belonged only to the organisation. In contrast, in the context of outsourcing, purchasing, or supply management, it is vital to exploit partners' capabilities to compensate for internal competency impairment or to focus on core skills. As a result, the traditional RBV assumption of 'proprietary resource' may be limited to contractual partnerships in which shared and non-shared resources are managed to gain a competitive advantage (Halldórsson et al., 2019).

RBV applications in supply chain and procurement are largely focused on structural analysis and identifying supply chain drivers of competitive advantage (Fayezi & Zomorrodi, 2016). Christopher (2016) notes that the RBV underlies the majority of SCM decisions, at least in part. Companies form inter-organisational alliances to profit from resource-position barriers created via collaborative efforts in order to respond to uncertainties and changes. This is especially true when limited resources or intense competition led organizations to understand that depending only on internal resources is not enough to provide a competitive advantage (Christopher, 2016).

More excellent governance systems that depend on informal safeguards such as trust and reputation have an impact on the success of a company's long-term connections and knowledge sharing (Ireland & Webb, 2017). The beneficial influence of supply chains and procurement on operations may be better recognised if its structures are seen from a relational standpoint. Information sharing is inextricably linked to knowledge exchange. Long-term relationships can help to reduce transaction costs by establishing trust and reputation (Koberg & Longoni, 2019). It can also facilitate information transfer and guarantee investments in specific resources. Relationships and operational integration may result in the

development of both distinctive assets and complementary resources (Halldórsson et al., 2019).

2.3.2 Human Capital Theory

Ted Schultz developed the human capital idea in 1961, and Gary Becker improved it in 1964, and it has been refined throughout the years (Fix, 2021). The theory makes reference to processes related to training, education, and other professional interventions to increase a person's level of knowledge, skills, standards, and social assets, which might well lead to the person's satisfaction and performance, and ultimately to enterprise performance in business situations (Tan, 2014). Human capital is, in essence, the entirety of investments made in persons to grow and expand their potential to be more effective. Increased worker productivity is predicted to contribute to higher personal worth and more attractive labour markets in the long run. Increased worker productivity is predicted to contribute to higher personal worth and more attractive labour markets in the long run.

According to Buzavaite and Korsakiene (2019), there are several types of capital such as cash, equipment, land, and structures. These are investments that are projected to provide a definite output or return in the long term. Similarly, human capital investments such as schooling, training, and knowledge provide important returns. Fix (2021) highlights that education, productivity, and economic development are positively related. Human capital is the most important of all capital investments (Fleischhauer et al., 2007). The notion is that well-educated people are productive, which leads to efficiency. Tan (2014) emphasises this argument by illustrating how nations with no natural resources, like Japan and Taiwan, gained swiftly by concentrating on a well-trained, educated, and diligent labour population.

According to this Tan (2014), providing SMMEs with excellent education, training, skills, and other value adds such as mentorship via BDS will develop and prepare

them with competencies and abilities to handle and overcome their restrictions, therefore contributing to job creation and economic progress. Capacity building Buzavaite and Korsakiene (2019), is one of the building blocks in enabling SMME growth and competitiveness. According to the IFC, the performance and development potential of SMMEs are restricted by the business's management and operational capability. Buzavaite and Korsakiene (2019) agree that the material shortages in the SMME industry manifest as human capital constraints.

Overall, advances in the area should help the industry reach its full potential. The human capital theory is significant because it regards people as resources and emphasises the need of investing in people. The foundation of ESD, among other things, is to provide entrepreneurs with the necessary skills to do business by giving them chances for training and delivering information to do business in a better way for greater sustainability and growth of their firm (Fix, 2021). ESDs are seen to be because of their significant contribution to human capital in the SMME sector, as well as to solid business decisions and practices.

2.4 Challenges faced by Small and Medium-Sized Enterprises

South Africa, like other emerging nations, recognizes the need for equitable distribution of economic advantages among its people. An economy with wealth distributed evenly among its citizens is the most likely to grow (Chimucheka, 2013) argues that SMMEs are critical for any economy's growth and sustainability as they contribute to the creation of employment in the community while also assisting large companies. Despite this, there are many obstacles to the growth of SMMEs. Several of these issues are financial in origin; others stem from a lack of technical competence; and still, others stem from law and the SMME's organisational culture (Repristinate & Bhamra, 2014).

SMMEs are widely considered to be critical in speeding the economic growth of many nations, which is why their function is growing more significant (Bureau of Economic Research, 2016). Despite their critical role in global economic growth, some variables impair their ability to perform and stay sustainable in the markets in which they operate. These variables may vary by nation, depending on the size and environment of SMMEs. According to, some of the main variables affecting SMMEs' capacity to adopt sustainable practices in the United States are financial strength, technical competence, information availability, regulation, consumer demands, and organisational culture (Natarajan & Wyrick, 2011).

One of the primary difficulties that SMMEs confront is competition, particularly from manufacturers in developing economies such as China, India, and Brazil (Page & Soderbom, 2015). According to (Gamage et al., 2020), challenges affecting the performance and sustainability of SMMEs around the world include; market size constraints, governance, and regulatory barriers, subsidy and protectionism regimes, political and economic climate, innovation culture, international and national standards, financial constraints, local advantage content, and education language.

The primary impediments to entrepreneurial activity in South Africa have been identified by several scholars as a lack of access to finance and the high cost of finance, a lack of education and training, a lack of research and development transfer, a lack of commercial and professional infrastructure, market openness, cultural and social norms, and perceived population complacency, stringent government policies, and programs and high levels of crime and corruption (Bhorat et al., 2018; Chimucheka, 2013; Fatoki, 2014). South African SMME sector is likewise confronted with a variety of obstacles impeding expansion and development.

SMMEs in South Africa are no different from those around the world, they too are faced with challenges that affect their sustainability and growth. Several constraints

prevent SMMEs in South Africa to be competitive in the market and sector in which they operate. Lack of finance, lack of management and marketing skills, extreme government laws and regulations, lack of access to technology, and absence of a clear vision and mission are some of the challenges faced by SMMEs in South Africa.

2.5 SMME policy in South Africa

The significance of small businesses around the world and their ability to create employment and enhancement of economic growth has been extensively researched. The literature argues that SMMEs in South Africa has been at the forefront of government strategy in driving socio-economic challenges faced by the country (Rungani & Potgieter, 2018). The (Small Business Institute, 2020) argues that Gross Domestic Product (GDP) performance is highly reliant on the contribution made by SMMEs and their ability to create jobs and bridge the equality gap. The Amended National Small Enterprise Act of 1996 defines small enterprises as *"a separate and distinct business entity, together with its branches or subsidiaries, if any, including cooperative enterprises, managed by one owner or more predominantly carried on in any sector or subsector"* (Small Business Institute, 2018, p. 1). The Act further classifies small businesses by size (Medium, Small or Micro), the number of employees (51-250, 11-50, 0-10) respective to the size of the enterprise and turnover depending on the industry in which they operate (Government Gazette 42304, 2019).

The term SMME in is used broadly in South Africa to refer to small businesses, when compared to larger enterprises, small businesses operate with low levels of cash reserves, a smaller client base, and limited resources. According to (SEDA, 2021), formal SMMEs are characterised as those registered with the Companies and Intellectual Property Commission (CIPC), majority white-dominated with educated owners, and mostly operate in Gauteng and Western Cape. (Yanta, 2001) similarly (SEDA, 2021) characterises informal SMMEs as small businesses which

are not formally registered, majority black-dominated, and operating mostly in rural areas. (Agupusi, 2007) argues that the lack of significant data has been a challenge when studying small businesses in South Africa, however data the availability of data in the formal SMME sector has significantly improved.

