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The adoption and effect of Enterprise Development (ED) initiatives on SMME's in the Construction, Mining and Financial Sectors in South Africa.

A research report submitted to the Faculty of Commerce, Law and Management, University of the Witwatersrand, in partial fulfilment of the requirements for the degree of Master of Management specialising in Entrepreneurship and New Venture Creation (MMENVC)

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2018

ABSTRACT

The research focuses on the Enterprise Development initiatives (ED) given to South African Small, Medium, Micro Enterprises (SMMEs) by large corporates, particularly in the Sector of Mining, Construction and Finance. The study assessed the impact of ED on SMMEs' business performance, specifically in relation to growth in the form of the number of jobs created, and improved turnover. This is in response to the promulgation of the revised codes of 2013. The study envisaged that since the SMMEs are reported as net job creators in South Africa, through the government enabling environment and large corporates extending monetary and non-monetary support, consequently, the SMMEs will become more sustainable and be in a position to generate more anticipated and needed jobs. This study made use of empirical and quantitative research in order to examine the hypothesised relationship between the independent variable, namely, the ED initiative and the dependent variable, namely, SMMEs' growth. Kolmogorov-Simonov (KMO) was applied to assess the normality of variables and the validity of the constructs was tested using exploratory factor analysis (EFA). The main findings of the research were that there is a positive and significant relationship between ED non-monetary initiatives and SMMEs growth, monetary Initiatives and SMME growth. Finally, the results showed a positive and significant relationship between the constructs, which confirmed the main hypothesis of the study, which asserts that the adoption of Enterprise Development (ED) initiatives for SMMEs will encourage growth in the Construction, Mining and Financial Sectors in South Africa. Therefore, ED initiatives could be an answer to boost economic growth and employment creation in South Africa.

DECLARATION

I, Queen Nomasonto Ndlovu, 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 Management in the Field of Entrepreneurship at the University of the Witwatersrand, Johannesburg. It has not been submitted before for any degree or examination in this or any other university.

Queen Nomasonto Ndlovu

Signed at Shehenzen

On the 16th day of March 2018.

DEDICATION

In loving memory of my late grandmother, Mrs Magdeline Ntombizodwa Kunene, and my late grandfather, Mr Absolum Mbovana Ndlovu, who have instilled the value of education, and saw my potential at a very tender age. Last but not least, I dedicate this paper to the Lord God Almighty, who made it all possible.

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I would like to extend my warmest gratitude to my precious family for your unconditional love and understanding for not being there for you when you needed me the most. Thanks mama, Lebo, Fr Steve Verryn and Gugu, for constantly putting me in your special prayers. The Almighty did come through, indeed.

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1 CHAPTER ONE: INTRODUCTION

1.1 Introduction

Existing literature and contemporary research suggest that capitalizing on Enterprise Development (ED) is an effective way to breed wealth, create job opportunities and advance economic conditions (International Labour Report [ILO], 2013; World Bank Report, 2014; Bhorat, Naidoo & Ewing, 2017). Abor and Quarterly (2010) relate Small, Medium and Micro Enterprises (SMMEs) as efficient and prolific job creators, the seeds of big businesses and the fuel of national economic engines (Baleseng, 2015; Dlamini, 2016). In the South African context, ED is, by regulation, tied to investment in historically disadvantaged or previously economically excluded entrepreneurs, and their related qualifying black-owned and empowered enterprises (Department of Trade and Industry[DTI], 2007). However, ED cannot be discussed in isolation without describing the roles of government, policy makers, corporates, and entrepreneurs in the ED space. Therefore, this study enlightens the research from the perspective of policy makers, entrepreneurs, corporates and government policies in relation to entrepreneurship. The following discussion in this study begins with the purpose of the study, which is followed by the background of the study, and the description of the problem statement informing the study. The significance of the study reflects on the contribution made by the study. This is followed by the delimitation of the study, definition of terms and, finally, the assumptions of the study.

1.2 Purpose of the Study

The purpose of this research is to perform an empirical investigation on the impact of the adoption and implementation of ED initiatives by large corporates on small businesses, also termed SMMEs. The study focuses specifically on small businesses within the mining, construction and financial services sectors. It assesses whether or not the ED support given to small businesses has a positive impact on their business performance, specifically growth. This is important in understanding the role played by the environment, in particular, economic policies and other forms of institutional support including enterprise development initiatives by large corporates. Furthermore, this sheds light on whether the ED policy and initiatives are achieving their intended aims and outcomes in helping small businesses to survive, become profitable, and grow, in order to provide much-needed employment in South Africa.

1.3 Background

Entrepreneurship has been perceived as a solution to many challenges, such as job creation, economic growth and particularly, the generation of innovation and company growth (Heinonen & Hytti, 2008). It is paramount to economic and employment growth that entrepreneurial policies are allowed to become instrumental in improving the entrepreneurship culture and environment in the society (Thurik & Wennekers, 2004; Carree & Thurik, 2003; Audretsch & Thurik, 2001; Ogbaekirigwe & Okolie, 2017; Washuka, 2017). In the same breath, the Entrepreneurial Dialogues (2009) deliberated on the potential of enterprise development to accelerate the development of SMMEs. They argued that it has never been exploited fully as a strategic tool to promote economic growth. Particularly so, given the importance of SMMEs as employers of a substantial number of South Africans, contributing 43% of the total value of salaries and wages paid in South Africa (Chimucheka, 2013). However, 80-90% of new businesses fail in the first two years (Aderinan & Johnston, 2011; Olawale & Garwe, 2010).

This failure of SMMEs has been attributed to a number of reasons, such as a lack of access to markets, capital and business skills. Fatoki (2014), supported by the GEM report (2015/2016), established that such constraints faced by SMMEs require special attention in order to promote entrepreneurial performance. Therefore, cognisant of these challenges, the government stepped in with ED. ED is a government policy to advance economic transformation in South Africa and it aims to promote the participation of previously disadvantaged individuals in the South African economy (Urban et al., 2015).

The role of the government and policy has been acknowledged by scholars, such as Adelzadeh and Padayachee (1994) and Urban et al., (2015), who articulated that the South African Empowerment Policy Framework has provided an enabling environment to promote growth in small businesses. As such, the National Small Business Act, 102 of 1996, as amended by the Act of 2004 (NSBA, 1996) is a legal and policy tool to address the challenges of job creation, sustainable economic growth and the stimulation of economic development through SMMEs (Li & Rees, 2016; Rogers, 2014). Although the government does not have the capacity to tackle the monumental task of creating employment in isolation, it can create policies and mechanisms that provide an enabling environment in which SMMEs can survive, grow and thrive (Ncube, Abebe, & Verdier-Chouchane, 2012). A few examples are taxation incentives, equalised trade, retention of strategic labour intensive industries and nurturing an entrepreneurial economy through ED initiatives (Lewin, Kenny & Muurman, 2016; Moagi, 2017; Maizonde, 2016). This study focuses on ED as a policy tool by government and

intervention by large corporates to address challenges faced by SMMEs, specifically those whose owners or founders come from a previously disadvantaged background due to the legacy of apartheid in South Africa (Herrington and Kew & Kew, 2010).

1.4 Context of the study

ED is conceptualised as the deed of investing time and capital in helping people establish, expand or improve small businesses (Jogunola, 2013). In South Africa, ED is a policy initiative arising out of the BBBEE Act No. 53 of 2003 and the BBBEE Codes of Good Practice gazetted in February 2007, and the Amended Codes of 2013. The Amended Codes of 2013 were responsible for the crafting of the revised ED initiatives, which came into effect in May 2015. ED is instigated and implemented in favour of QSEs or beneficiary entities, who are SMMEs, by a Measured Entity, who are large corporates with a turnover of more than R50 million (DTI, 2013; Empowerdex report, 2015). Thus, as a policy, ED is on a "voluntary basis" but compulsory for large corporates that want to do business with government. According to Kloppers (2014) and Mahmoud, Owusu-Frimpong and Nwanko (2016), ED contributions and initiatives comprise monetary and non-monetary support.

The rationale behind supporting these beneficiary entities by large corporates is to intensify SMMEs' financial and operational capabilities. ED does not only benefit small businesses, but can be used as a strategic tool by large corporates for supplier development (Amber, 2016). Therefore, ED can be used by both small businesses and large firms to create meaningful relationships that create markets and services for each other while providing spill-overs into the larger economy. The importance of ED to SMMEs is more compelling, particularly in the context of South Africa, given its triple challenge of poverty, inequality and unemployment. Not surprisingly, Porter and Kramer (2011) in the Harvard Business Review, commented on creating a shared value, posit that ED strategies are expected to add value to emerging economies by promoting and sustaining businesses so that they can grow and are able to create jobs and enhance the larger economy and inevitably, improve the quality of life for all.

1.5 Problem statement

In South Africa, ED initiatives are supporting small business with much-needed support; however, it appears the impact of this support has not been assessed (Urban & George, 2018). Thus, while entrepreneurship studies have looked at the support required by small business, very few of these studies, if any, have looked at whether the support given thus far, has been

effective or its impact on small business performance. This offers an opportunity to update entrepreneurship studies, looking at the role of environmental factors or the institutional environment. At the same time, this is critical for evidence-based policies and meaningful interventions by interested stakeholders, including large corporates. Therefore, the main problem is to assess whether ED initiatives have a positive impact on small businesses. Accordingly, the following sub-problems arise.

1.6 Research Aim

The main aim is to assess whether ED initiatives have a positive impact on small businesses. This study fills an entrepreneurial knowledge gap by establishing whether enterprise development is an effective and efficient vehicle geared towards sustaining economic development in South Africa.

At a practical level, there is both managerial and policy implications. The results of the study will not only inform policy holders, but also help various stakeholders in the transformation discourse of the construction, mining and financial sectors in South Africa. The results provide new empirical insights into the state of ED as implemented by the corporates within mining, construction and finance. These insights offer valuable information and guidance to interested parties on how to fashion target-specific policies in view of both ED financial and non-financial contributions and other related interventions. Therefore, there is a need to assess whether or not the monetary or monetary support or both have a positive and significant relationship with small business performance.

1.6.1 Sub aim 1

Assess the impact of ED monetary contributions in SMME growth in the mining, construction and financial sectors. Scholars argue that small businesses lack financial capital, which affects their daily operations and aspirations for growth (Irwin & Scott, 2010). Against these challenges, ED initiatives offer monetary support but, according to Rogerson (2010), the impact of this support has not been evaluated. specifically growth.

1.6.2 Sub aim 2

Assess the impact of ED non-monetary contributions in SMME growth in mining, construction and financial sectors. Scholars argue that in addition to financial capital, small businesses need human, social, and technological capital (Shree, 2012). ED initiatives are offering some of this capital in non-monetary contributions. Therefore, in addition to assessing the impact of

financial contributions, there is a need to assess whether or not there is a positive and significant relationship between non-monetary support and small business performance, specifically growth.

1.7 Delimitations of the Study

The study looks specifically at SMMEs in the mining, construction and financial services industry.

Since ED is meant for previously disadvantaged people, the study only looks at support given to 51% to 100% black-owned firms.

The study examines ED support, specifically looking at monetary, non-monetary and hybrid contributions, as well as small business performance, specifically growth.
The study is limited to South Africa, and the institutional and contextual environment in other countries might differ.

1.8 Definitions of terms

Adoption

Adoption is the term usually applied when an institution or individual within an organisation embraces a particular new system, product, policy or innovation being introduced to the organization(Ettie & Reza,1992). In this instance, it refers to the ED policy adopted by corporates.

Black Broad Based Empowerment (BBBEE)

BBBEE is an Act of Parliament demonstrating the intention of the South African government to address historical imbalances in the country by expediting the participation of black people in the mainstream economy through incentives and regulatory mechanisms (Hiam, Eshghi, & Eshghi,2017; Arya & Bassi, 2011).

Enterprise Development (ED)

Enterprise development is defined as the deed of investing time and capital in helping people establish, expand or improve small businesses as proposed by Jogunola (2013).

ED Initiatives/Contributions

Refers to both monetary and non-monetary contributions transferred to beneficiaries with the intention of developing and sustaining their finances, operational efficiency and independence (Kloppers, 2014; Mahmoud, Owusu-Frimpong & Nwanko, 2016).

Growth/Business performance

In this particular study, growth is defined in terms of the number of jobs created and the increased turnover (Olawale & Garwe, 2010).

Larger Corporates/Measured Entities

This study refers to large private entities with a turnover of more than R50 million annually, as defined in the BBBEE Act No. 53 of 2003 and the BBBEE Codes of Good Practice gazetted in February 2007, and the Amended Codes of 2013.

Monetary Initiative/Financial contribution

The provision of funds directly or indirectly in various forms by the measured entity for the beneficiary's operational activities (DBSA, 2011).

Non-monetary Initiatives/Non-financial contribution

In this context, non-monetary contribution is defined and measured as time spent by staff or management of the Measured Entity in a beneficiary's site, implementing the identified operational needs (Fatoki, 2014).

Small business

This study categorises small business, also termed small to micro or medium enterprise (SMME), into three types: first, start-up business with an annual total revenue of less than 5 million; second, an exempted micro-enterprise (EMN) with an annual total revenue of R10 million or less per annum; and third, a qualifying small enterprise (QSE) or (QSFI) with an annual total revenue of between R10 million and R50 million per annum (Empowerdex report, 2015).

1.9 Assumptions

The research sample was representative of the targeted population (SMME owners, managers and supervisors) who were honest and non-biased in their participation in the study.

The researcher was able to access the database of the relevant stakeholders and respondents to the survey.

The researcher had adequate time to carry out the research in the time constraints expected for a masters' degree.

1.10 Conclusion

This chapter uncovered the entrepreneurship problem and gap as far as enterprise development is concerned. ED was tabled from a South African perspective and its objectives, policy and interventions were outlined. The enterprise development policy initiatives were discussed in relation to the effect of these initiatives taken by the private sector to enhance SMME performance. This is expected to address the challenges faced by SMMEs owned by people from previously disadvantaged backgrounds. Thus, the support is expected to help the SMMEs survive, grow and thrive and in turn, solve South Africa's triple challenge of poverty, inequality and unemployment. In summary, chapter 1 highlighted the purpose of the study, its context, problem statement, significance, and its delimitations. The definitions of key concepts and assumptions were also provided. The subsequent chapter is the literature review, which theoretically grounds the study.