SMMEs in South Africa were previously not given the necessary attention pre-democracy, however, research indicates that the post-democratic government has shown commitment to the transformation and growth of SMMEs (Church, 2006); this is in its effort to increase the contribution of SMMEs towards economic growth, job creation, equity, and access to markets. Even though the failure rate of SMMEs has been high, the development of small businesses has since become an important policy focus. The introduction of its *"White Paper on national strategy for the development and promotion of small business in South Africa"* was the first comprehensive policy and strategy developed aimed at the promotion of small business development in the country (DTI, 1995).

The strategic approach indicates three principles, which were to firstly recognise that all spheres of government, national, provincial, and local government including all institutions beyond the public sector and its agencies which include the private sector and non-governmental institutions have the responsibility to promote small business; secondly, integration that considers small enterprises when developing new support products, especially those of government and does not duplicate support efforts, report on how the initiatives will add value to existing support mechanisms (DTI, 1995); thirdly, the Strategy much cover all entire entrepreneurial business cycle from start-up, business survival, growth and expectation, and turnaround of businesses which are not performing well. The strategy also attends to target special groups including youth, women, the disabled; and geographic areas of poor and with high unemployment and sectors and forms of enterprises such as co-operatives.

The democratic government in South Africa inherited an economic system that had a number of socio-economic problems that needed to be addressed, including low economic growth, high levels of unemployment, poverty, and inequality (Irene, 2017). A strategy to turn the status quo to address issues of inequalities of the past, the government created a special unit within the Department of Trade and Industry (DTI) called the 'B-BBEE unit" that was aimed at restructuring and transforming the South African Economy, to increase participation of black people and businesses in the economy (Irene, 2017). B-BBEE is governed by the Broad Based Black Economic Empowerment (B-BBEE) Act No. 53 of 2003 and the Amended Codes of 2013. It encompasses a "balanced scorecard" that uses scores to measure the direct or indirect economic empowerment of black people, including women and youth people with disabilities, and people living in rural areas (Irene, 2017).

The balanced scorecard measures five elements and of the five elements, three are priority elements: Ownership, Management Control, Skills Development (SD), Enterprise and Supplier Development (ESD), and Socio-Economic Development (SED), priority elements being Ownership, SD, and SED. Of the five elements, Enterprise and Supplier Development (ESD) contributes the highest number of points (40) within the generic scorecard (DTI, 2019). ESD element is broken down into three sections: preferential procurement, Enterprise Development, and Supplier Development (DTI, 2019).

Preferential Procurement: measures the value of spend directed at acquiring goods and services from SMMEs owned by the previously disadvantaged (DTI, 2019). Supplier Development: Annual spend on developing majority black-owned SMMEs within the supply chain of the measured entity. This spend must account for 2% of the entities Net Profit after Tax (DTI, 2019). Enterprise development: Annual spend dedicated to developing majority black-owned SMMEs. This spend must account for 1% of the entities Net Profit after Tax (DTI, 2019).

Measurement entities are required to meet all targets of the ESD pillar in order to achieve the 40 points that will contribute significantly to their overall B-BBEE scorecard (Mbandlwa & Anwana, 2020). Organisations that are able to achieve a good B-BBEE rating stand a better chance of doing business with other organisations that wish to achieve a good B-BBEE score and rating, including organisation of state (Pooe, 2016).

Critics of the B-BBEE argue that the B-BBEE policy is aimed at promoting black businesses in South Africa and yet the majority of them are failing because they lack the necessary business experience and relevant resources, to be able to compete with white majority-owned big businesses (Mbandlwa & Anwana, 2020). They further argue that the B-BBEE policy codes are easily manipulated by big businesses, leaving black-owned businesses unprotected (Mbandlwa & Anwana, 2020).

2.6 ESD Support programmes

Pre-democracy majority of black-owned businesses were excluded from participating in the economy, today black-owned SMMEs in South Africa face various challenges that prohibit them from growing and becoming mature big businesses (Chimucheka, 2013). To promote the transformation agenda through the B-BBEE policy, preference is given to SMMEs that are black-owned (Masutha & Rogerson, 2014) Some of the challenges include lack of access to funding, lack of access to markets and lack of training and education skills (Chimucheka, 2013; Ngcobo & Sukdeo, 2015). International evidence reveals that "business links" are the most effective way to support and build SMME performance and therefore big corporates need to establish support programmes with SMMEs as their suppliers of goods and services (Rogerson, 2013).

Big corporates in South Africa have started investing in Enterprise and Supplier Development programmes, especially in light of the revised B-BBEE codes in 2014,

which incentives them with compliance points earned through their B-BBEE scorecard (Mbandlwa & Anwana, 2020). The SME South Africa website provides a list of some of the big corporates that have implemented ESD programmes, the likes of SAB, Woolworth, Sasol, Massmart, Telkom, Pick n Pay, MTN, Shoprite, Telkom, are among the big corporates both in public and private sector that are listed (SME South Africa, 2020).

ESD programmes are designed to bridge the gap in the challenges that SMMEs face by providing financial and not-financial support that is required for the SMME to grow and mature. Financial Support - Research has revealed that the number one reason for SMME failure in South Africa is due to a lack of access to finance (Ngcobo & Sukdeo, 2015; Bushe, 2019). A study conducted by (Rungani & Potgieter, 2018) revealed that financial support determines SMME success because it allows business access to resources that afford them a competitive advantage.

To increase SMME business performance, non-financial support such as business development and business organisational support is required. SMME owners must develop skills and competencies that will enable them to assess the internal and external market environment and understand current and potential completion (Chimucheka, 2013). Lack of education and skills of SMME owners is one of the reasons why SMMEs fail, business organisational skill allow (Pooe, 2016), recognises that enterprise development and supplier development are two different processes that corporate follow when implementing development programmes for SMMEs (Pooe, 2016) Supplier Development involves the creation of capabilities for SMMEs who fall within the supply chain of the buying entity which is usually a large corporate (Pooe, 2016). Enterprise Development involves the development of SMMEs who fall outside of the buying entities supply chain (Pooe, 2016).

The big corporates especially in the private sector are criticised when it comes to the implementation of ESD programmes, they are often seen as implementing the

programmes as a tick box compliance exercise in order to earn B-BBEE points (van Wyk, 2017) and not being concerned with the actual growth and development of the SMMEs. In an enterprise and supplier development round table held in June 2020, one of the key discussion points referred to the lack of absorption of SMMEs into the supporting corporate supply chains (Ecosystem Development for Small Enterprise, 2020). The Seed academy adds that monitoring and evaluation are required for the successful implementation of ESD programmes (Seed Academy, 2016).

2.7 Enterprise Growth

Business Growth can be closely associated with the success of a business; greater profitability, an increase in the number of employees, business expansion, increase in resources (Chimucheka, 2013). However, Yeboah (2015) argues that SMME growth can refer to many other aspects including an increase in sales volume, production capacity, employment, production volume, use of material, and electricity (Yeboah, 2015).

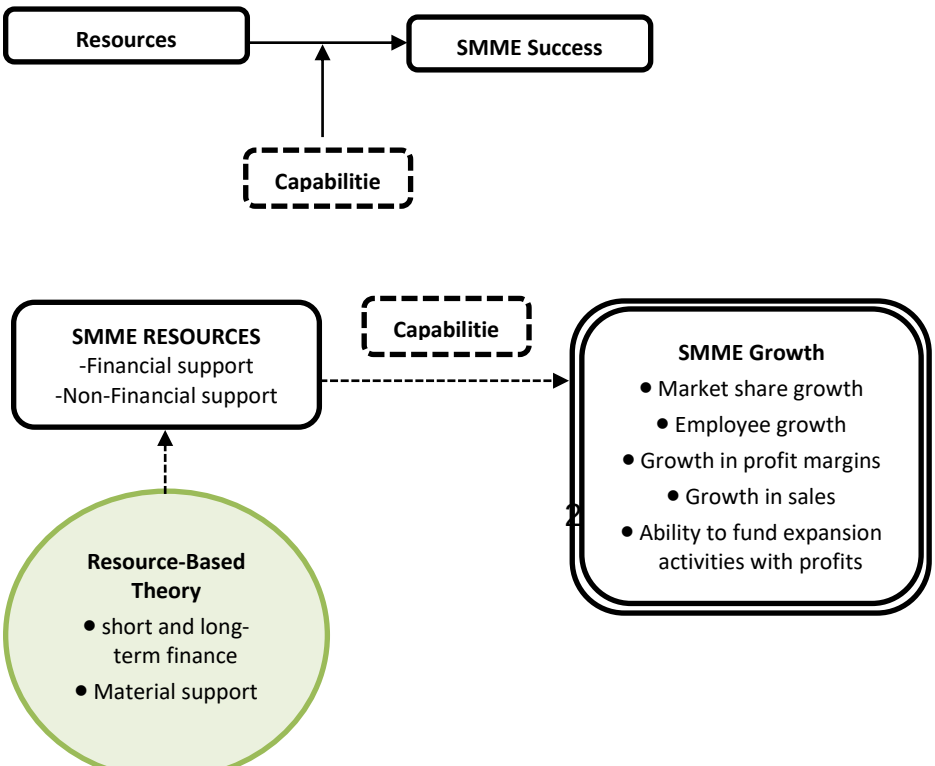
Growth measurements relate to, relative changes in assets, productivity, profit margins, employment, and sales (Olawale & Garwe, 2010) For SMMEs to grow, Chimucheka (2013) argues that there are critical factors that must be considered by the enterprise for business success, which includes the ability to assess markets, the owner's ability to provide strategic vision and direction that is supported by the necessary internal structures, and the ability to take the necessary action that will ensure long term goals of the enterprise are met. Mbugua et al. (2013) contends that business growth is a process that involves important milestones that need to be achieved by the enterprise at each stage of the process.

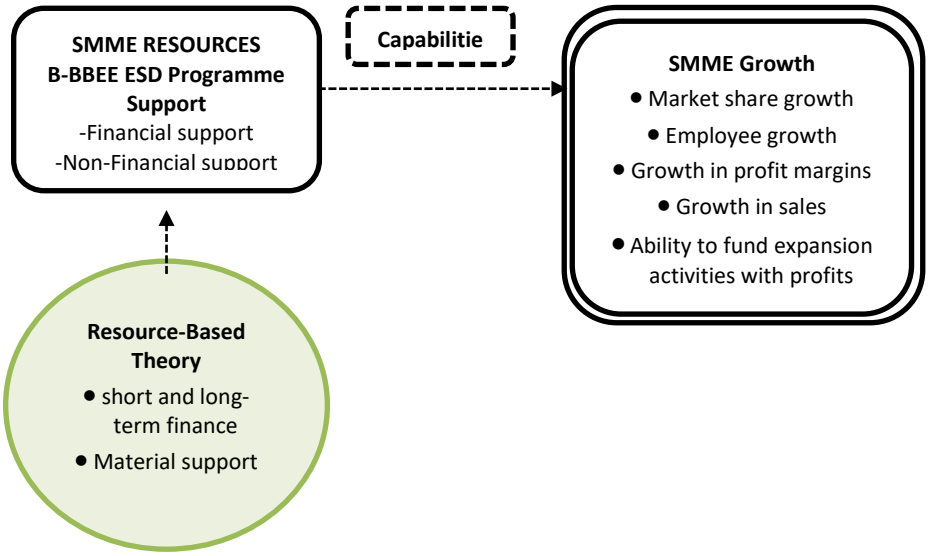
2.8 Conceptual Framework

Wotela (2016) argues that theoretical frameworks assist in explaining and interpreting research results, providing sense and clarity to the study. This section introduces the framework that will be used in synthesizing the research evidence. The theoretical framework is adapted from research conducted by Rungani and Potgieter (2018), where they attempt to establish the impact of financial support on the success of SMMEs.

The Resource Based Theory (RBT) is understood to be the suitable framework for this study because it argues that resources and capabilities influence the growth and performance of a business (Rungani & Potgieter, 2018). It further asserts that business survival is highly reliant on its ability to continuously innovate advantage (Barney et al., 2011). According to (Davis & Cobb, 2009), the resource-based theory has evolved over the years, starting as Resource Based View (RBV) in the 1980s to becoming a Resource Based Theory (RBT). The RBT has become one of the most powerful theories used to understand organisational growth through sustained competitive advantage (Barney et al., 2011).

Figure 1: Resource-based theory





Framework Rungani & Potgieter (2018)

In their study, Rungani and Potgieter (2018) argue that the RBT explains how SMMEs can overcome challenges that they face and grow by earmarking the relevant internal resources of the enterprise. Identifying both financial and non-financial resources lend the SMME capabilities to grow their market share, create employment, increase income through growth in sales and ultimately expand the business. The RBT argues that SMMEs who can efficiently utilise their resources are able to gain sustained competitive advantage through their financial and non-financial resources and ultimate growth. In attempting to explain and interpret the research results, the RBT will be employed to better understand the results of the research**.**

2.9 Conclusion

The introduction of the literature review provides an in-depth understanding of SMMEs and the role they play in the economy of developing countries such as

South Africa. The literature review further looks at government intervention aimed at promoting SMMEs with a particular focus on B-BBEE and Enterprise and Supplier Development programme financial and non-financial support. Finally, the literature on SMME growth is detailed in order to understand indicators of business growth.

From the observation of the literature, there has not been extensive research on the study of B-BBE ESD programme support and its impact on the growth of SMMEs. It is therefore significant that this study is conducted in an attempt to add to the knowledge base of initiatives that positively contribute to SMME growth.

2.10: Conclusion of Literature Review

In South Africa, the issue of ESD initiatives, as well as their execution and impact, has received little attention. As a result, there is a gap in the literature, making this research significant. The main question is whether SMMEs can get benefit from engaging in B-BBEE ESD initiatives. Evidence on SMME development and the impact of BEE has been abysmal, making it impossible to determine how much B-BBEE has contributed to SMME growth. Perceptions, obstacles, and success factors of BBBEE ESD programmes are significant drivers of ESD programme success or failure in attaining the B-BBEE Act's goal of boosting the economic involvement of previously disadvantaged black businesses. The research aims to close the knowledge gap on the impact of B-BBEE ESD programmes on SMME growth and development. The following chapter presents the research methodology followed in this study.