2 CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

ED has become the latest “big thing” in South African’s corporates recently due to the amendments to the BBBEE codes (Pooe, 2016; Werksman, 2014). Supplier Development combined with Enterprise Development (SED) has the highest targets (40 points) and consequently, this scenario has presented a “push and a pull factor” for the large corporates who, amongst other reasons, envisage conducting business with the state. Therefore, ED is the biggest transition for corporates to receive maximum benefits from the new B-BBBEE levels. Therefore, this piece of legislation has become an enabler for a large private sector to procure goods and services from suppliers with good BBBEE recognition status and large firms has become more engaged in procuring from black enterprises through SED interventions (DTI, 2012b). However, Pooe (2016) argues that Enterprise Development and Supplier Development (SED) are two dissimilar concepts though organisational and management literature define them as a single concept, hence the big corporates in South Africa, such as Anglo American, Sun International, amongst others, have a single strategy and policy document for their implementation framework.

This chapter present a literature review of key elements pertaining to the relevance of the study of the adoption and effect of Enterprise Development (ED) initiatives on SMMEs in the Construction, Mining and Financial Sectors in South Africa. It also assesses the legislative policy background on the response of South African Government to address issues of economic growth and poverty alleviation through the policy of enterprise development. Furthermore, this section presents the role and adoption of ED interventions by big corporates through tabling inclusive innovation and policy adoption theories.

The study also examines the extent to which the on-going support of small businesses through enterprise development (monetary and non-monetary) is benefitting. The evolution and trends of ED and theoretical underpinnings, are further discussed comparing South African ED policy to that of other countries. The section further deliberates on the theories of SMMEs’ growth, barriers and the consequence thereof. The theoretical review is extended to develop hypotheses on the relationships between the adoption of ED initiatives by large corporates and SMMEs’ growth in South Africa, particularly relating to job creation and turnover. Following that, this section illustrates a conceptual framework informed by research questions derived from the theoretical review. Thereafter, the chapter ends with a conclusion of the literature review.

2.2 Background discussion

2.2.1 South African Policy Framework

Broad-Based Black Economic Empowerment (BBBEE) is an initiative by the South African government to address historical imbalances in the country by enabling the participation of black people in the mainstream economy. BBBEE is governed by the Broad Based Black Economic Empowerment (BBBEE) Act No. 53 of 2003, and the BBBEE Codes of Good Practice, gazetted in February 2007 and the Amended Codes of 2013 (DTI, 2013). The primary objective of the BBBEE Act and the Codes is to address the legacy of apartheid policies and to strengthen the economic participation of black people in South Africa.

According to Discala (2015), South Africa's legislation defines ED as the financial and non-financial support to SMMEs, thus the Amended Codes of Good Practice have been a response by government to provide an enabling environment for SMMEs. Government's intervention to support entrepreneurship has been justified with arguments such as the prevalence of market failures inhibiting small firm development, the capacity of SMMEs to create jobs (Lerner, 2002) and lastly, the visionary leading role of the government in developing the economy (Bennett, 2006). Enterprise development (ED) is not only one of the elements of BBBEE, it is also accepted at a world level as an effective way to combat poverty (ILO Report, 2013). Enterprise development should remain a strategic priority for the country, facilitated by government, and with the large firms becoming more involved in the provision of opportunities for local entrepreneurs.

The amendments, though voluntary at this stage for the large firms, except those who procure from government, indicate that companies are expected to invest more in their beneficiaries (SMMEs) by aligning ED to procurement as a form of commitment to the success and sustainability of ED beneficiaries. Frohlicher and Pothering (2013) asserted that the revised Codes are the further illustration that the government is taking a more interventionist approach in this transformation with additional emphasis on black ownership (www://repository.up.ac.za).One of the fundamental pillars of transformation and could strengthen the business environment of the large firms who comply with the BBBEE revised codes, such as tendering for lucrative government contracts, and obtaining licenses for certain industries could be amongst other benefits for such enterprises, amongst others Discala (2015). This position by the government has challenged the mindset of corporates who are beginning to think strategically about Enterprise Development initiatives.

The Supply Chain Review (2015), disclosed that there is consistency on procurement practices across the majority of government departments, however, there is a lack of proper guidance to implement such policies. On the other hand, Amber (2016) argued that various national newspapers reported negative perceptions faced by the procurement practices, such as Pretoria News (2011) “tax payers were robbed of R30 billion due to incompetence and corruption by public officials” whilst Business Day (2011) reported uncounted expenditure of R26 billion. Munzhedzi (2016) cited procurement practices and corruption as equally responsible and came across evidence of non-compliance with compliance legislation. Pooe (2016) pointed out that BBBEE is drawn up to encourage large businesses to utilise preferential procurement to attain ED tendering points, thus crafting opportunities for promoting ED through the supplier chain (www://jtscm.co.za). It is the biggest gain ever recorded in the BBBEE Act’s history and the primary element within the revised codes. Therefore, one of the main aims for government’s transformational and economic policy should be to encourage equitable and stable economic growth as recommended by Pooe (2016).

The South African empowerment framework has gone through a series of changes between 1994 and 2015. The diagram (Figure 2-1) is an illustration of the transformative journey indicating various milestones from the first South African Democratic election to the launch of first of codes of good practice and the amendments thereof.

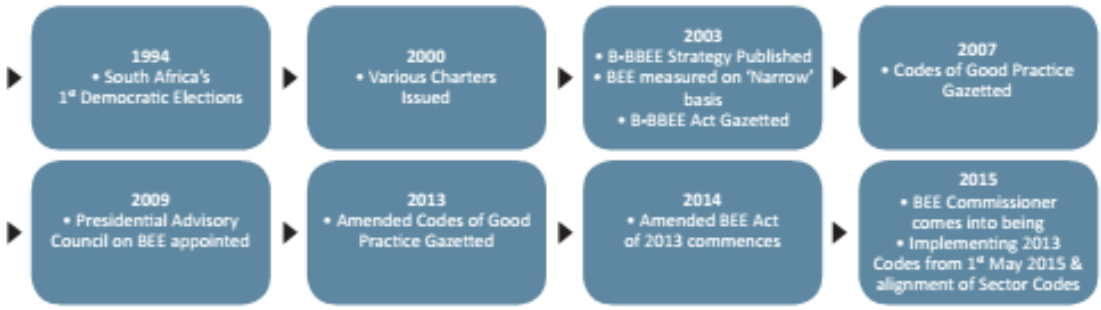


Figure 2.1: South Africa's transformation journey

Source: Empowerdex (revised codes, 2013)

Error! Reference source not found. illustrates the key changes between the revised codes of 2007 and 2013 as explained in the above paragraphs. The table is based on the B-EEE elements that have been reduced from seven to five, which are Ownership – mandatory, Management Control – currently includes Employment Equity, Skills Development - targets have doubled, Enterprise Supplier Development (ESD) – amalgamated Preferential Procurement and Enterprise Development and lastly, Socio-economic Development.

2.3 Entrepreneurship and Emerging Market Economies

Smallbone, Welter and Ateljevic (2014), in their study on emerging market economies, noted that although Entrepreneurship has become a global phenomenon, they challenged other entrepreneurial scholars to consider the context in which it occurs, especially in the emerging markets since its nature, extent and contribution to economic development varies. The scholars further argued that there is mounting literature on entrepreneurship in emerging market economies of which the majority significantly pays unsatisfactory attention to contextual influences, which limits the contribution to mainstream entrepreneurship theories.

Therefore, entrepreneurship should be examined within the broader political, economic and social contexts in which it takes place (Baker & Nelson, 2005; Welter, 2011). This view attempts to encourage new perspectives on the role of entrepreneurship and its value to economic and social development in emerging market economies (Smallbone, Welter & Ateljevic, 2014).

Shane and Venkataraman (2002) conceptualised entrepreneurship as the process of identifying and evaluation of opportunities, exploiting the opportunities by linking them to relevant resources. Schumpeter describes an Entrepreneur as the innovator who coordinates new combinations in relation to the enterprise whilst Shane and Venkataraman focused on why, when, and how some individuals are able to discover and exploit opportunities whilst others cannot. It is envisaged that SMMEs in the emerging markets, especially South Africa, will be able to identify and exploit such opportunities provided by both the government and large corporates in the form of ED initiatives.

The GEM Report 2016/2017 survey highlighted that about three quarters of Entrepreneurs in the factor-driven economies during their early stage of entrepreneurial activity were opportunity-motivated rather than pursuing entrepreneurship to improve their situation. Furthermore, the report also asserted that the highest levels of entrepreneurial intention is from individuals based in Africa at 42%, whereas those in Latin America and the Caribbean demonstrated the highest capability perception of 63% and entrepreneurial intention was at 32% and was the second highest in the survey.

The above mentioned statistics about Africa demonstrates what Bandura (2001), in his theory of entrepreneurial intention, describes an intention as a proactive commitment to a future action. Entrepreneurial actions are the consequences of motivation and cognition (Urban, 2015). Ajzen's (1991) theory of planned behaviour (TPB) and Shapero's (1982) model of Entrepreneurial event (SEE) theories propose that it is critical to increase the perception of

feasibility and desirability because usually, it promotes the creation of new ventures (Krueger et al., 200: Urban, 2015).

Murimbika (2012) suggested that BRICS (Brazil, Russia, India, China and South Africa) might have been a good strategic move to come together as emerging economies, however such countries still encounter challenges of embracing and adapting to change, for instance, South Africa is facing high racial tension when it comes to economic balance, whilst countries like China and Russia are still faced with bottlenecks of moving away from a communistic and socialist orientation. Therefore, BRICKS countries, though progressing slowly in terms of economic growth, are characterised by finding it difficult to adjust to external pressure of doing business compared to advanced economies. This situation might have an impact on BRICS small business performance as they are playing a "catch-up role".

Semerci and Çimen (2017) established that provided government presents an enabling intervention, suitable entrepreneurship education and exposure to cultural and social norms, new businesses become more entrepreneurial and innovative to built a country's economic system. The scholars labelled those contributing factors as environmental incentives. Furthemore, the scholars demonstrated that the role of entrepreneurship has changed from managed economies to entrepreneurial ones, such as innovation. Furthermore, Gnyawali and Fogel (1994) suggested five elements that have an effect on entrepreneurship; namely governmental policies, socio-economic setting, entrepreneurial competencies, lastly, financial and non-financial interventions for new small enterprises. In support, the World Bank (2016) recommended that entrepreneurship becomes sustainable if the environmental incentives are functional, otherwise it results in failure of businesses, especially in emerging economies.

South Africa is seen to be putting effort in supporting the SMME environment by crafting of ED policies, government SMME agencies mushrooming all over the country, amongst the others. However, Shane (2009) challenged the recommendation by the report that institutions like government should rather put more effort in businesses with high impact to achieve the intended outcome of economic growth and jobs created because the new start-ups sometimes do not value the resources provided because of lack of experience. In support, Decker, Haltiwanger, Jarmin, and Miranda (2014) in their research on the role of entrepreneurship in US job creation and economic dynamism, debated that start-up have been responsible for about 20 percent of jobs created and high growth businesses for 50 percent of jobs created in the US which came with various dynamics instead of blindly claiming that small businesses are the engine of US job growth.

Stephens and Partridge (2011) in their study to check if entrepreneurs enhance economic

growth in lagging regions suggested that there is a positive relationship between entrepreneurship and growth in OECD regions when exposed to these environmental incentives. There is an acknowledgement that various studies before have analysed the environmental incentives of entrepreneurship, however it was mostly from the economic point of view (Meek et al., 2010). Most of the studies consider one or two environmental factors, albeit with an holistic approach of looking into cultural, economic and educational impact.

Neck and Greene (2011) have highlighted the importance of education on entrepreneurship, whilst Hechavarria and Reynolds (2009) demonstrated the importance and the role of cultural context in entrepreneurial behaviour which lead to the world paying attention to the development of entrepreneurship. Mok (2005) argued that whilst universities play a significant role in advancing entrepreneurship, the state's policies should offer a conducive infrastructure for entrepreneurs. Entrepreneurship education and training programmes were noted by Elert et al. (2015) as the effective tools to increase the number and quality of enterprises. Semerci and Çimen (2017) assessed the value of education as leading to the development of entrepreneurial skills, abilities and attitudes, which, in turn, enhances individuals' intentions to be an entrepreneur. Kolstad and Wiig (2015) supports Van der Sluis et al. (2008) by justifying that there is a substantial impact on a high amount of primary education on entrepreneurial profitability and entrepreneurial performance whilst Oosterbeek et al. (2010) argued that the relationship was insignificant and negative to start a new business. Hechavarria and Reynolds (2009) have demonstrated that cultural values could play a key role in identifying entrepreneurial actions.Semerci and Çimen(2017) concluded that OECD countries' educational and cultural backgrounds are perceived as key factors in generating, implementing and achieving intended results, however it might be out of government control.

Kuratko (1990) and Urban (2010) asserted that various scholars have studied entrepreneurial orientation of new venture creation, examining several ideas, such as proactiveness, risk-taking and innovation, however few scholars have paid attention to the entrepreneurial intensity of small business in the emerging market, albeit entrepreneurial behaviour leading to high performance. This study envisages that the role of entrepreneurial capabilities and SMMEs monetary and non-monetary support may lead to successful entrepreneurship in terms of growth performance since it may have impact on the number of jobs created and increased turn-over. This concurred with the theory of early growth by Penrose (1959) which asserted that business should access, mobilise and employ resources before they can themselves breed resources for growth.