CHAPTER 3: RESEARCH METHODOLOGY

3.1 Introduction

This section focuses on the research methodology used in the study to answer the research questions. The roadmap that directs the study is known as research methodology, and it relates to the instruments, strategies, and processes utilized to collect and analyse data (Saunders, Lewis & Thornhill, 2009). The technique and methods used to facilitate data collecting are determined by the nature of the study and the type of information required. As a result, this chapter examines the aspects of the research methodology, such as the research design, sampling technique, data collecting, and analysis methodologies, and ethical issues observed throughout the study as stated by Bell (2010).

3.2 Research approach, strategy, and design

The research methodology employed in the study was selected based on the research aim, and the objectives that are specific to the study. A qualitative research approach is used in this study, whereby inductive reasoning was used to reach conclusions. Creswell (2014) states that a qualitative study has the capacity to acquire an in-depth understanding of a research problem. The justification for using a qualitative study is to discover knowledge through the sentiments, discernments, and disposition of stakeholders in the B-BBEE ESD programmes and their impact on the growth of SMMEs. This is the primary purpose of this study and speaks directly to the objective of this research, which is to investigate the effectiveness of B-BBEE ESD support programmes and their impact on SMME growth. Qualitative research involves the inductive approach which encompasses data collection methods that vary, the use of non-numeric, unstructured, and semi-structured techniques as argued by (Punch, 2005).

The study was guided by the interpretivism research philosophy which states that reality is a complex phenomenon such that a single phenomenon can have various interpretations (Blumberg et al., 2014).

The researcher preferred and considered the qualitative approach for this study because it is the most appropriate considering the phenomena under study which has to investigate the perceptions of the B-BBEE ESD in relation to their effectiveness to small enterprises and observing themes on how responses are given. The researcher sought a deep knowledge of the nature of Enterprise and Supplier Development in this study by engaging directly with service providers who could share their opinions and experiences.

Bell (2010) argued that in addition to individual experiences, qualitative research is concerned with understanding different views of people in different circumstances and experiences of the world.

The structure for the research process is provided by research design. Blumberg et al. (2014) note that qualitative study design gives a broad approach to answering the research objectives as well as the precise data collection and data analysis procedures employed. As a result, the research design gives structure to the research. According to Saunders et al. (2009), different study designs exist, including the following:

Descriptive studies: give a profile of people, events, or situations, as well as descriptions of trends and occurrences.

Exploratory studies: investigate for fresh insights, ask questions, and evaluate a phenomenon and

Explanatory studies: describe the relationship between variables

The exploratory research methodology was employed since the study's goal was to discover fresh insights on the impact of B-BBEE ESD program assistance on the growth of SMMEs. The approach was also appropriate for investigating the issues

faced by SMMEs, and identifying potential best practices in the provision of business support services to small enterprises.

Exploratory research is employed when there is insufficient knowledge of a phenomenon or an issue that has not been precisely defined (Saunders et al., 2009). Its goal is not to produce definitive and conclusive answers to the research questions, but rather to examine the study issue in varying depths. As a result, its theme is to address novel challenges on which little or no prior study has been conducted (Blumberg et al., 2014). Even in the most severe cases, exploratory research serves as the foundation for a more definitive study, determining the first research design, sample methodology, and data-gathering method (Singh, 2007).

As such, an exploratory research design was employed in this study because the goal is to explore the research topic in depth. The researcher was able to acquire information from ESD beneficiaries by researching personal experiences and reports of ESD involvement. Exploratory research allowed for more in-depth knowledge without confining participants to planned responses, culminating in rich information and depth in comprehending ESD programmes.

3.3 Population and sample

3.3.1 Population

Kumar (2018) defines the target population as a complete unit with similar features to which the researcher wishes to generalise findings. This study's target population consisted of B-BBEE beneficiaries in Gauteng, South Africa. However, it was not feasible to get the total number of beneficiaries in Gauteng, thus the population size was unknown.

3.3.2 Sample

According to Creswell (2014), sampling is the process of choosing individual units from a representative population to engage in research. In research, there are several sampling methods, which may be divided into two categories: random sampling and non-random sampling (Kumar, 2018). Individual units in the population have an equal chance of being picked in random sampling, however individual units are not given an equal chance of being selected in non-random sampling/non-probability sampling.

Purposive sampling was employed as a suitable non-random strategy in this investigation. Purposive sampling, according to Kumar (2018), allows for the purposeful selection of participants based on the quality of knowledge that each participant holds. According to Blumberg et al. (2014), this sample approach should be utilised with caution since it is prone to bias. As a result, it was critical that participants be properly chosen and have the necessary understanding to offer rich information for the study. The key selection criteria are experienced as an ESD programme recipient and length of involvement in the ESD programme. Participants were not restricted to a specific industry.

. The selected participants had to meet the following criteria:

- The participants must be current beneficiaries of the B-BBEE ESD program or must have participated in the program previously.
- The beneficiary has at least a year of ESD experience
- The participant runs a black-owned enterprise.

A sample size of ten participants was selected purposively in this study. After interviewing ten people, saturation was reached, and no new information could be gained/learned from future interviews. Participants were recruited through corporate representatives from organisations that had operated ESD programmes, referrals from other participants, and referrals from persons who knew ESD

beneficiaries in their professional networks. Participants were contacted by email or phone and asked to take part in the study after getting informed consent.

3.4 Data collection

According to Gary (2012), qualitative data may be acquired using a variety of tools such as semi-structured surveys with open-ended questions or observation schedules. Individual interviews, focus groups (group discussions), and participation/observations are some of the qualitative research methodologies utilized by researchers (Van Maanen, 1983). Interviews are recognized as one of the most important instruments for behavioural scientists, not only for gathering subjective information but also as a tool for estimating (Taylor, Sinha, and Ghoshal, 2011).

Individual interviews with participants were done for the purposes of this study to acquire pertinent information to answer the research questions and fulfil the research objectives. Interviews were chosen over all other qualitative data-collecting approaches because they allow the researcher to learn particular information that can be compared and contrasted with other data.

3.4.1 Data collection instrument: Interviews

Semi-structured interviews were used as a technique. This method gave the researcher freedom throughout the interview by allowing the dialogue to flow in a way that allowed insights to emerge. According to Dawson (2010), in semi-structured interviews, the researcher concentrates on gathering primary material that may be compared to or contrasted with other information acquired, particularly from the literature studied. The semi-structured interview approach allows for more specific information to be elicited as well as the exploration of previously unanticipated new and emergent information (Gray's, 2017). However, one main critique of the individual interview is the fact that the results are difficult to generalize

since they are often collected from a limited number of individuals (Chilisa & Kawulich, 2012).

The interview schedule for this study contained questions relating to Enterprise and supplier development as a tool for SMME growth. The interview schedule was divided into 4 sections (Annexure B)

Section A: Demographic Information

Section B: Awareness of the B-BBEE ESD program

SECTION C: Financial and non-financial contribution of B-BBEE ESD programs

Section D: Advantages and disadvantages of B-BBEE ESD to the SMME growth

3.4.2 Process of collecting data

To begin collecting data, the researcher had to go through the University's internal ethical clearance procedure, as well as obtain authorization to study at institutes that supply information on the issue. The researcher contacted the selected possible respondents to educate them about the study and to obtain their permission and agreement to include them in the sample. This procedure includes making certain that the ethical principles of informed consent, secrecy, and anonymity were followed.

Semi-structured interviews with B-BBEE ESD programme beneficiaries were used to obtain data. Interviews were held at the participant's convenience, in a location and time that was convenient for individuals (Kumar, 2018). Face-to-face or telephone interviews were done. Interviews lasted an average of 45 minutes. Before accepting the interview request, participants were informed of the expected length.

The researcher recorded and transcribed interviews to ensure accuracy. Prior to the start of the interviews, a verbal agreement was sought. Over and beyond the

goal of the study, participants were read informed consent, which explained confidentiality and the voluntary nature of participation. Interviewees are known to become apprehensive and hesitant to contribute while they are being recorded. To encourage unconstrained information sharing, participants were asked to sign a confidentiality agreement and the advantages of recording were discussed. According to Kumar (2018), the benefits of recording include: 1) the interviewer can focus on doing the interview rather than taking notes, and 2) the interviewer can focus on performing the interview rather than taking notes. 3) ease of involvement, ensuring participants remain interested; and 4) recording may be played again throughout the analysis to assure correctness.

3.5 Data analysis

According to Marshall and Rossman (2011), qualitative data analysis requires organizing, structuring, and interpreting a large amount of acquired data. Thematic analysis was used to analyse the data. Thematic analysis is described as a method of analysing data that recognizes patterns by using emerging themes as categories for study (Fereday & MuirCochrane, 2006). The audio recordings of the interviews were transcribed and analysed using theme content analysis as part of the thematic analysis process, utilizing Rugman's five-step technique (2013). According to Braun and Clarke (2006), thematic analysis include recognising themes and categorising data into emerging themes, as well as analysing and linking themes to what the researcher intends to address.

The researcher next compared the study findings to the theories and ideas offered and discussed in the literature review. This comparison was utilized to triangulate and validate the findings. Nvivo 12 qualitative data analysis software was used to code themes and identify patterns. The following steps were followed:

Table 3.1: Steps in Thematic analysis

Phase	Examples of procedures for each step
Familiarizing oneself with data	Transcribing data; reading and re-reading; noting down initial codes
Generating initial codes	Coding interesting features of the data in a systematic fashion across the data-set, collating data relevant to each code
Searching for the themes	Collating codes into potential themes, gathering all data relevant to each potential theme
Involved reviewing of the themes	Checking if the themes work in relation to the coded extracts and the entire data-set; generate a thematic map
Defining and naming themes	Ongoing analysis to refine the specifics of each theme; generation of clear names for each theme
Producing the report	Final opportunity for analysis selecting appropriate extracts; discussion of the analysis; relate back to research question or literature; produce report

Source: Braun and Clarke (2006)

3.6 Ethical considerations

All study involving human interaction necessitates that the researcher adheres to specific ethical guidelines. Hill (2011) defines ethics as generally recognized rules of good and wrong that regulate a person's behaviour, the members of a profession, or the acts of an organisation. Furthermore, according to Hough, Thompson et al. (2008), ethics offers a framework that determines how societies operate. Prior to beginning the study, the researcher obtained approval from the University Ethics Committee to assure the ethical treatment and protection of the participants. The researcher also requested permission from key company development and support organisations to include them in the study. This consent was asked in writing and secured. Following that, the researcher followed the principles of informed consent, anonymity and secrecy, and respondents' voluntary involvement, as indicated below.

3.6.1 Informed consent

Before beginning the study, the researcher obtained informed permission. Educated consent demands that participants be provided with enough information to make an informed decision about whether or not to participate in the study Saunders et al (2009). Before the interviews, all participants were given consent papers with information on the study. The relevant participants were given the opportunity to ask questions on the day of each interview, and formal consent forms were acquired from them.

3.6.2 Confidentiality and anonymity

Participants were guaranteed anonymity with the view to enable them to talk uninhibitedly during the interviews. Saunders et al. (2009) indicated that this anonymity guarantees to conceal the identity of participants in all records coming about because of the exploration. The researcher of the study, therefore, has not alluded to participants' names and identities in all respects. Additionally, the participants were guaranteed that all data furnished by them would not be imparted to any outsiders and would be utilised solely for scholarly purposes.

3.7 Elimination of bias

3.7.1 Credibility/Reliability

All sources of bias should be removed or handled in order for the findings to be believable. The absence of standardisation in qualitative investigations is likely to create issues about dependability due to researcher/interviewer bias. 'Reliability' in research refers to the extent to which data-gathering approaches produce consistent results in similar circumstances (Saunders, et al, 2009:600). However, Golafshani (2003:601-604) claims that dependability as a notion is unsuitable for

qualitative research. Rather, it is proposed that opinions gathered from individuals at a certain point in time might change over time.

The interview cover page and questions were provided to the responders ahead of time to guarantee legitimacy. According to Saunders et al. (2009), this also increases validity and reliability by allowing respondents to evaluate the needed material and prepare themselves accordingly.

3.7.2 Validity

To be valuable, research investigations must establish the validity of their findings. This is critical for qualitative investigations since small sample sizes do not allow statistical generalization to the full population (Saunders et al. 2009). To address the issue of validity, the researcher posed identical questions to all of the respondents so that the results could be compared and contrasted during analysis. The researcher was likewise concerned with gaining as much information as possible from the interviews and ensuring that the meaning communicated by the respondents was not misinterpreted.

3.8 Limitations

The researcher's main study constraint was a lack of time. The researcher had a restricted amount of time to complete the research while studying and working full-time. Because of the time restrictions, the sample size was lowered. A greater sample size would have allowed the researcher to delve further into the study issue. However, the study's rigor was sufficient to produce accurate and valid results. Another weakness of the study was that it was based on a non-random and small sample of business development service providers.

3.9 Conclusion

This chapter detailed the research methods for this qualitative study, justifying the investigation by detailing the research approach, strategy and design, population and sampling, data collecting, ethical consideration, bias removal, and limits. The findings of the research are described and analysed in the next chapter.

CHAPTER FOUR: FINDINGS AND INTERPRETATION OF RESULTS

4.1 Introduction

This chapter discusses the outcomes of the qualitative study conducted with ten participants. The first section of this chapter focuses on the demographic characteristics of the participant, followed by a detailed presentation and discussion of the research findings. The discussion of results is guided by the following research questions:

- To what extent do ESD programmes support the growth of SMMEs?
- How does financial support offered by ESD programmes influence the growth of SMMEs?
- How does non-financial support offered by ESD programmes influence the growth of SMMEs?

4.2 Demographic characterises of participants

The participants for this survey were selected from the population of owners of SMMEs business who are also beneficiaries of B-BBEE EDS programs in Gauteng province. Due to time and monetary constraints, 10 participants were selected purposively to take part in this study. The selected participants had to meet the following criteria:

- The participants must be a current beneficiary of the B-BBEE ESD programme or must have participated in the program previously.
- The beneficiary has at least a year of ESD experience
- The participant runs a black-owned enterprise.

Ten interviews were performed, six of which were with business owners directly and the other four with executive representatives. Six female participants were interviewed and four male participants, illustrating the expanding nature of female engagement in business and the closing of the gender gap. In line with the research aim, all participants were of African descent. All of the businesses were based in Gauteng.

4.3 Presentation of Themes from Findings

The research sought to determine, among other things, if B-BBEE ESD programmes have an influence on the growth of SMMEs in South Africa and the need for ESD initiatives to encourage the establishment and growth of the SMME sector. Participants agreed that ESD programmes are in high demand among SMMEs. ESD initiatives were underlined as critical, particularly in Gauteng, where there is a growing space for entrepreneurs as a result of high inequality and underemployment.