According to Fauchart and Gruber (2011) classical entrepreneurship theory asserts that

financial gain is the main motivation for business ventures, however Ratten (2014) in his study on encouraging collaborative entrepreneurship in developing countries, argued that in recent times, focus is moving towards the non-financial reasons for entrepreneurship due to the evolving world economy. Ratten (2014) formulated a collaborative entrepreneurship concept and its relevance was focused on developing countries, due to its link to innovation and new business venture creation. Collaborative entrepreneurship encompasses the creation, discovery and exploitation of opportunities in developing countries in order to generate future growth (Shane, 2000). The collaborative process of entrepreneurship comprises partnerships developing from two or more parties that aspire to create beneficial results which includes cultural and social services that can encourage business collaboration.

The scholar established that the majority of entrepreneurs in developed countries have been characterised as cherishing individualism rather than collective approaches to business, compared to developing countries. Collaborative entrepreneurship is a process that is engaged in using networks to produce a better decision outcome in relation to new business ventures whilst Gilmore and Carson (2007) maintain that collaboration aids to preserve awareness about market related issues in relation to business. This argument demonstrates the value of partnership that can be brought by the two parties in the ED relationship: the measured entity and the potential beneficiary. Network relationships in developing countries can assists in readdressing institutional weaknesses by linking firms with resource capabilities (Ratten, 2014).

In conclusion, uplifting entrepreneurship and supporting entrepreneurship will lead to job creation in South Africa (OECD Report, 2017). Compared to other emerging economies, the South African entrepreneurship level is low. Red tape, the poor quality of the education system and limited work experience were cited as some of the challenges contributing to gaps in entrepreneurial skills. This is in contrast with the entrepreneurial human capital theory which asserts that human capital (education, training and experience) is the main source of economic growth (Barreira, 2015; Rocha,2004).The OECD report did acknowledge that the South African government has policies that provided financial and non-financial support to SMMEs, however, an absence of co-ordination and evaluation hinders effective policy-making.

2.4 Enterprise Development (ED) Framework and Context

Enterprise development is defined as the action taken by one, usually larger, entity to invest time and capital in assisting small businesses to improve their businesses

(http://www.UniversityofStellenboch.org.za) whilst Ryan (2012), in his thesis on ED, justifies this definition by describing ED as one of the key drivers capable of generating the necessary stimulation to drive black business development. This intervention will lead to SMMEs becoming financially and operationally viable and stimulate economic growth. ED is when government or the private sector provides an enhancing environment to stimulate growth in small business. The International Labour Organisation (ILO, 2013) described ED as the process of providing equity to small firms and mentoring facilities and programmes, amongst others, and most importantly, the provision of loans for existing businesses . Furthermore, the report points out that ED is critical for supporting SMMEs and can be a tool to achieve Millennium Developmental Goals by developmental countries. Investing in Enterprise Development is the vehicle to generate wealth, create jobs and improve social and economic conditions. Therefore, economic growth, accomplished through ED, is a strategic component to meeting MDG goals. In addition, the World Bank (2007) argues that, according to their statistics on gender imbalances, women have a higher unemployment rate compared to men, in every country. The Bank responded by placing monetary resources in the hands of women and provided micro-finance to women, and it has become a priority to donors and government agencies.

Table 2.1: Key changes between the revised codes of 2007 and 2013

	Weight		Points
Element	2007	2013	Difference between the Current (2007) and Amended Codes (2013)
Ownership	20 (+3 bonus points)	25	+5 (no bonus points)
Management Control	10 (+1 bonus points)	15 (+ 4 bonus points)	+5 (and bonus of +4)
Employment equity	15 (+3 bonus points)	-	-15 (no bonus points)
Skills Development	15	20 (+plus 5 bonus points)	+5 (and bonus of +5)
Preferential Procurement	15	-	-15 (no bonus)
Enterprise Development	15	-	-15
Enterprise and Supplier Development	-	40 (+4 bonus points)	+40 (+4 bonus points)
Socio-Economic Development	5	5	-
Total minimal point	100 (+7 bonus points)	105 (13 bonus points)	+5 (+6 bonus points)
TOTAL POINTS	107	118	+11

Source: Adapted by the researcher from the revised code of 2013 (DTI, 2013)

One of the challenges usually raised by large firms in ED partnerships is the lack of trust with the SMMEs, especially in relation to issues of governance. This scenario highlights one of the associated risks that both parties are faced with of “weak ties” or the trust is broken during the transaction with a large firm. However, Jang, Lee and Yoon (2016) debated that the collaboration between a large firm and small firm can be achieved in open innovation projects if there is mutual trust from both parties. Adler and Kwon (2002) argue that a social network is about influence; control and power, strategic location and position are amongst other benefits. This scenario might make the SMMEs negotiate favourable terms with large firms. Lastly, Stringfellow and Shaw (2008) cite that Social Capital is about investing time, hence for ED partnerships to work efficiently, large firms have to deploy some key resources and spend some time to mentor the SMMEs, equally the SMMEs should be willing participants.

2.4.1 Value supply chain and Sustaining ED

As ED practices facilitate viable business, ED strategies are expected to add value to emerging economies by creating employment, promoting and sustaining innovative entities, providing a quality of life for entrepreneurs and growing the business (Carayannis & Zedtwitz, 2005; Mian,Lamina & Fayolle,2016). Entities and individuals or organisations who have an interest in these SMMEs are responsible for funding and non-funding support. The support will lead to the creation of jobs; more tax generated from such activities for government, and an improved standard of living. The importance of ED to SMMEs is more compelling since they have the ability to create more jobs than large entities, revenue growth and are responsible for new wealth creation for those that were previous disadvantaged.

2.4.2 Enterprise Development in various contexts: China, United States of America and South Africa

2.4.2.1 Enterprise Development in emerging economy: China

According to Zhu, Wittmann and Peng (2012), SMMEs in China contribute 60% of China’s GDP whilst Hong and Lu (2016), in their study on assessing the effectiveness of business incubators in fostering SMEs from China, deduced that Chinese SMMEs accounted for 97% of all businesses, significantly contributing 58% to the country’s gross industrial output value and responsible for more than 45% of the total taxes, and delivered nearly 65% of the urban jobs. The figures demonstrate the important role played by China’s SMMEs in driving the country’s economy and creating employment. On the other hand, Jing (2017) cautioned against the Chinese state intervention in privately owned SMMEs as being anti-competitive.

He debated that some of industrial policies do not only prejudice fair competition, but also have a negative effect on various stakeholders within the Chinese marketplace.

Hong and Lu (2016) suggested that China has since undergone major changes in its institutional and financial infrastructure within the SMME sector. The major influence was particularly due to deregulation of the dominant role of the state and its decision to open up to the global market. One of the major initiatives was through the establishment of business incubators (BI's). Chen (2006) shared the evolution of Chinese SMMEs through Enterprise Development from 1978-2002. The law led to Chinese SMMEs growing enormously in size, financially and enjoying sizeable profits. Notably, employment increased, whereby 79% of jobs were created, an increased innovation culture became visible and revised tax laws and regulatory environment also provided an enabling environment. The Chinese government might have been more hands-on in driving these Enterprise Development initiatives, compared to our South African context where the perception is that some policy implementers rather provide the reasons why ED practices cannot be executed successfully. Hong and Lu (2016) challenged that there is no clear evidence whether there was a return on investment.

The Chinese entrepreneurial scholars formulated various perspectives on conceptualising enterprise growth. Mao (2004) created a concept of enterprise growth known as Enterprise Growth Theory or "growthiness", in which the quality and quantity determines the development degree of the enterprise development. In support, Du (1996) built his debate on the Penrose Resource theory by analysing the quantity, extension, structure and management resources as contributing to firm growth. On the other hand, Zhicheng and Zhaofeng (2003) propose an "enterprise growth force" in which the scholars debated that the quality and quantity determines the development degree of the enterprise development. Du (1998) and Lin'ge (2004) argued that the enterprise growth mode is derived from three angles i.e. scale, diversification and competitive dynamism whilst Wenxian and Panfeng (2005) deduced that enterprise growth is as the result of the interactive process between scale extension, knowledge accumulation and system construction. Furthermore, Aiqi and Shenghua (2007) developed three enterprise growth mechanisms and described them as interior growth mechanism, the merger growth mechanism and lastly, network growth mechanisms. In conclusion, Yue and Handing (2013) explored enterprise development strategies in China in terms of a business life cycle and designed appropriate enterprise development strategies. Yongfeng et al. (2004) described the different stages of enterprise life cycles as cash flows, costs, profits, incomes, capital and operation capabilities, whilst on the other hand, Yue and Hanxiong (2013) identified the life cycle and its own distinct stages as survival stage, growth stage, maturity stage, and aging stage. ED has been done in China with some level of

success, however, while the principle is the same, the practice and approach in South Africa might be different, but yet valuable.

2.4.2.2 Developed Economy: United States of America (USA)

The USA is one of the countries that was able to implement Enterprise Development interventions using large enterprises to empower SMMEs, known as Minority Business Enterprises (MBE). Bates, Bradford, and Seaman (2017) suggested that before the 1970s, minority-owned firms were small in magnitude and were mostly only based in a few industries. They were characterised by cash constraints and high levels of illiteracy, in contrast to today where the owners are highly educated, have more access to finance, and lucrative opportunities to serve corporate and public-sector clients. Bates, Bradford, and Seaman (2017) reported further that almost 40% of all new small firms established nationwide in 2015, were from small business ownership and a change of mindset and attitudes in mainstream society removed traditional bottlenecks.

According to (Mahlangu,2015),the office of MBE was formed within the US Department of Commerce that led to the launching of several funding programmes to offer individual and group assistance to minority businesses (www.up.ac.za). At the beginning of the launch, the private sector was reported to be reluctant to come on board, however the establishment of the National Minority Supplier Development Council (NMSDC) in 1972, boosted the provision of increased procurement and business opportunities for minority-owned businesses of all sizes. The reason for its existence was to create a platform between large American Enterprises and MBEs to build relationships. Mahlangu (2015) reviewed NMSDC's role as having contributed immensely in increasing corporate America procurement because it acted as a bridging entity organisation that helped to promote the relationship building between corporates and minority business enterprises. Amongst other best practices observed, was the significant role played by NMSDC in providing a tight monitoring and reporting role (Shah & Ram, 2006). Whitefield (2008) challenged the institutional support that came with such mechanisms and argued that some senior private management teams regarded the framework as only for compliance or as a strategic tool, however, King (2009) cautioned that most Fortune 500 companies use a supplier diversity programme and the minority businesses engaging with such firms continue to thrive. The above argument supports the hypothesis that ED adoption by corporates will leads to SMME performance growth.

Underlining Mahlangu's assertion, Shah and Ram (2006) had earlier commissioned a business case of three multinational companies that were reported to engage in ED practices and demonstrated some successes: JP Morgan, Ford Motor and Unisys. The research was

about exploring the receptiveness of large corporates to their SMMEs, commonly known as MBEs. JP Morgan explained that the consumer power mostly dictated the formation of business relationships with MBEs; Ford Motor was the first multinational company to drive this ED agenda and recommended the investment in communities through enterprises as the main motivator, whilst Unisys justified that its Mentor-Protégé model to MBEs worked better for them. Shah and Ram (2006) resolved that this transformative process became such a huge accomplishment and the United Kingdom (UK) ending up adopting the process as well.

However, Bates (2001) cautioned that as much there is a strong case of affirmative action procurement in the USA, there is some evidence of an embedded “old-boy networks” inhibiting MBE expansion into mainstream markets. Furthermore, Bates (1995) argued that Minority Business Enterprises (MBE) are not as successful as reported in the literature, due to their blemishes in intent, design and implementation, such as funding in the overcrowded businesses that do generate profit, small loans to barely sustainable businesses and a high rate of default payment which prevents relending. On the other hand, Shelton and Minniti (2017) concluded that the USA government, over the past few decades, has advanced commercial supplier diversity initiatives to overcome the barriers faced by minority firms. There is a rapid expansion for high growth businesses and established viable businesses which has been accomplished through the State expanding access to information and by providing incentives to key resource providers. According to Shah and Ram (2006), the US success demonstrates the importance of ED and should be inspiring for a developing country like South Africa.

2.4.2.3 Emerging Economy in Africa: South Africa

ED Contributions/Initiatives in a South African context refer to monetary and non- monetary or both, contributions transferred to Beneficiaries (SMMEs) by a Measured Entity (Corporate) with the intention of developing and sustaining the SMME’s financial and operational efficiency and independence. There is a plethora of other pieces of legislation that have come into effect in South Africa since 1994 within the space of entrepreneurship and small business development (Sorey, 2016; Rogerson, 2013; Pooe, 2016). Amongst others were the development of the white papers, such as National Development Plan (2030) which is a strategy to completely remove poverty and reduce inequality by 2030; the National Small Business Act 102, of 1996 as amended in 2004 is enabling legislation that was created to promote entrepreneurship and SMMEs by creating supportive structures, such as Khula Enterprises.

A ten-year review on the status of SMMEs in South Africa resulted in the development of the Integrated Strategy on the Promotion of Entrepreneurship and SMMEs. The strategy was meant to create more jobs and income for the SMMEs and furthermore, to create more demand for services and products (DTI, 2005).

Enterprise development came as an effective tool to fast-track and advance economic transformation by the South African government. A number of policies have been put in place to that effect, such as the Amended Codes of 2013 to promote the participation of previously disadvantaged individuals in the South African economy (Urban et al., 2015).This was followed by the Industrial Development Policy to intensify South Africa's industrialisation process to build the knowledge economy's greater level of participation by previously disadvantaged people in industrial projects. The Strategic Framework on Gender and Youth, and Rural Development Economic Empowerment highlights the interventions and the platform created by government and other structures to expose the aforesaid stakeholders, namely, women e.g. Women in Energy and Youth in Mines. Subsequently, the Ministry of Small Business Support was established in 2014, to enhance enterprise development initiatives throughout the country (Pooe, 2016). ED could potentially provide the boost South Africa needs from SMMEs by creating jobs and improving turnover, however, it is envisaged that corporate South Africa truly adopts the concept regardless of the challenges faced by SMMEs. In South Africa, the composition of an ED strategy will be informed by a number of factors, such as the size of the ED budget and whether the objective is to invest in building businesses in the corporate value chain, or outside of the value chain (DBSA, 2011).