ESD programmes can benefit both the expanding number of school leavers entering the labour field and other enterprises. The government lacks the capacity to hire the majority of the unskilled and semi-skilled unemployed, but unemployment may be addressed with the assistance of private sector organisations that provide these services. Specifically, the following key themes and sub-themes emerged from the primary study:

Table 4.1: Themes and Subthemes of the research

Main Theme	Sub Theme
Theme 1: Non-financial contribution of ESD programs to SMME growth	• Contribution to business owners • Enhances quality and competitiveness • ESD programs facilitates personal development • Untapped growth potential
Theme 2: Financial contribution of ESD programs on SMME growth	• Revenue streams • Composition of revenues • Value contribution to parent • Finance and costing
Theme 3: Benefits and challenges of ESD programs	• The success of ESD programs • ESD improvements • Weaknesses of the parent

These themes and sub-themes are discussed in detail in the following sub-sections.

4.3.1 Theme 1: Non-financial contribution of ESD programs to SMME growth

4.3.1.1 Contribution to business owners

A large proportion of participants stated the contributions of ESD programs were invaluable, and that wouldn't have generated as much value and progress without ESD programs. Others thought the contributions of ESD programs to their company were restricted. Programs administered as compliance exercises yielded

significantly fewer contributions compared to those with a genuine deep desire for economic restitution and long-term progress.

Beneficiaries benefited from significant financial and non-financial benefits provided by dedicated parents. Some contributions are difficult to measure due to their non-financial nature, but the impact was genuine. Some characteristics of programmes are long-term and cannot be realised right away. SOE contributions were diluted due to financial constraints at SOEs and their limited commitment.

4.3.1.2 ESD programs facilitates personal development

The majority of participants realised that being a beneficiary strengthens one personally and challenges one to go beyond what one might do. Financial management abilities, business skills, and general professionalism were reported to have improved among participants. Accreditation provided access to high-value contracts. Confidence levels improved as a result of involvement and exposure.

This is supported by Participant 3 who had the following to say:

"Participation in the B-BBEE ESD programmes has opened my eyes in such a way that I no longer question myself."

Further, results revealed that beneficiaries of the programmes were more careful in general, and they thoroughly study agreements and requirements before providing costing, thus, no blind signing of contracts. For example, Participant 1 had the following to say:

"With participation in these ESD programs, I have now come to the realisation that there is a difference between business money and personal money. This is a very important development in my life."

The majority of participants also mentioned that participation in the ESD has made them gain knowledge of how to successfully run a business. The training sessions in the programs covered knowledge gaps, including a variety of business

management abilities and industry-specific expertise. Entrepreneurs were pushed to improve their computer literacy abilities and to use technology in their enterprises.

Some of the long-run personal advantages of programme involvement may not be apparent at the time but will emerge over time. Entrepreneurs in general felt nurtured and individually prepared to be successful businesspeople.

However, participants who believed they were already competent business people had unusual perspectives, believing that involvement had little influence on their progress.

4.3.1.3 Participation in ESD helps small businesses to enhance quality and competitiveness

Some participants claimed that the quality of their products and services had not altered, while the majority reported improvements. Some participants stated that they are product resellers, and hence involvement in ESD programmes has no impact on product quality.

Other participants remarked that the product scope has expanded to incorporate new and innovative products to meet the demands of parents. Parents also played a significant role in guiding beneficiaries with respect to their personal improvement specifications. For instance, Participant 10 highlighted the following:

"…as a result, as part of our service offering, we've been able to establish new industry partnerships..."

Further, findings revealed that generally, participants reported service to have improved, both in terms of actual service delivery and how the business handled itself in being more customer-centric and professional.

In addition to the quality of products and services, some of the participants also highlighted that there was little improvement in the quality of organisation and management. A majority of participants agreed that their businesses were effectively managed, and they noticed little positive changes in organisation and management. For example, Participant 6 mentioned the following:

"... yes, but even before the program, our organisation had already highly experienced managers, but you know I can't rule out that there were contributions to management experiences in these programs."

Because of the amount of commitment necessary, several participants claimed that management found it difficult to participate in the ESD programme. Participants were urged to manage their organisations competently, with well-defined systems and clear roles and responsibilities. Other participants said that as a result of their engagement, their headcount grew dramatically.

In addition to quality, participants also highlighted that their competitive edge was enhanced with the psarticipant in B-BBEE programs. Participants stated that their companies are increasingly becoming competitive and active in the market. Competitiveness extends beyond price competition; it implies that beneficiaries might utilise non-price-related qualities to gain an advantage over rivals. A participant stated that accreditation rendered them more competitive and that competitors now want to mimic their success by being accredited as well. This was mentioned by Participant 5 who had the following to say:

"I work in a highly male-dominated sector, where it's hard and tough but I can tell you right now that I'm a force to reckon with"

However, two participants stated that involvement reduced their competitiveness, which they ascribed to the amount of time committed to the parent, leaving them with limited time to chase other clients. Local procurement was highlighted as a

constraint; in certain cases, parents are unable to acquire from providers who are not local to the region.

Further, another key contribution of the ESD program that was mentioned by the majority of participants was access to markets which was made slightly easy. Markets and marketing have improved as a result of involvement.

Participants stated that through affiliation, recommendations, and networking, they became able to enter new markets and acquire client trust. The majority of participants stated that traditional marketing is no longer relevant in their field of business, and that word of referrals are their most effective marketing tool. One participant stated that they feel their marketing plan may still be enhanced to boost competitiveness. This was mentioned by participant 9 who highlighted the following:

"… yes, with these benefits, our marketing has gotten a little easier, it's now referrals…Well, I believe our marketing plan is not yet perfect, but it is better than before."

Participants also highlighted that the program has intensified technology use and encouraged innovation and creativity. According to some participants, improved access to and raised the quality of technology, innovation, and creativity. A lot of participants reported becoming more tech-savvy as a result of their engagement. Participants improved their efficiency by using new software programmes, doing business through communication technologies, and being more creative and imaginative.

However, some individuals reported little progress in the technology and innovation area, based on their previous exposure to technology.

In terms of skills and skill development, there were mixed opinions among participants. Most participants indicated minimal/no gain in abilities; individuals

thought they were already properly trained but lacked the opportunity to display their capabilities. A few people reported minor gains in terms of improving particular abilities, allowing them to adapt to parent-specific needs.

4.3.1.4 Untapped growth potential

One of the non-financial contributions of ESD programs, according to the majority of participants, was the discovery of more untapped growth opportunities. Participants recognised several untapped prospects and indicated a desire to expand their businesses within and outside of their parents' organisations. Lack of finance continues to be a key impediment to capitalising on these development prospects; banks are hesitant to lend loans to SMMEs, and not all parents provide funding. Even where they offer funding, it is generally to promote internal progress rather than outward objectives.

Potential with parent

Participants agreed that a lot of space for growth inside the parents' business still exist and that other areas inside the parents' business that have yet to be explored also exist. Parents were not making use of the complete spectrum of products and services available through the beneficiary's present service offers. Beneficiaries were not trusted since they had a history of failing to meet obligations, which hampered their progress with the parent. For instance, Participant 2 had the following to say:

“...I used to offer 12 trucks and end up operating just 6, which is bad for marketing and competitiveness, and I've improved dramatically solely because of this programme..."

Untapped external potential

Beneficiaries understand that growth does not come just from their parents, and they have recognised several untapped options in the eternal space. These

expansion potentials will necessitate both linked and unconnected diversification. Participants identified severe competition and significant entry hurdles into new markets as a constraint. For instance, Participant 6 highlighted the following:

"...I believe that in each business, there is always that little more that we could do or area that we could tap into..."

4.3.2 Theme Two: Financial impact of ESD programs

The majority of participants reported improved financial positions, including higher profit margins, net profit, assets, and retained earnings. Financial grants, loan extensions, beneficiary salary bills handled by the parent, payment of accreditation costs, and payment for external training and consultants were all direct financial advantages.

4.3.2.1 Revenue streams

Prior to participation in ESD programs, participants were existing and had revenue streams. Some participants were familiar to parents, either because they were a current supplier or because they had contacts with executives.

Prior to participating, most members had a consumer base, but it had a restricted reach. Participants said that being a part of the programme broadened their reach and visibility.

All participants are continuing to service clients other than the parents, and for some, the parent is still a significant contributor to their revenues. Participants are urged to expand and seek out new consumers.

4.3.2.2 Composition of revenues

The majority of participants said that they make a higher share of revenue from other clients than from ESD partners. At the time of the interviews, the income contribution of the partner ranged from 0 percent to 80 percent. However, this was not true in all cases. A handful of participants claimed that parents were their major client at some time, accounting for up to 80 percent of their entire income.

Two variables were responsible for the decrease in parent spending. For example, parents were suffering financial difficulties and unable to spend as much as they used to. Second, participant development and extension beyond the parent. Beneficiaries tend to have an external emphasis as they grow or "graduate" from programmes, and they begin to target additional consumers more aggressively.

4.3.2.3 Value contribution of SMME to parent

Beneficiaries' key contribution to parents is an enhanced BBBEE scorecard. Participants agreed that they provide parents with the proper representation in order for them to claim the greatest number of BEE points. Parents might also profit from tax breaks by extending hand-outs

For instance, participant 7 mentioned the following:

"…I contribute by providing the right representation; on the BEE scorecard, I am a level one, and they gain from that; I also assist them in ticking the box of procuring from an EME... "

With reduced overhead structures, Small and medium enterprises can keep costs low while providing high-quality services at a reasonable cost. A handful of recipients are experts in their professions and can make significant contributions. Others noted that they are owner-managed businesses that provide personal

attention and quick turnaround times with minimum or less red tape. One participant shared an example of how they helped a parent who was having difficulty getting a safety file authorised, demonstrating their worth.

4.3.2.4 Finance and Costing

There was a divide in opinion; some participants reported significant gains in this area because their parents provided them with materials to better manage their financial systems (that is, finance training and accounting systems).

Others, on the other hand, reported little or no progress since they were already highly proficient in money management.

4.3.3 Success of ESD programs

Overall, it was felt that involvement in the programs had resulted in a number of benefits. Individual experiences and levels of dedication determined whether they turned into success.

Black female enterprises had the most success, with one cracking through to GE and the other due to crossing over to the QSE by the end of the year. Skills improvement due to mentorship and training was cited as a programme success. Revenue growth continues to be a huge success, and parents continue to be involved. Some beneficiaries indicated that more than 60% of revenue is ascribed to parents, while this is not the case for everyone. In support of this, Participant 4 had the following to say:

"…so we've nearly quadrupled our income, and it's all because of the business I'm receiving..."

Others reported modest monetary advantages from programmes, but they were still able to extract non-monetary value from involvement.

4.3.3.1 ESD improvements

Some participants believed that BEE and ESD initiatives were not viable instruments for SMME business development and were operating against beneficiaries in order to exploit black businesses. One recipient specifically mentioned white enterprises as perpetrators, claiming that these firms utilise their high BEE certification to win points while also squeezing and dictating pricing.

The government should provide assistance to black businesses, increase spending on black SMMEs, and influence the equal allocation of jobs. The disparity between black and white enterprises must be closed. The same massive white corporations that used to obtain contracts now get the majority of the work, with only the table scraps going to black SMMEs.

Purchasing organisations must commit to fully implementing ESD policies. ESD agreements should be mandatory. These agreements should be based on mutual respect and trust. The government must reconsider the implementation of the ESD policy since it is not working as intended, and the employment of harsh punitive measures must be carefully considered. There are a lot of white enterprises that do not comply; BEE should be mandatory for everybody. Methods of reporting should be improved; several parents report unilaterally without the involvement of beneficiaries, and there is no official verification.

4.3.3.2 Weaknesses of the parent

A number of individuals believe that parents fall short in a variety of areas. Some participants felt that SOE's failure to handle their own finances, which resulted in bankruptcy, was an injustice to the ESD.

Parents fall short by not providing enough financial aid, such as grants, or loans, or acting as a sponsor throughout the financing procedure. One participant stated that there is a considerable amount of time between award seasons, often three years and that many profitable possibilities are lost during that time. For example, participant 1, highlighted the following:

"...they fail us, I would think, by not giving adequate funds..."

Failure to perform measures and assessments was identified as an issue, and participants were unaware of what KPIs they were measuring against (if measured). Another common viewpoint was that parents' inability to provide meaningful labour was a barrier to progress. Participants believed that parents were just interested in training and conformity and had no true interest in actual growth. Other parents were chastised for having many beneficiaries at once, allowing beneficiaries to contend for a limited piece of the cake.

A few participants stated that they were not being failed at all; rather, they believe that parents continue to contribute to revenue and continue to maintain and engage in their children's growth and development.

CHAPTER 5: DISCUSSION OF RESULTS

5.1 Introduction

The goal of this chapter is to discuss the study's findings. The findings are explored in the context of the examined literature, and the discussion aids in addressing the research objectives by concentrating on four main themes that emerged from the study. The primary goal of the study was to look at the influence of B-BBEE ESD programmes on SMME growth in South Africa.

5.2 Contribution of BBE-ESD programs

Value from participation

Participants derived varied levels of value from programmes, both financial (funds, grants, and sales income) and non-financial (skills transfer, training and mentorship, networks, and markets). Participation was never regarded as a complete waste of time. The results suggest that even in the worst-managed partnerships, some value extraction is still possible.

Development of SMMEs prior to ESD Programs

Prior to involvement, SMMEs were already established enterprises with income sources. Displacing the widely held belief that ESD programmes are just for start-ups. According to the findings, when participants "graduate" and mature, they generate less money from parents and choose to pursue external clients rather than expanding with their developer, as suggested by supplier development theory. According to Rungani & Potgieter (2018), firms realise and unlock long-term value by taking a strategic approach to supplier relationships.

Value contribution of SMME to Parent

The beneficiaries' most important and crucial contribution is the accurate portrayal of the goal of boosting parents' B-BBEE scorecard. Parents will gain extra points on their scorecards if black women and those with disabilities are better represented.

Personal Development through ESD Program

Entrepreneurs' personal growth was an unforeseen effect of programme participation. This includes the advancement of business management silks, computer skills, and people management abilities. The results suggest that after participating, participants are more smart business individuals. According to Irene, (2017), entrepreneurs are first and foremost individuals before they are entrepreneurs. As a result, it is considered that developing an individual's talents will have long-term advantages for the organisation.