2.5 ED Approaches and Support Strategies

2.5.1 ED Approaches and Strategies in South Africa

South Africa proposed the evolving approach which consisted of mostly monetary (financial) contributions on the extreme left, and mostly non-financial (monetary) on the extremely right and the combination of the two contributions to make it a hybrid. There are two parties at stake during these enterprise relationships transactions: the Measured Entity (Large Corporate) and the Qualifying Beneficiary (SMME's). According to the Construction Sector Charter (2015), the relationship is about the creation or development of capacity and expertise for the Qualifying Beneficiary which was not previously offered. This is implemented through a Benefit Matrix Factor Analysis in which contributions made are claimable under the Statement Construction Sector Code (CSC) 400 Construction Charter (2016). During an ED transaction from the Measured entity (Corporate) to a qualifying enterprise, the revised codes of 2013 prescribe a written signed contract which should be valid at least for a minimum of three years which

identifies specific needs and interventions for the qualifying entity (SMME) engaged in the ED partnership. ED is a significant and Priority Element on the Amended B-BBEE Codes of Good Practice (DTI, 2013). Government utilised a carrot and stick approach by providing Measured Entities with the highest ED scoring element under the revised BBBEE codes with 40 points. This is the largest and the maximum score combined with Supply Development for corporates engaging in ED partnerships. The corporates that do not attain a subminimum of 40% for Enterprise Development have their B-BBEE Score discounted to the level below.

The South African government, like many other governments from other countries, established incubation centres as tools to cultivate innovative ventures in order to promote economic development and job creation, thus seen as essential for entrepreneurial infrastructure and performance (Masutha & Rogerson, 2014). The scholars further observed the involvement of the private sector in instituting incubation centres by 2012, such as Shanduka Black Umbrellas, Raizcorp, Aurik, Sasol Chemcity and Maxum (Innovation Hub), amongst others. The financial contributions include amongst others, access to loans, grants, developmental finance e.g NEF, SEFA, NYDA and non-financial contributions, e.g. TEA is training interventions and incubations, such as Raizcorp, entail a hybrid model which consists of a combination of both financial and non-financial resources, as well as sector development e.g., Edge group. The interventions and ED programmes are expected to enhance the performance of SMMEs and contribute to their growth. Incubators as an ED vehicle ensure that new ventures will become independent and self-sustaining businesses after their graduation from the programme (Hong & Lung, 2016; Grimaldi & Grandi, 2005).

A variety of agencies were created to execute the small development strategy (GEM, 2014; DTI, 2008). Some of the government agencies were created and others were merged according to the similar services offered. Regarding financially related services, agencies such as the Small Enterprise Finance Agency (SEFA) merged with the South African Micro-Finance Apex Fund (SAMAF) and Khula, offering finance of less than R3 million. Exploring developmental finance, South Africa has agencies such as the National Empowerment Fund (NEF), which offers both financial and non- financial support whilst the Department of Science and Technology (DST) was established to promote innovation. Lastly, we have agencies that promote Women, Rural Development and Youth such as National Youth Development Agency (NYDA), Lima Rural Development Foundation amongst others. The South African ED policy conditions are aids for ED practices to prosper, however they should be economically driven and the ED related approach should be effective and efficient and go beyond issuing financial and non-financial support.

Table 2-2 displays ED contributions/ initiatives (monetary and non-monetary) as proposed by the amended codes of 2013, which have been considered by this study (DTI, 2013). The table compares the old codes of 2007 and the amended codes of 2013. The matrix is known as the Benefit Factor matrix. A notable change is the major difference in the recognition for anything other than direct grants which has been reduced and lastly, early payment terms which has been over-used under the old Codes, is currently limited to 1.5 points (www.semenya.co.za).

Table 2.2: Comparison of old and new Benefit Factor Matrices

Qualifying contribution type	Contribution Amount	Old Codes recognition	New Codes recognition
Grant and related contributions			
Grant contributions and direct costs incurred for support	Full grant amount / verifiable cost	100%	100%
Discounts in addition to normal business practice	Discount amount	100%	100%
Overhead costs incurred in supporting enterprise development	Verifiable cost	80%	70%
Loans and related contributions			
Interest free loan with no security requirements supporting ED	Outstanding loan amount*	100%	70%
Standard loan to black owned small businesses	Outstanding loan amount*	70%	50%
Standard loans to other beneficiary enterprises	Outstanding loan amount*	60%	N/A
Guarantees provided on behalf of beneficiary	Guarantee amount	3%*	3%*
Lower interest rate (provide rate in addition to loan value)	Outstanding loan amount*	Prime-Actual	Prime-Actual
Equity investments and related contributions			
Minority investment in black owned EME and QSEs	Investment amount	100%	70%
Minority investment in other beneficiary enterprises	Investment amount	80%	80%
Enterprise development investment with lower dividend to financier	Investment amount	Ord div rate-actual	Ord div rate-actual
Contributions made in the form of human resource capacity			
Professional services rendered at no cost or at a discount and supporting ED	Hourly rate / discount value	80%	60%
Employee hours spent assisting beneficiaries	Monthly salary / 160	80%	60%
Shorter payment terms (must be within 15 days) – **limit of 1.5 points**	Max 15% of invoice value	Unclear	Max 15%

* The average value of loans is based on the amount outstanding during the year and the number of months over which it was extended

source:(www.semenya.co.za).

2.5.1.1 Hybrid Initiatives

Masutha and Rogerson (2014) suggested that South Africa has benchmarked itself internationally and adopted business incubation as a strategic tool for assisting the sustainability as well as building the unique competitiveness within the SMME sector. The provision was made for SMMEs to increase financial and non-financial support, to generate a demand for the products and services provided by the SMMEs and to reduce regulatory constraints (DTI, 2008). Enterprise development continues to assist and accelerate the development to enable the ultimate financial and operational independence of SMMEs through monetary and non-monetary contributions made by corporates. The outcome is that it reduces their participation in conducting business with government. Thus, South Africa

envisages improving black people's participation in the economy through the incubation of small businesses.

According to Fatoki and Garwe (2010), about 75% of new SMMEs in South Africa do not survive 14 months beyond their establishment. Frohlicher and Pothering (2013) in the *Enterprise Development Report,* recommended that ED should be propelled with an investor's mindset. The corporate sector should adopt an impact investing approach, by building lasting small and sustainable businesses, while also reflecting their own interests. At the same time, Masutha and Rogerson (2014) formulated that Corporate commitment in ED is displayed through the private-sector involvement in business incubation and is reflected in the institution and development of private sector business incubators. The services offered are predominantly skills transfer, supplier development and marketing assistance (Fourie, 2015). Additionally, Masutha and Rogerson (2014) suggested small business incubators offer business support, technical support, financial support and networking relationships. The scholars justified that there is adequate evidence that access to infrastructure, business advisory services and access to markets were amongst other challenges faced by incubators before joining an incubator, however, there were tangibles benefits, such as financial support after joining incubation. Ravjee (2013) asserted that networking with potential clients and other businesses is one of the benefits of being an incubatee, however there is no adequate evidence of cooperative partnerships being formed between enterprises.

Business incubation is defined by the DTI (2013) as providing a nurturing, enlightening and enabling environment for entrepreneurs during the critical stages of starting up a new business whilst Deley (2012) clarified that the definition of incubators differs according to the service they offer i.e Business Accelerator, as it accelerates start-ups by offering instant knowledge, support services and resources and is highly adaptable and diversified. Deley (2012), in his study on rapid incubation in Sub-Saharan Africa, deduced that many of these collapses could have been prevented if SMMEs had received handholding support by an institution having specialised incubation programmes. The main objective of an incubator is to produce and sustain small firms with an array of targeted resources and services. In addition, the incubators have the potential to create jobs, develop or commercialise new technologies, and strengthen local and national economies in Southern Africa.

The model of Rapid Incubator is founded on self-employment generation among aspiring start-up entrepreneurs, to fast-track the development of new entrepreneurs and lastly, to boost the development of small enterprises. Therefore, Enterprise development is one of the 'push' areas for economic development of any country, which can be accomplished by way of

providing hand-holding support to the budding entrepreneur; the incubator serves as a meditating agent between the SMME and the environment within which it is found, to prevent the possibility of market failure (Grigorian et al., 2012).

Murimbika (2012) recommended that the business environment plays a significant role for firms because it may influence the issues of sustainability, performance, and wealth creation capabilities. This is informed by the strategic management of the firm (Hitt, et. al. 2007; Eisenhardt & Schoonhoven, 1996). He argued that the growth of enterprise depends on the firm being strategic and entrepreneurial. Although the scholar was not referring to SMMEs in particular, however the principle remains the same, the SMMEs learn and adapt to become competitive and identify and exploit opportunities during the incubation period which in turn, leads to growth performance. Small business incubators are targeted as strategic tools to assist entrepreneurship and specifically to overcome the challenges faced by SMMEs, such as the high mortality rates during their early and most vulnerable stages of development (InfoDev, 2010a; Masutha & Rogerson, 2014).

Chiramo (2014) in his study on the impact of enterprise development from one of the longest serving innovation hub known as TIHMC, constructed that the variety of services provided by the incubation had directly or indirectly contributed to either job creation or job sustenance amongst the incubatees that were under study. The study indicated that 821 jobs were created between the years 2001-2011. The implication is that 0.10% of the total number of jobs created (800 000) by the Gauteng Provincial Government (GPG) in the same period demonstrate a substantial entrepreneurial growth performance (Mokonyane, 2014). Notably, this is a state-owned innovation incubation, however one cannot ignore its accolades. Poor documentation of the existence and viability of incubation centres are some of the concerns raised as this results in a lack of empirical research to guide policy interventions (Chiramo, 2014).
Fourie (2015) in his research, raised some concerns about entrusting too much responsibility to business funding to some incubation centres that are not financially self-sustainable themselves, and may lead to cannibalism. In support, Darrol (2015) resolved that there is an absence of uniform measuring tools to measure incubator success though SMMEs in South Africa and suggested less remarkable results.

The GEM Report (2016/17) advocated for experiential incubators and accelerators that could provide new entrepreneurs with a supportive environment in which to nurture their entrepreneurial skills, however they are required to be easily accessible to potential entrepreneurs to acquire new business opportunities, as well as to enhance the skills already obtained.

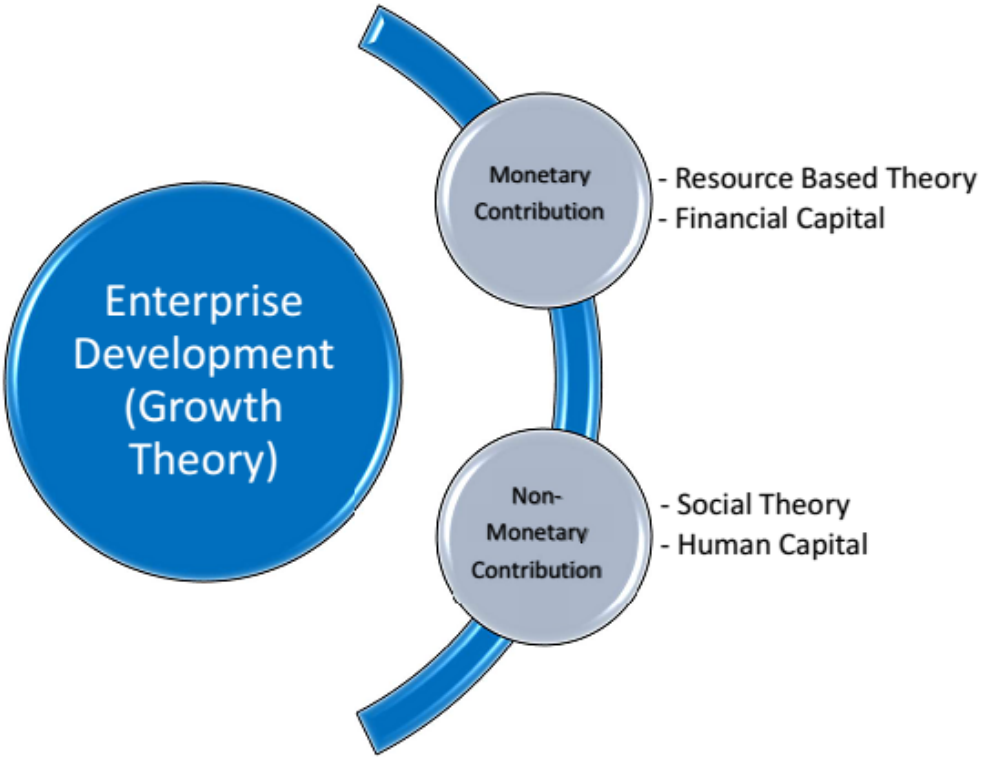


Figure 2.2: Hypothesis HI illustration

Hypothesis 1: There is a positive and significant relationship between the adoption of ED initiatives by participating corporations and the growth of beneficiaries SMME

2.5.1.1.1 Resource-based Theory (RBV)

Goh and Loosemore (2017) argued that RBV indicated that the resources possessed by a firm are the main determinants of its competitive advantage. Furthermore. they have postulated that these resources include, amongst others, financial, physical, technological, organisational, human, intellectual and social (Rumelt, 1984; Wernerfelt, 1984; Barney, 1991). Scholars debated that resources are the tangible (firm's financial capital) and intangible assets (firm's human capital) that firms utilise to visualise and implement their strategies. The RBV theory challenged that the firm's sustainable competitive advantage is exploited when these resources are rare, valuable, inimitable, non-tradable and non-substitutable, as well as firm specific (Barney, 1991; Makadok, 2001). According to Crook et al. (2008), the firms should develop and protect resources that possess these attributes.

Penrose (1959) asserted that the firm's unique tangible and intangible assets can create high returns for the firm. Garney (1998) builds on Penrose's work by suggesting various stages of the resource cycle (resources access, mobilisation, generation, maturity and reversal. The limitations against this approach were that there are few firms that sustain this growth using existing competencies to achieve leverage and access markets.