B-BBEE ESD programs enhance quality and completeness

As a result of involvement in the programmes, overall quality and competitiveness improved. The results show a particularly significant rise in market access, which is impacted by being linked with a major company and recommendations from the parents for more jobs. As a result of operating at a more professional level, the quality of products and services has increased. In contrast, the results show little to no change in management; beneficiaries perceived management to be capable at the outset, requiring little/no growth.

Untapped growth potential

Beneficiaries have enormous unrealized potential, both inside and outside of their parent. Surprisingly, participants were underused by parents and offered a variety of service offers that parents were not making use of. One explanation might be the

beneficiary's failure to sell these service offerings to the parent. Outside parent untapped potential is a sign of external growth potential; the difficulty is determining how to unlock it.

ESD Program Success

Relationship success is determined by the level of commitment; participants had differing opinions on whether programmes are successful. Positive results demonstrate that initiatives are effective in boosting SMME growth. Turnover, in particular, as a metric of growth, has continued to rise. While the opposite finding indicated that initiatives were a failure and only helped parents' scorecards while failing to increase SMMEs.

Weaknesses of the parent

Parents have a lot of flaws, the most significant of which is a failure to maximise the ESD relationship's potential. Parents only scratch the surface in order to conform and do not fully engage themselves. One factor might be that parents lack the necessary skills and expertise to effectively manage programmes. The most significant problem encountered by SMMEs is access to finances; it is believed that parents did not do enough to aid recipients with funds, whether directly or through financial institutions.

Outliers were beneficiaries who identified no flaws in their parents; it is rare that one could function fully faultlessly. A possible argument may be that so much is done well that any shortcomings are insignificant.

5.3 Summary of Findings

According to the report, ESD involvement provides a multitude of financial and non-financial benefits for SMMEs, culminating in micro and macro contributions. The degree and amount of benefit obtained are determined by how devoted either side

is to the goals of the codes. The following are the identified benefits of the B-BBEE ESD programs:

- **Revenue growth**: Beneficiaries benefit from higher procurement spending through increasing revenue for SMMEs and providing products/services to a market.
- **Training and mentoring**: Intentional training and mentorship initiatives are a typical component of ESD, empowering recipients on both a personal and professional level.
- **Competency and skill development**: Skills transfer raises the competency levels of SMMEs.
- **Personal development**: Participation helps not just recipients as firms, but also individual entrepreneurs on a personal basis.
- **Competitiveness:** Participation boosts the overall competitiveness and professionalism of SMMEs through training/development and affiliation with a major organisation**.**
- **Funding:** Beneficiaries are provided with development funds in the form of grants or low-interest loans.

The following are some of the identified challenges associated with the B-BBEE ESD programs:

- **Lack of commitment**: Lack of commitment is a significant barrier to programme effectiveness; without commitment, participants do not get the full advantages of the programme.
- **Lack of monitoring and evaluation**: On the side of the government, there is a lack of proper monitoring and assessment. Businesses report without the government actively verifying data veracity.
- **Lack of adequate knowledge:** Procurement organisations are frequently challenged because they lack the necessary knowledge and abilities to properly conduct ESD programmes and implement B-BBEE rules.

- **Lack of access to capital:** Funds are limited, and procuring organisations have limited capacity to assist; also, most will not expend more than what is necessary by law, even if the business case is compelling.

5.4 CONCLUSION

The government is a crucial parent. Beneficiaries were not easily extended to increasingly diverse groups such as adolescents, women, and the disabled. Beneficiaries appear to put up a lot of effort in their search for parents. On the contrary, parents appear to put in significantly less effort and are a lot more reactive in finding acceptable beneficiaries for partnerships. Instead of parents operating their own programmes, there may be advantages in utilising a broker to connect parents and beneficiaries.

The program's benefits might be both financial and non-financial, direct, or immediate, or indirect or long-term. Beneficiaries generally participate in numerous programmes and have considerable (dominant) earnings streams outside such programmes. Beneficiaries appear to be drifting away from their parents, preferring to pursue a path of independence rather than ongoing cooperation.

Beneficiaries say that they derive value from participating in the programme, and that participation in the programme leads to their progress in the majority of cases. Beneficiaries have access to opportunities and markets by participating in the programme. Beneficiaries frequently encounter quality and competitiveness issues/problems that are emphasised and revealed as a result of programme participation. Beneficiaries' personal development was seen to be evident. Their failure to keep commitments and potential beneficiaries' lack of attention indicates their relative immaturity.

Beneficiaries frequently mention unrealized potential and prospects, as well as a lack of finance. It is unknown why parents may be uninterested in this. It is possible that they are not true opportunities, or that they have little potential, or that they are

outside of the focus of parents, or that there are no/limited funds for investment. The character and success of the government as a parent demonstrates the necessity and significance of good execution for the success of ESD initiatives. Participants grumble about the program's administrative load. Efforts can be taken to decrease and enhance this.

5.5 Recommendations

Based on the findings of this research, the following recommendations may be made. These proposals provide ideas for overcoming the present problems that the ESD program is facing in providing business support services and enhancing their efficacy.

- Develop sector-specific approaches

Enterprise and supplier development programs should avoid attempting to be all things to all people. The emphasis should be on an area in which they excel and on providing that service to SMMEs. This allows them to impart their specialized knowledge to small enterprises. To be effective, this focus should be sector or industry specific.

- Attract enterprise and supplier development funds

Given the emphasis on B-BBEE, enterprise and supplier development has become a catchphrase. As a result, there has been an increase in the number of different business development service providers. As a result, efforts should be made to build a cost-effective approach for attracting corporate contributions for ESD while also providing value for money.

Given the SMME issues of low financial resources and providers' financial limits in designing appropriate training interventions, a coordinated effort to channel multiple funding pools, such as ESD monies, to support projects is required. There is money set aside for ESD that might be utilized to assist enterprises.

- Legislative framework

Business development support services must be aligned with the transformation objective. While it is true that ESD may be driven by compliance, it must equally be driven by the business benefit that SMMEs can receive. When introducing SMMEs into the supply chain of big and small enterprises, it is advocated from a policy standpoint that it is vital to connect SMMEs' business development services with ESD programs at the corporate level.

- Implementation of impact assessment metrics

Given the importance of ESD BBBE programs in the growth of SMMEs, procedures and techniques for measuring the effect and performance of business development programs should be devised. This will help to improve the perceived value of company development services. It is insufficient to simply train numbers and then not know what happens to them after the training. Some entrepreneurs are dissatisfied since they are not receiving additional help beyond the programs and are unable to build their enterprises.

- Embark on educational marketing

In general, there is a low level of adoption of B-BBEE, and it is known that the success of B-BBEE is assessed by the value addition it provides to small firms. Business owners must be educated on the importance of B-BBEE initiatives. Educational marketing is important to the growth of this adoption. Because their financial resources are limited, SMMEs desire service providers they can rely on.

5.6 Limitations of the Study

The researcher's main study constraint was a lack of time. The researcher had a restricted amount of time to complete the research while studying and working full-time. Because of the time restrictions, the sample size was lowered. The researcher would have desired a bigger sample size in order to thoroughly investigate the study

issue more. However, the study's rigor was sufficient to produce accurate and valid results. Another weakness of the study was that it was based on a non-random and small sample of business development service providers. The researcher may have benefitted by integrating the perspectives of SMMEs, however owing to time constraints and the non-availability of respondents, this was not possible.

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