RBV as a theory and contributing to the field of strategic management has been in existence for decades with the question being posed by scholars; "Why do some firms persistently outperform others" (Barney & Arikan, 2001). According to Lowell and Busenitz (2001), RBT is about an individual having the specific ability to recognize resources and assemble those resources into his firm to produce heterogeneous outputs that are of value to the market. Shane and Venkataraman (2010) also argue that most entrepreneurial scholars focus on performance of the Enterprise instead of focusing on the role Entrepreneurs play in discovering opportunities and converting the inputs into outputs (Schumpeter, 1934).

Resource-based theory, amongst other assumptions, has adopted what is referred as Resource heterogeneity (competing firms may acquire various packages of resources) and Resource immobility, referring to these resource differences that may be retained (Barney, 1991). Resource-based logic can help identify what the most critical resources controlled by a firm are, and thereby increase the likelihood that they will be used to gain sustained competitive advantages. Barney and Arika (2001) recommended that Resource-based logic

can also be used by key executives to safeguard, nurture and support those resources that are the sources of a firm's current competitive advantage.

Campbell and Park (2016) proposed that the U.S. based SMMEs are renowned to provide an essential resource to the U. S. economy (48%) but not all of them become successful. Failure can be attributed to several factors, including financial (Lussier & Halabi, 2010; Van Auken et al., 2009) and non-financial. Resource-based view of the firm (RBVF) monitors performance from internal resources whilst other perspectives propose the significance of society (Besser & Miller, 2004), external stakeholders (Preble, 2005), and corporates (Niehm et al., 2008), as having an influence on improving small business performance.

The Resource based theory comes with its own limitations whereby scholars such as Akio (2005) argues that the RBV has disregarded the role of entrepreneurial strategies and entrepreneurial abilities as one of the critical sources of the competitive advantage of a firm. He further debated that a firm's main source of competitive advantage is not the heterogeneity of its resources and dynamic capabilities, but the abilities of the entrepreneur to recognise and apprehend the future value of these resources to meet a firm's vision and strategy. Amongst other limitations presented by Barney (1991) against RBV, was that success could be ascribed to a number of reasons other than the unique resources of the firms. He argued for the non-accountability of depreciation resource value. According to Akio (2005), industry-specific factors, other than exploiting the current resources, were identified as contributing factors to the firm's competitive advantage other than exclusive exploitation of competitive advantage. He concluded by stating that what might be perceived as competitive advantage from unique resources could be nullified or even transformed into a weakness at a later stage.

Kraaijenbrink, Spender, and Groen's (2010) main critique against RBV is based on RBV's basic concept, popularly known as resource and value and a firm's competitive advantage. The scholars criticized a firm's competitive advantage as being narrowly explained by RBV's scholars and the unspecified nature of resources and value. In addition, the RBV community has retained an inappropriately narrow neoclassical economic rationality, therefore it has diminished its opportunities for progress over the years (Kraaijenbrink, et al., 2010). Academic scholars of note such as Foss and Knudsen (2003) and Spender (2006) justified the improvements and amendments of RBV. The literature divides the critiques into eight main categories; stated as the RBV as not having managerial implications, the RBV infers unlimited regress, the RBV's applicability is severely limited, SCA (sustained competitive advantage) is not attainable, the RBV does not qualify to be a theory of the firm, VRIN/O (valuable, rare, inimitable, and non-substitutable resources and capabilities) is neither crucial nor satisfactory

for SCA, the value of a resource is too indeterminate to offer for valuable theory, and the definition of resource as being unpractical. Kraaijenbrink, Spender, and Groen's (2010) assessment on RBV was concluded by proposing the RBV is to advance into a more comprehensible and managerially appropriate theory of competition management. Newbert (2007) noted that firm dynamic capabilities are the primary drivers of a competitive advantage.

The researcher based his argument on citing that the relevance of organisational capabilities is based on competitive heterogeneity. Whilst Lee (2008) focused on strategic management tools and alliances that give a firm a competitive edge, Barney (1991) on the other hand, emphasises the distinct attributes for competitive edge as valuable, rare, imitable and hard to substitute.

Figure 2-3 demonstrates a rapid incubation model applied for the SMMEs in Sub- Saharan Africa countries.

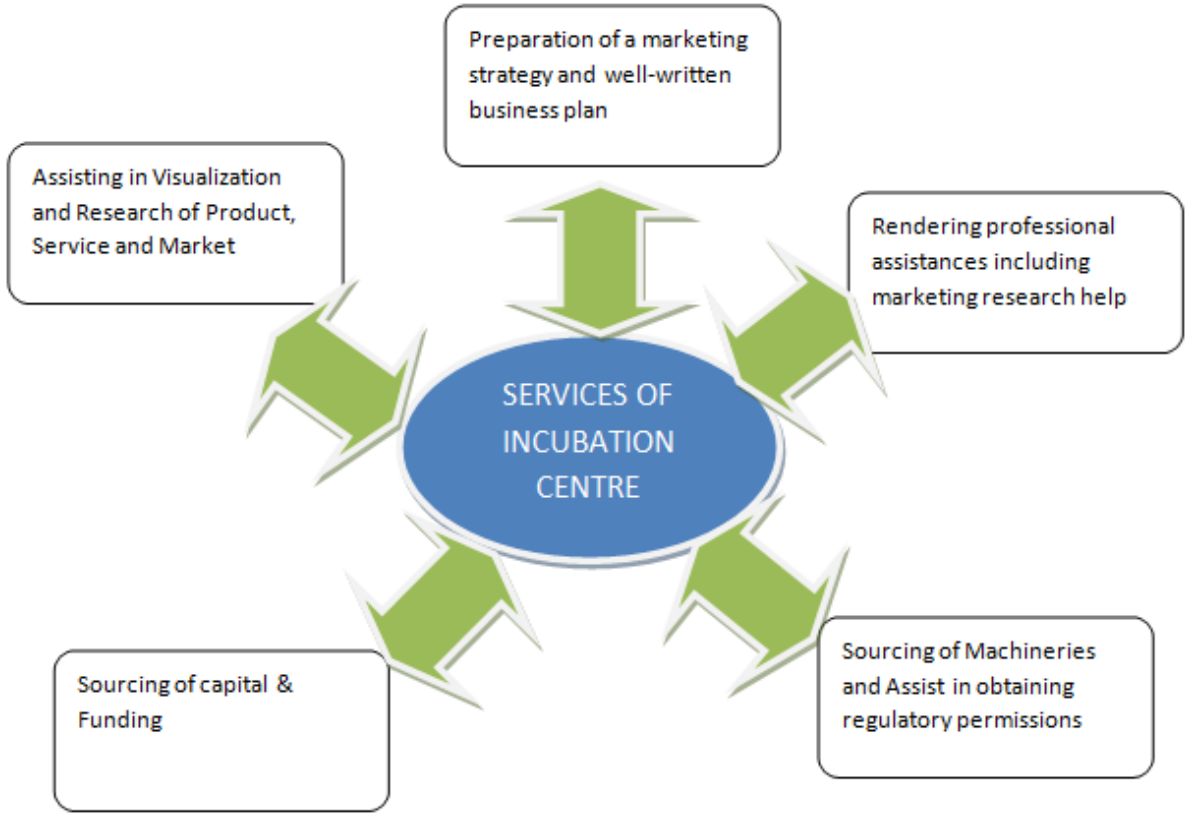


Figure 2.3: Rapid incubation model for SMMEs

2.5.1.2 Non-Monetary Initiatives

Ipinnaiye, Dineen and Lenihan (2017) debated the need for non-financial support of SMMEs, such as training to build capacity. The researchers, in their study findings, argued that training

investment boosts SMME growth and enables firms to maximise the benefits that may be associated with increased investments in R&D. Mbonyane (2006) supported by Fatoki (2014) contend that the most common causes of business failure in South Africa is not exclusively due to lack of financial support, however it may be related to lack of knowledge of legal matters and general lack of business acumen. Boeker and Wiltbank (2005) argued that poor market conditions, capitalisation, management strategy and key people incompetence lead to business failures. Quartey and Abor (2010) suggested that some research has displayed that a large number of small enterprises fail because of non-financial reasons. They asserted that SMMEs faced other constraints i.e. lack of access to appropriate technology, institutional capacity and lack of management skills and training, amongst others. However, there was also an acknowledgement from Green et al. (2002) that financial aid plays a significant role in being the "glue" that holds together all the diverse aspects for small business development and growth. Fatoki (2014) suggested that, amongst reasons behind the failure of new SMMEs other than finance, may be factors such as crime, corruption, weak property rights and contract enforcements and an education system that does not promote entrepreneurship. The scholar noted that institutions surrounded by political and civil problems strain new venture survival.

In the South African context, non-monetary contributions are defined and measured as time spent by staff or management of the Measured Entity (Corporate) in a Beneficiary's site (SMME) by implementing the identified operational needs (DTI, 2013). Such Enterprise Development activities are about delivering interventions, through improvements in productivity, training and/or mentoring of Beneficiary Entities. The measured entity (Corporate) in this instance, is envisaged to spend a minimum of twelve days per annum of coaching time in assisting the beneficiaries to increase their operation or financial capacity. The value-add is to retain its BBBEE recognition level. Job creation, comprising 50% black people, is one of the desirable outputs that is formulated and required to be maintained during the ED partnership. Professional and consulting services such as Information Technology (IT), Human Resources (HR), Legal Services, Licencing and/or Registration fees, are amongst the services recommended by the amended codes (2013).

The rationale behind formal mentoring is industry related in which productivity and efficiency improvements are enhanced at a strategic level. Shah, Othman and Mansor (2017), in their study on the effects of mentoring and organisational performance in small businesses, asserted that business coaching leads to improved sales turnover, improved after-tax profits and increased employment. SMMEs have demonstrated that they do not only offer services to customers, but have the capacity to act as supplier and distributor to big business (Perks &

Oosthuizen, 2013). The value stated justified the correlational relationships between the two entities i.e. the large and small business.

Shah, Othman and Mansor (2017) also highlighted that business mentoring of small businesses could prevent costly mistakes during the most difficult and intense period of the business cycle. Enhancement of performance is one of the benefits of business mentoring. The benefits of mentoring as an effective strategy in growing retention levels among small and medium enterprises presents an abundance of unique possibilities and experiences that have both internal and external impact for the fundamental aspects of an organisation. In favour of the above argument, Jean and Audet (2009) ascertain that SMME mentoring can lead to competent business traits such as creating a successful business system, appointing capable employees, identifying and selecting prospective customers, authenticating new products, and negotiating business contracts and payment terms, amongst others. The professional support goes beyond career support and emotional support and extends to role modelling support to the inexperienced or low experienced entrepreneurs, which aid the success of organisations (Jean & Audet, 2009).

Considering the debates put forth, mentoring proves to be an innovation in refining the performance of small firms. Cacho Utrilla and Torraleja (2013) in their study conducted on 630 small companies, confirmed that there is a positive relationship between mentoring and the performance of businesses. These results were confirmed by Lee (2016), in a similar study conducted in Taiwan, that organisational performance also increases with the prospect of mentoring.

However, a caution was made by Kumar et al. (2013) against the mentoring relationship that does not help in the enhancement of learning to be justified as dysfunctional. Some scholars believe that unique personal abilities and characteristics build a successful entrepreneur and effective organisational performance rather than other factors. The Resourced-based theory deduces that unique cognitive infrastructure or knowledge structures are essential for firms to react to environmental turbulence whilst Mentoring programmes assist to create and improve knowledge of the competitive environment, including building of human capital inside the organisation, leading to the facilitation of partnerships, strategic change, problem solving, innovation and change, and better project management.

Field et al., (2011) also recommended that introducing long-term repayment plans to women-owned business can stimulate more business activity and lead into long-term business investment plans. On the other hand, there is also limited proof that access to finance, either as a loan or grant, alone could lead to sustained increases in the revenues or profits for

women's microenterprises (Buvinic et al., 2013; Mehra et al., 2013; Bandiera et al., 2013). This suggests that when it comes to business growth, finance alone is not adequate to make long-term business investments or to overcome other constraints that may limit a firm's business growth potential. Storey and Wren (2002) conducted a study in the United Kingdom (UK) which measured the impact of soft support on small business performance. The study, known as UK Enterprise Initiative, similar to the ED Initiative in South Africa, evaluated the services offered by private consultants in assisting towards marketing, considers the assistance for consultancy advice provided towards marketing advice under the UK Enterprise Initiative and its effect on sales turnover, employment and survival. One of the outcomes in the research was that the intervention did not produce significant results in the smaller firm, however the impact could be seen on medium-sized businesses improving survival rates by about 4% over a longer period of time and increasing growth rate in surviving by up to 10%. The study attempts to demonstrate that the size of the SMMs does matter when such non-mentoring interventions are applied.

Harrington (1999) defined entrepreneurial mentoring as entailing one entrepreneur acting as a guide, assisting to oversee the career and development of a less experienced entrepreneur. It is still characterised by a mentor-protégé' relationship, however the relationship mentor and mentee are often treated as equals and each party conveys different perspectives and knowledge, and in many cases, mentees will establish the goals, unlike in other relationships that are determined by the mentor. In the article on Entrepreneurial Mentoring, Harrington assessed the attention of entrepreneurial mentoring as being on: mentee entrepreneur's personal development, professional development and mentee's firm. The study looked at the top 100 high growth firms that were mentored, and found that the SMMEs from Northern Ireland that ran the key mentoring programmes had increased sales turnover by 3.3 per cent, an increase in after-tax profits of 17.9 per cent and increased employment by 6.1 per cent. A well-established firm in Northern Ireland, known as Business to Business, committed to mentor SMMEs by investing in a variety of non-financial resources during their periods of growth. Northstar Mentors, as another example, was prepared to improve their competitiveness and to overcome obstacles to growth. Entrepreneurial mentoring suggests assisting these entrepreneurs in assisting SMMEs to step outside of their daily roles and to take a more strategic approach to their businesses. However, some of the challenges of entrepreneurial mentoring are that some mentors have inappropriate experience and skills, a lack of flexibility, mentors delegate too many tasks and lack structure. Chao et al. (1992) asserted that regardless of the above shortcomings, mentoring still have significant effects on the positive performance of entrepreneurs, not only in Nigeria, but in the global environment.

Egwu (2012) described mentorship as a business survival strategy which provides success and sustainability to small business. The emerging nations used business mentoring to ensure the acquisition of business knowledge and skills to stimulate corporate citizenship and self-efficacy in businesses. In his study to ascertain if there is a positive relationship between business mentoring and performance, and in which the outcome was negative, the researcher challenged the outcome of the results by arguing that although mentoring has been effective as a strategy for small business performance in Nigeria and in Africa as a whole, however if there was an absence of a framework of attitudinal change, it would not produce a favourable result, therefore, the scholar is addressing another area with regard to attitude which need to be recognised during business mentoring. The researcher concluded by deducing that mentoring does change upcoming entrepreneurs into excellence by exploring and unleashing their capabilities, skills and capacity to grow their businesses and to compete globally (Egwu ,2012).

2.5.1.3 Monetary Initiatives

Monetary contributions are the provision of funds directly or indirectly in various forms by the Measured Entity (Corporate) into the Beneficiary (SMME)'s operational activities (DTI, 2013). The contributions may be in the form of loans, guarantees given or security, credit facilities, grants, direct costs, indirect costs, overhead costs, preferential credit terms, maintenance discounts cost, and access to credit.

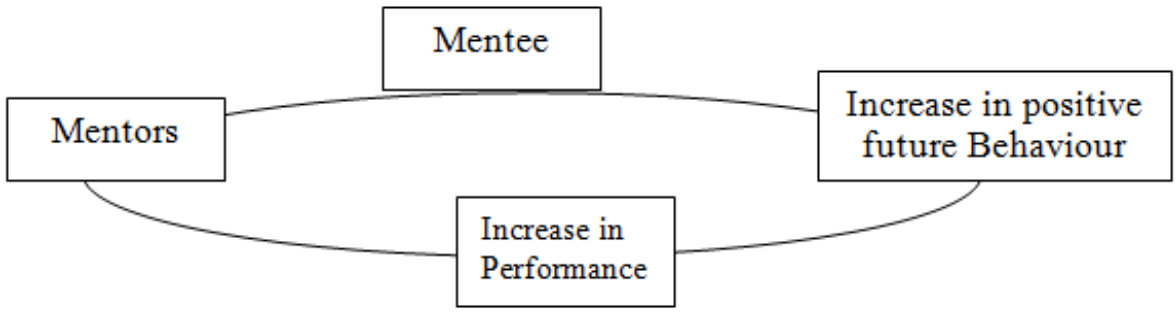


Figure 2.4: Relationship between a business mentor and mentee and how the positive behaviour could improve business performance

According to Rahaman (2010), finance is the most critical part of business operations and without acceptable access to finance, the survival of the small firm and its potential for growth is threatened. During a comparative study between Ghana and South Africa that was conducted by Abor and Quartey (2010) regarding issues that affect SMMEs growth, the scholars noted a lot of similarities between the two countries, other than that they differ in size and regulation. SMMEs indicated the lack of access to funds as a major constraint. Shortage or lack of funds may be the instant reason for a business failure, even when there may be

other more obvious reasons located elsewhere, such as keeping of proper records and access to the market.

It has been noted by Abor and Quartey (2010) that the performance of SMMEs from both countries is characterised by lack of access to appropriate technology, limited access to both local and international markets, the existence of rules and laws that governed businesses, weak institutional capacity and a lack of training and coaching. Nevertheless, access to finance was the greatest constraint for the majority of SMMEs. The scholars established the significance of finance as being a critical feature for the development and performance of small and medium-sized enterprises. This supports Cook and Nixson (2005) who emphasised that lack of access to finance, shortage of managerial skills, lack of training prospects and high cost of inputs were highlighted as inhibiting growth in SMMEs from the developing countries, though Green et al. (2002) debated that finance was highlighted as the most significant constraint for the SMME sector. Beck (2007) asserted that there is empirical evidence that SMMEs are more likely to be constrained by finance compared to large firms. Likewise, tax rates, competition, and political factors are amongst the other factors that contributed to SMMEs poor performance, however, access to finance was rated as the highest barrier.

Recently, Abour, Iddrisu and Quartey (2017) resolved that barriers including those created by commercial or equity banks, institutional inadequacies and SMEs themselves have been the main challenges. Additionally, the scholars described SMMEs in Sub-Saharan Africa (SSA) as primarily being unable to provide the required collateral that large firms have in acquiring formal banking sector loans and at the same time, are too large to qualify for micro-finance loans and forms of financial support schemes. The researchers referred to such SMMEs as the ‘Missing Middle’ in the space of financial inclusion or access to financial services. The scholars clarified that SMMEs’ lack of financial access is as a result of the perceived risks for provision of finance in Africa, compared to other regions and the global perception of SMMEs as being riskier, compared to larger firms.

There is a recognition that the market is continually failing to supply SMMEs with adequate access to finance that has resulted in important resources continuing to be directed into the financing of the SMMEs sector in developing countries. Beck et al. (2005) indicated that the World Bank has approved about $10 billion in SMME support programmes in the past five years, and 80% of the total fund entails direct financial assistance. Therefore, there is an important link between financial development and poverty reduction through the growth of SMMEs. Insufficient access to credit and other financial services from formal funding institutions has long been recognized as a bottleneck on the expansion of the SMMEs sector.

Beck and Cull (2014) argued that SMMEs in SA are less likely to have a loan than those in other developing regions of the world. Ghandi and Amissah (2014) concluded that the result of SMMEs' exclusion from access finance is the lack of provision of financial records, quality collateral and credible credit references. The data from the World Bank's Enterprise Survey (World Bank, 2015) illustrated that Ghana, Kenya and South Africa, respectively, displayed access to finance as a barrier to SMME growth however Kuntchev et al. (2012) observed a strong correlation between the size of a firm and their access to credit. Small firms are likely to face more credit constraints compared to larger firms. Finance was identified as the "glue" that holds together all the different aspects involved in small business start-up and development (Green et al., 2002).

The above views confirm that monetary contributions or initiatives can be used as a variable to predict future performance of SMME growth. The argument supports hypothesis 2 that monetary ED adoption leads to SMMEs growth.

2.6 SMMES' Entrepreneurial Performance

2.6.1 SMMEs and Job creation

According to Abor and Quartey (2010), 90% of private business comes from SMMEs and they contribute to more than 50% of full-time employment and the GDP in most African countries (UNIDO, 1999). Various articles have confirmed that the major driver of the economy throughout the world is SMMEs because they contribute employment growth at a higher rate than larger firms. Ipinnaiye, Dineen and Lenihan (2013) conducted a study to analyse the determinants of SMME's growth and asserted that there is enough evidence that supporting smaller firms is an important source of employment and turnover growth and further justified that it is line with the literature on Gibrat's law.

Chimucheka (2013) demonstrated that there has been huge interest in the creation of new employment opportunities in South Africa through the development of the SMME sector and also, entrepreneurship. The World Development Report (2013) suggests that about 600 million jobs are required worldwide over the next 15 years to keep employment rates at the present level. The report further ascertains that creating decent jobs (high productivity sector and decent working conditions) is one of the major challenges faced by developing countries. It cites interventions such as the provision of finance and financial services, entrepreneurship training, business support services, as responsible for job creation efforts. The report attempts to revisit the effectiveness of these interventions provided by institutions like government and the private sector to SMMEs to stimulate jobs. Amongst other lessons articulated, was that

employment creation is typically not the main objective of micro-credit programmes, rather income stabilisation more often than not, seems to be the major intention. However, the majority of enterprises make use of the credit or cash grants, which are primarily used as working capital.

The World Development Report (2013) highlighted such interventions of credit or cash grants might not necessarily create employment, though they may display significant impacts on sales and revenues. The substantial employment effect may demand a major push to effect large changes, for instance in the capital stock, production technology and fixed capital investments in machines or buildings. The report further debates that interventions targeting women seem to be less successful in employment creation than programmes for other profiles. However, the report cautioned that this does not suggest that woman are not good entrepreneurs, but they may be faced with other additional constraints which need to be overcome in order to increase the return to finance.

Looking at the conference paper presented by Grimm and Paffhausen (2014) on interventions for employment creation in micro, small and medium-sized enterprises in low- and middle-income countries, employment appears not to be a priority during planning and implementation in the series of training and coaching interventions. The researchers debated that while some studies report higher investment, there are limited studies that report process or product innovations or improvements in sales and revenues with fewer studies measuring higher profits and, fewer again, employment.

With regard to formalisation and regulation of SMMEs, Grimm and Paffhausen (2014) argued that enforcing regulation and formalisation of SMMEs does not necessarily lead to the creation of jobs. Moreover, a key principle question is whether the performance of small firms could be improved and their size, in terms of employed capital and staff, be expanded through formalisation. In juxtaposition, formalisation could increase access to credit and other resources important for business success and expansion. Interventions that “force” small business to formalise are unlikely to produce any significant employment effects. Subsequently, the researchers noted the positive relationship between business development support and the creation of more jobs in small firms, yet the scholars emphasised that it appears that business support services can lead to the provision of employment generation if they are demand-driven, tailor-made and focused. Likewise, big firms may require specific and sophisticated support, whereas small firms just need very light improvements to their business.

Grimm and Paffhausen (2014) further resolved that job creation is an intricate process, thus pursuing smaller firms may not be the most effective approach. Specific interventions are required to create a major push to have an impact on job creation because entrepreneurs waver before employing additional staff members. The researchers debated that the support interventions appear to be having more impact on management cultural practices, improved sales and profits, than on employment. Additionally, the interventions are more effective for income stabilisation and poverty reduction within the firms and local communities and the scholars noted that a blanket approach for all would not necessarily led to employment, however, working on specific targets is ideal, therefore targeting different types of interventions will be required to increase employment for different small firms. Some of the critique that was received by this particular review study is that evidence on job creation is not sufficient, especially in countries like Sub-Saharan Africa and Asia, and little evidence of long terms effects of such interventions and policy are in existence.

2.6.2 SMME's Growth Constraints

Abor and Quartey (2010) asserted that SMMEs' growth is hampered by a variety of factors; finance, lack of managerial skills, equipment and technology, regulatory issues, and access to international markets.The causes of SMME failures were divided into internal and external constraints. Fatoki (2010) cited that internal factors include lack of, or poor management experience, lack of technical skills and sub-standard training of staff and poor attitudes towards customers, whilst external factors were cited as lack of a logistics supply chain, tight competition, high costs of doing business, lack of finance and crime. The scholar argued that the high failure rate of new SMMEs, if not addressed, will in turn, lead to lack of job creation and sustainable economic growth.

The growth and development of SMMEs in developing countries were mainly inhibited by access to finance, poor managerial skills, lack of training opportunities and high cost of inputs (Cook & Nixson, 2005). Importantly, further studies, especially those conduced in the late 1990s and thereafter, suggest that finance is the most important constraint for the SMME sector (Green et al., 2002). Mbonyane and Ladzani (2011) analysed the challenges emanating from lack of strong institutional support and internal weaknesses for small business. Amongst other factors, they cited lack of legal knowledge, funding, and general business expertise as common growth impeding causes. Limited entrepreneurial and managerial competencies and exposures, challenges in marketing (Singh & Belwal 2008) and also lack of market access were added to the list (Ishengoma & Kappel 2011).

South Africa has a high unemployment rate of about 26.7% (Statistics South Africa, [STATS] 2016) which compels promoting and supporting entrepreneurship as an approach for stimulating job creation .Mutyenyoka and Madzivhandila (2014) highlighted that amongst other reasons for poor management skills in South African SMMEs, is the high cost of training and advisory services, while some entrepreneurs do not see the need to acquire advanced skills due to contentment and limited knowledge.Furthermore, the scholars suggested that the revamp of the already existing training institutions, such as the Skills Education and Training Authority (SETA) be customised to suit the dynamics of the SMME environment such as the crafting of sector-specific training curricula (Peters, 2012).In addition, a robust engagement with state institutions such as SARS and DTI was proposed to reconsider the compliance burden for small enterprises in areas such as taxation, licenses and registration. Sekatane (2018) proposed that South African SMMEs, especially those run by women, are still facing challenges, prior 1998 and post 1998. The researcher debated that women entrepreneurs face challenges such as race, gender, geographic location, limited access to finance, education and training prospects, a supportive socio-cultural environment, narrow and limited networks and mentors, and restricted business management skills for starting up new ventures.

According to GEM (2016), limited access to physical infrastructure is a key inhibitor to business growth and adds drastically to the cost of doing business. The report cited as examples, such as struggling to find an office space, problems related to utilities interruptions in the delivery of service, such as electricity and water. Booysens (2011) proposed that innovation in South Africa is characterised by the failure of small businesses to form strong upward linkages with larger firms. The National Development Plan (2030) acknowledged that small business in the other sectors and accounting-like services are negatively affected by a shortage of skills.

The GEM report (2014) identified government bureaucracy as one of the major obstacles to entrepreneurial and business activity in South Africa, hence the delays in issuing of operating permits, for instance. The Financial Services Regulatory Task Group (2007) notes that South African banks are more inclined to put resources into small businesses that are already becoming established than when they are just starting out. Moreover, the task group reported that lack of coaching, technical training and social networks are amongst other major obstacles for SMME growth in South Africa. GEM (2014) reports that the cost of crime and violence as one of the key obstacles that lead to deteriorating investment confidence in South Africa. The finding was further emphasised by the OECD (2015) report which found that high

crime was forcing SMMEs to increase security spending. Lack of government coordination of SMME programmes was further reported by the DTI (2005). Limited access to markets has been identified as one of challenges preventing SMME's sustainability, however, according to Ladzani and Netswera (2009), small firms located in rural areas face more challenges than those located in urban settings .

2.6.2.1 Entrepreneurial Capital Capabilities

Entrepreneurial capabilities (EC) are defined as a variety of skills, abilities and or competencies required to perform an entrepreneurial action in any firm (Sefalala,2013). According to Fatoki (2011) the SMME failure rate in South Africa is exceptionally high, ranging between 70% and 80%. Consequently, this results in a loss of jobs and wealth. In his study on the impact of social, human and financial aspects of SMME business performance, he subsequently proposed three classifications of entrepreneurial process that add value to successful small firms and stated them as human, financial, and social factors. However, according to Cowling, Liu and Zhang (2018), during the global crises in 2008/2009, firm age was able to sustain itself, however the experience the small firms have acquired over time, did not really add value to survive the crises, however those who had reasonable experience were able to recover quickly. Herrington et al., (2009) found that lack of education (a subset of human capital) and training is the most important cause of failure for new SMMEs in South Africa. Gumede and Ramussen (2002) argued that most SMMEs in South Africa do not engage in networking, implying a lack of social capital.

2.6.2.1.1 Human Capital

According to Fatoki (2009), the originator of Human Capital theory was Schultz (1961) and this was further advanced by Becker (1964). The scholars termed it "Investment in Capital" because they believed that knowledge and skill are a good investment and significant attributes in firm perfomance. Furthermore, Hessels and Terjesen (2008) defined human capital as an individual's knowledge, skills and experiences associated with entrepreneurial activity. Fatoki (2009) added that, according to Resource based theory, is the possession of such traits serves as a competitive advantage for small businesses. Human capital is generally measured by the educational qualifications and work experience an entrepreneur possesses and lack of such competence results in business failure (Ganotakis, 2010). Furthermore, the abovementioned three traits (education, training and experience of owner-managers) are unique traits separating high growth and low growth small firms. Various literature has proven

that SMMEs that have acquired a high level of Human capital seemed to have the ability to develop relevant skills and contacts and are able to identify and exploit resource leverage and information networks to which they are exposed (Nakhata, 2018).

According to Sheer (2016), there is a thin line between the Social and Human capitals as they influence each other. The researcher argued that these categories of knowledge are empowering entrepreneurs about business prospects and challenges presented by an external environment. Pertinent and experiential knowledge relating to customers, competitors and the markets are acquired through the social network whilst other type of formal knowledge, such as professional qualifications, can be acquired through human capital.

Story (1994) proposed four elements from which an entrepreneur's Human capital is made: formal qualifications i.e. general human capital, management experience on how to lead organisations and knowledge about a specific industry which is about the ability and the expertise to acquire Financial capital. Likewise, such Human capital skills and competencies influence business survival and development and in return, inspire the competitive strategies followed by firms as well as their business performance (Sheer, 2012).

Notably, Shiu (2006); Appuhami, (2007); and Chan (2009) uncover an insignificant relationship between human capital and firm performance, however in lieu of the various evidence specified in the empirical literature by Fatoki (2011), this particular study confirmed that there is a positive relationship between owners' human capital and the performance of SMMEs.

Lack of good education and training lead to SMME failure and these skills were classified as Human Capital (Fatoki, 2009). Various articles suggested that there is a high correlation between SMMEs with higher general and specific human capital and high business performance. The scholars called it entrepreneurial human capital. Bruderl, et al. (1992) argued that this term originated from human capital theory, however there was no reason not to apply the same principles to entrepreneurs as well.

2.6.2.1.2 Social Capital

The concept referred to as social capital was founded by Hanifan (1916) and conceptualised as intangible assets amongst people, and it is characterised by traits such as goodwill, fellowship and social intercourse, amongst others. Social capital is defined by Adler and Kwon (2002, pp. 17-40) as "the goodwill available to individuals or groups". This put the firm at the

competitive advantage because if SMMEs possess a large and diverse network, it results in many more contacts accessible (Sheer, 2012).

There are various definitions of social capital, however the various scholars agreed on their commonality of having the resources carried by the network an Entrepreneur has. Acquaah (2008); Baker (1990); and Fatoki (2009) interpreted that such resources could be accessed by actors, such as owners of small firms. Baker (1990) defined social capital as a resource that actors derive from specific social structures and then use to pursue their own interests; it is created by changes in the relationships among actors.

Acquaah (2008) notes that social capital can be divided into internal (between entrepreneurs) and external (outside structures) social capital. According to Sheer (2012) in his study on the impact of social, human and financial capital for SMMEs to internalise, he describes the network theory, as the process making and maintaining relationships on a ongoing basis with the actors to attain the objectives of the firm (Johanson & Mattsson, 1988). Relationships are developed through interaction in which the various parties build mutual trust and knowledge and relationships allow interaction with strategic people involved in a supply chain. Sharing of costs and risk management are some of the benefits that come with social networks (Sheer, 2012).

In support, Premaratne (2002) and Jaafar et al. (2009) suggested that a social network is crucial to an entrepreneurial process because it provides critical information to resume and sustain the business whilst Barnes (1954) argued that social network theory conceptualised social relationships as comprising nodes and ties. Nodes were explained as the individual actors within the networks, and ties as the relationships between the actors which lead to long term social contacts (Fatoki, 2011). According to Sheer (2012), a network presents valuable information benefits. The researcher categorises those benefits into access, timing or referrals. Access was described as an entrepreneur receiving valuable information about the business prospects available in the external environment whilst he explained timing as crucial for an entrepreneur to have the first mover advantage and lastly, referrals provide an entrepreneur with sources for future prospects. The network interaction plays a significant role in SMME performance as it leads to the formation of social capital. According to Bell (1995), Social Capital Theory was derived from Network Theory which justified that relationships and ties are crucial in both personal and business networks. Position, relation and interaction were three approaches to network theory that were proposed by Sheer (2012). He defined position as the role of actors within networks, relations as entailing supplier networks and industrial markets and lastly, relations as relationships between actors in the networks. The researcher

argued that these three approaches reduce uncertainties and build trust amongst the actors resulting in Entrepreneurs' capitalisation of the market in which they wish to operate, the environmental conditions and its various relationships.

Okten and Osili (2004), cited by Fatoki (2011) confirmed in their study that there is a positive relationship between social capital and growth of SMMEs through contacts with other entrepreneurs. As a result, social capital becomes an enabler for SMMEs to identify and exploit resources provided by the external environment actors successfully, that pave the way to new markets.

2.6.2.1.3 Financial Capital

Debt and equity terms were used to explain financial capital and these originated from capital structure theories that explored the capital structure of small and medium enterprises (SMEs). Elsenhardt and Martin (2000) argued that Resource Based Theory illustrated the significance of financial capital to the performance of SMMEs because having access to finance for SMMES leads to purchases to acquire a competitive advantage. According to Sheer (2012), the more financial capital available, the greater the opportunities for the firm to use their financial capital and convert this into other resources required by the firm. SMMEs are resource constrained and according to Resource Based Theory, those resources are rare, valuable and intangible.

According to Fatoki (2011), Pretorius and Shaw (2004) posit that financial capital is divided into internal and external assets, however SMMEs tend to rely on internal resources which easily get depleted (Fatoki, 2011). A majority of SMMEs depend on internal finance. Internal finance is often inadequate for SMMEs to survive and grow. Garcial-Teruel and Martinez-Solano (2007) debated that if SMMEs do not have an operational cost, it will result in a lack of survival and growth of new SMMEs.

Literature suggests that SMMEs tend to pay attention to the financial measures (e.g. profits, revenues), not to non-financial measures such as number of jobs created, customer satisfaction (Richard et al., 2008). The proposal noted by Atieno (2009) mentions that financial measures are objective, easy to understand, but not easily accessible, however people can manipulate profit. The scholar proposed that though non-financial measures are subjective, they are a good supplement. Considering the two measures by SMMES would provide a better and more positive perspective by which to measure business performance.

2.6.3 SMME Growth Theory

SMMEs growth theory looks at the role played by SMMEs to be a driving force in South Africa's social and economic stability (World Bank, 2015). South African SMMEs have not been able to grow in size, but they have grown in numbers since 1994 (Kesper, 2001). The study further challenged that the few jobs that were created in this period are not of quality or sustainable. The scholar argued that business performance does not depend on the removal of SMME constraints by policy makers, but on decision makers working on the adaptability, capabilities and aspirations of the entrepreneurs. Therefore, this suggests that modes of competition and growth trajectories of SMMEs will only prevail if business performance improves in terms of turnover, sales and employment. In support, Jones (1995) established that, according to the endogenous growth theory, amendments to some policy variables have permanent effects on the rate of economic growth to SMMEs, such as SMMEs being mentored on how to attract the right number of employees whereby the skillset becomes automatically raised.

Churchill and Lewis (1983), as cited by Olawele and Garwe (2010), had a different approach on SMME growth and rather focus on the evolution growth. They suggested that a new small firm is conceived and develops, evolves through some growth stages with each phase having its own unique characteristics: existence, survival, success, take-off and resource maturity. Each phase is responsible for firm survival and growth. It has been critiqued for focusing more on internal factors and neglecting external factors of SMME growth. The authors explored a systematic approach on SMME growth. They had explained a stochastic model and the scholars, Dobbs and Hamilton (2006) had developed from Gibrat (1931)'s *"Law of proportionate effect"*. The model argued that there are a variety of factors affecting the growth of SMMEs, not only an exclusive set of variables.

The SMMEs have been developing for the past 50 years, which led to the creation of various theories: labour-supply theory by Lewis (1955), output demand theory and growth theory (Kirkpatrick & Murinde, 2006). The authors argue that the push factor drives the development of SMMEs to absorb more labour in excess that could not be accommodated in either the private and public sectors. Kirkpatrick and Murinde (2006) advised that these small affected enterprises are usually protected by regulations governing the sector or the country to receive a share of the pie, however, in Africa, due to lack of trust and poor infrastructure, these seemed difficult to achieve.

The scholars assessed that in modern Schumpeterian growth theory, new entrepreneurial firms are the medium through which new technologies enter the market (Aghion & Howitt, 1992; Klette & Kortum, 2004). Schumpeterian growth theory (1934) clarified that the

entrepreneur enters new markets based on novel technologies, whilst Lucas and Moll (2014) supported by (Baron & Spulber, 2017) argued that the existing firms grow because they focus on improving products and services to influence important sources of growth .Entrepreneurs engage in new territory that did not exist before compared to traditional capitalists who exploit existing resources (Urban et al., 2015).

A determinist (static) model was developed as a critique against the stochastic model. They argued that SMME growth is as a result of both internal and external variables like characteristics, strategies and practices. Dobbs and Hamilton (2006) criticise the static approach that is only providing a partial explanation, not a full explanation for enterprise growth. The stage model, after being popular for years reached its plateau for a while, however there are various other models that have since been developed. Other scholars had concerns about the stage model not being relevant to longitudinal studies and the self-reporting tool might have been biased.

Moscarini and Postel-Vinay (2012) analysed job creation and destruction by small and large firms over the business cycle. The scholars established that reallocation of resources among firms over the business cycle can be prompted e.g. by firms' different roles in the labour market, or their relative advantages or disadvantages in the access to finance. Akcigit and Kerr (2015) suggested that incumbent firms are more likely to improve upon their earlier inventions, while new young firms are more likely to produce breakthrough inventions. Doms, Dunne, and Roberts (1995) concluded that capital-intensive plants and plants utilising advanced technology have higher growth rates and are less likely to fail.

Alemayehu and Vuuren (2017) evaluated the relationship between growth drivers and strategies, based on the dynamic resource-based view and suggested a munificence contingent growth model. They argued that the selection of growth strategy should be based on the companies' resources and environmental munificence settings. Small businesses employ different strategies if they are faced with either abundance or scarcity of resources and the study named this environmental munificence (Pretorius 2008). Organisations that are faced with resources in abundance either collaborate or diversify their services whilst those faced with a competitive market apply bootstrapping and expansion techniques (Alemayehu & Vuuren 2017).

2.7 Conclusion of Literature Review

The Literature Review section presented an argument regarding the anticipated link between Enterprise Development Adoption and perceived impact on SMME growth. Various theories

that supported the hypotheses were presented: Growth Theory, Resource Based Theory and Reputation and Legitimacy Theory. Extant literature was analysed which put forward a compelling position that SMMEs are the job creators. Various literature noted that SMMEs are well supported in this particular case by corporates, either monetarily or non-monetarily or both; this could lead to their business performance in terms of number of jobs created and increased sales (Barreira, 2004; Fatoki & Garwe, 2010). Various scholars such as Chimucheka (2013) demonstrated that inaccessibility to markets may inhibit the survival and success of SMMEs due to SMME owners and managers not understanding the dynamics of competition and skills that will give them a competitive advantage. In support, scholars such Fatoki (2014) argued that USA minority linked SMMEs are characterised by limited access to external finance, however such firms have higher survival rates, profits, employment, and sales than firms owned by locals in the USA. Cassar (2004) debated that businesses require financial resources for conception and growth. At the same time, Yazdanfar and Öhman (2015) justified that SMMEs' financial leverage and size are the most important firm-level factors of job creation.

Kleynhans and Kruger (2014), in their study, resolved that the implementation of BBBEE within small firms, has proven to have a positive effect on profitability, turnover and investment. Baporikar, Nambira and Gomxos (2016) identified that lack of access to finance, lack of appropriate marketing strategies, lack of skilled manpower and poor customer service hampers small business growth, in addition to security challenges and theft.

Therefore, the role of the South African government has been highlighted on how it has attempted to craft an Empowerment Framework to create an enabling environment for both the corporates and small businesses through the BBBEE Revised Codes of Good Practice (DTI, 2013). The theoretical model has been addressed, as illustrated by the following hypothesis and diagram (figure 2.6) :

Hypothesis 1

There is a positive and significant relationship between the adoption of ED initiatives by participating corporations and the growth of beneficiaries SMMEs.

Hypothesis 1a

There is a positive and significant relationship between the adoption of ED non-monetary contribution by participating corporations and growth of beneficiary SMMEs in the Mining, Construction and Financial Services.

Hypothesis 1b

There is a positive and significant relationship between adoption of ED monetary contribution by participating corporations and growth of beneficiary SMMEs in the Mining, Construction and Financial Sectors.

The model below denotes the structure followed throughout the study

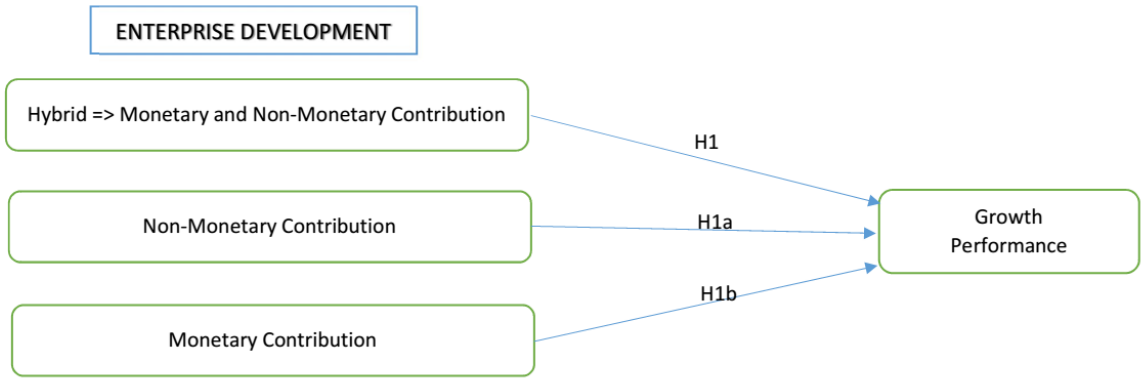


Figure 2.5: Conceptual Framework

3 CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

Research Methodology is a strategy for scientific enquiry which moves from underlying assumption to research design (Thomas, 2010). According to Kraus (2005), the description of the methodological and procedural step is essential to validate the research to gain knowledge and approval. Therefore, the methodological procedures and steps taken to solve the main research problem as stated in Chapter 1: The adoption and effect of Enterprise Development (ED) initiatives on SMMEs in the Construction, Mining and Financial Sectors in South Africa. This chapter is designed in the following sequential order: 1. Research Paradigm, 2. Research Design, 3. Research population and sample, 4. Research instrument, 5. Data Collection Procedure, 6. Data Analysis and Interpretation, 7. Validity and Reliability, and 8. Limitations of the Study.

3.2 Research methodology and/or paradigm

The positivist paradigm and empirical approach were followed in this study. This resulted in quantitative data being collected to test the hypotheses that were formulated from the theory. The researcher assumed that there would be a positive relationship between the independent variables and the dependent variable hence the positivist approach. Empirical research, which was followed in the study, is an enabler for testing objective theories by examining the relationship among variables informed by theory (Creswell, 2008; Kirkwood & Campbell-Hunt, 2007). The scientific approach used in the study involved formulating a problem, developing an hypothesis, testing it and drawing conclusions, known as the deductive approach. Kock (2007) explains a deductive approach as an hypothesis that is subjected to empirical scrutiny by a researcher on the theoretical considerations in relation to what is known in the field.

This research study is based on the assumption that relationships do exist between the constructs or variables: Monetary Contributions (MC), Non-Monetary Contributions (NM), and Growth Performance (GP). The main research problem of this study was to examine the relationship between MC, NM, and GP among South African SMMEs within the mining, construction and financial sectors.

Research best practices dictates that hypotheses must be stated precisely to facilitate statistical testing. Although the hypotheses have been stated accurately in previous sections, they have been re-stated for completion:

H1: There is a positive and significant relationship between the adoption of ED initiatives by participating corporations and the growth of beneficiary SMMEs.
H1a: There is a positive and significant relationship between the adoption of ED non-monetary contribution by participating corporations and growth of beneficiary SMMEs
H1b: There is a positive and significant relationship between the adoption of ED monetary contribution by participating corporations and growth of beneficiary SMMEs

The hypotheses have been presented as research hypotheses as compared to statistical null and alternative hypotheses. Thus, the research validates these. Correlations and regression analysis were applied in Chapter 4 to test statistical null hypotheses in order to reject them so as to provide support for the research hypotheses. The study identified variables of growth performance, and analysed and tested the relationships between them to verify, confirm or disconfirm objective knowledge of how these variables are related.

This research applied a quantitative methodology in the form of a survey with a 7-point Likert scale ranging from 1 (strongly disagree) to 7 (strongly agree). The main research question is the scale of measurement of the ED Adoption by large firms to SMME growth. The scale measured monetary and non-monetary contributions and the perceived impact it would have on SMME growth in terms of the creation of more jobs and increased income. The study identifies ED Adoption as an independent variable and jobs created and income as dependent variables.

The relationship between variables was analysed and tested to verify, confirm or disconfirm objective knowledge of how these variables relate, known as ontology and epistemology (Guba, 1990).

3.3 Research Design

Cooper and Schindler (2014) defined research design as the blueprint for satisfying objectives and answering questions. The research design was a cross-sectional study using the survey method and it is cross-sectional because it describes what was happening at that particular time (Olsen & George, 2004). This approach is relevant because it is a scientific survey and method which has been tried and tested in other similar research fields. While a cross-

sectional design was applied in this study, sampling and data were collected through a combination of online surveys and in other instances questionnares were emailed.

The research approach used an online web-based survey program known as Qualtrics. Wegner (2007) recommended that online surveys are effective for collecting data from large samples as they are automated, cost effective and faster, can easily reach geographically dispersed target population. The researcher was based in Gauteng however she could easily reach respondents all over South Africa. In this research, primary quantitative research has been conducted. Primary survey data was used to find and test relationships between dimensions of ED adoption and its effects on SMMEs performance. Quantitative research tends to be more reliable and objective compared to qualitative research. Descriptive and explorative technique were considered as well. A cross-sectional study has been embraced in this study as, according to Creswell (2015), it is not only descriptive but also evaluates situations at a particular time to depict the current conditions.

3.4 Population and sample

3.4.1 Population

A population is the total assembly of fundamentals from which inferences are made (Cooper & Schindler, 2014). The total population for this study was the number of SMMEs within mining, construction sector and financial services in South Africa. The pilot study took place in Gauteng and a lesson was learned that there were very few beneficiaries qualifying to participate in the study, hence for the main research, the population sample size was spread to all the provinces in South Africa.

These small businesses were classified according to the revised BBBEE code (2013) as Start-ups, qualifying small enterprise (QSE) and Exempted micro enterprise (MNE). The total population from the combined databases was South African SMMEs.

Out of 1023 questionnaires that were sent to potential respondents, 384 responses were received, thus providing a 34% response rate. It consisted of owners, managers and owner-managers of the sampled SMMEs. Databases from various ED agencies and government agencies were obtained, though these came with many challenges of non-responsiveness. Agencies such Empowerdex, Edgegrowth, Shanduka Black Umbrella, Raizcorp EDCORP, Innovation Hubs, and institutional-based incubation centres such as Standard Bank, Momentum and Liberty, amongst others, were utilised by the researcher. Government agencies such as SEDA, GEP Construction, and Finance and Mining SETAs were utilised over and above the researcher's own social network. Other SMME forums such as Voice of

the SMMEs and Lioness were also utilised to collect data from qualifying SMME. The researcher also exploited the opportunities presented by Global Entrepreneurship week whereby there was a series of SMME gatherings organised by various business schools, corporates and government departments.

3.4.2 Sample and sampling method

Cooper and Schindler (2014) describe sampling as choosing representative elements of a population from which empirical analysis can be collected and making inferences about the whole population. Convenience sampling was used as a technique to find of all the identified SMMEs in South Africa within the Mining, Construction and Financial Sector, those that had been participating in ED programmes since 2015 were used. The sampling technique undertaken in this research was made in order to allow for statistical tests and analyses to be appropriately executed. Approximately 1023 questionnaires were sent out, and 384 responses were received which is about 34% response rate. A total of 323 of the responses were viable, and 43 were incomplete, therefore excluded from further analysis. There was no missing data, and 18 did not even meet the criteria as SMMEs and were also excluded. Therefore, the analysis is based on a sample size of 323 respondents.

3.5 The Research Instrument

The research instrument used in this study was a predetermined self-administered online questionnaire which, according to Cooper and Schindler (2011) is not only quick and efficient and allows for wider geographical reach, but also enables objectivity and confidentiality. A quantitative questionnaire was applied which measured the frequency of certain behaviours. The instrument which was used was allied to the research design. The online survey was devised using the Wits Qualtrics software through the following link: https//wits.eu.qualtrics.com. Ordinal data were measured utilising a set of closed-ended questions that had a selection of answers that were arranged in ranks on a seven-point Likert measurement scale.

The research instrument was designed in such a way that the first section consisted of a cover letter, which stipulated the survey instructions and the ethical aspects of the research. Ethics are essential in preventing harm and assuring anonymity of the respondents (Cooper & Schindler, 2008). The questionnaire consisted of 30 questions with responses on a 7-point Likert scale ranging from 1 (strongly agree) to 7 (strongly disagree). The scale measurement and variation of scales were adapted from the previous students who had graduated with similar studies from Wits Business School on ED practices, and a few additional items from

the researcher and a few scholars of note (Kuratko et al., 1997; Urban et al., 2011; Venter, 2014; Akiko 2013.; Nhemachen, 2016).

The administration of the questionnaire presented some challenges such as that some respondents had not opened their emails or email listings may have been outdated. Obtaining responses through online surveys consumed a lot of time and there was very limited activity on this platform. The issue of not trusting unsolicited emails was managed by attaching the Wits ethics letter (APPENDIX A, Ethics letter) to assure anonymity, confidentiality and good ethical treatment of the respondents. Follow-up on respondents was done by sending a friendly automated email reminder or telephonically to complete the questionnaires five days prior to the data collection deadline. This follow-up process was efficient, though costly. However, Cooper and Schindler (2008) argued that a survey was the best method of collecting data because it is less time-consuming and allows for the anonymity of participants to be guaranteed when primary data is collected. Thereafter, the data was gathered, and measured numerically to obtain ordinal data.

As highlighted in the above paragraph, a 7-point Likert scaling system was crafted to compile the measuring scales for each construct in the research instrument. The benefit of a 7-point scale is that it allows more variability among respondents. The survey instrument was compiled based on literature pertaining to the constructs.
The instrument, attached as Appendix B consisted of four (4) sections.

Section A pertained to the introduction and demography questions. The items provided insights into the respondents and the business they represent.

Section B was comprised of the Entrepreneurial performance (growth performance) scale, which was measuring the dependent variable.

Section C was related to the Enterprise Development Monetary (Financial) activities in the business. This was to test H1b of the study of which it was an independent variable.

Section D consisted of Enterprise Development Non-Monetary (Non-Financial) activities in the business. This was to test H1a of the study which is an independent variable.

3.6 Procedure for data collection

Since the study was a cross-sectional study, the online software Qualtrics was employed to design, distribute, capture and summaries the data. This study used an online survey as a method of collecting data from respondents in the sample frame. Data were collected over a

period of 18 weeks. Questionnaires were distributed to approximately 12 large corporates, five government departments, four innovation houses, 17 private sector ED agencies, eight government ED agencies, three SETAs, three SMME forums, and two global business week gatherings, using email and social networks. It has become a standard practice in the social science field for researchers to employ surveys to collect data from SMMEs (Ramukumba, 2014) and is therefore a common method.

3.7 Data analysis

Following the data being captured into Qualtrics, screening for errors, coding, completeness and reversed questions were some of the processes that were used to quality check the data. After completing the process of data cleaning and quality checking, the data were then exported to SPSS and checked for missing data and violation of any statistical assumptions of multivariate analysis, as suggested by Field (2013) and Tabachnick and Fidell (2003). Subsequently, validity and reliability testing was conducted, and finally, the statistical techniques used for hypothesis testing were also conducted.

3.7.1 Descriptive statistics

Descriptive statistics involving graphs and tables were used to profile the demographics of the respondents. A summary of the statistics, including the means, standard deviations and variance in the variables, was also presented. Frequency distributions were used in the study to describe the categorical demographic characteristics of the respondents.

3.8 Correlation consideration

The study aimed to identify the significant relationship, not the causal relationship, between the variables in relation to the research problem. In this exercise, a relationship was determined if ED adoption had an influence on perceived SMME growth. Pearson correlation tests the relationships between continuous variables.

3.9 Validity and Reliability

The study used a measuring instrument with multi-item scales to measure the different constructs. It was, therefore, ideal to test for construct, scale and instrument validity and reliability. These tests helped the researcher to assess whether the study was correctly and consistently measuring what it was supposed to measure. The significant role of reliability and

validity testing was also to minimize measurement error (Field, 2009). This form of measurement applied in this study.

3.9.1 Reliability

According to Cooper and Schindler (2014), reliability tests the consistency of scales. In our study, the reliability of the scale for the three constructs was assessed using Cronbach's alpha. An alpha value >0.9 indicated excellent reliability, >0.8 indicated good reliability, and 0.7 was acceptable reliability. In the study, there were no results that displayed >0.6, which was questionable, >0.5, which was questionable, and < 0.5, which is poor and unacceptable.

3.9.2 Validity

The validity of the constructs was tested using exploratory factor analysis (EFA). According to Drost (2011), validity is about the meaningfulness and accuracy of the research components. In this study, the research was built using pre-existing literature instruments to ensure criterion validity (both predictive and concurrent validities). Additionally, construct validity was measured wherein convergent or divergent validities were measured by correlating the results located in this study with those that were found in the literature (Cooper & Schindler, 2008). When it came to external validity, the sample data was gathered across different settings: provinces with varying levels of economic and political development, different age groups, and with SMME owners receiving all various types of support.

3.10 Limitations of the Study

- The BEEE Amended code only came into effect in 2013 hence there is a limited data to support its effect.
- The study only focussed on three sectors namely Mining, Construction and Finance therefore the results cannot be generalised to other sectors.
- The study is based on self-report data, which risked the possibility of common method bias, even though anonymity was assured and sensitive data was not requested.
- ED theories has been predominantly practised in United States of America and United Kingdom and to some extent in China however this study applied the ED theory in a South African context.

3.11 Conclusion

The various research methods that were applied in this chapter were presented. A positivist research paradigm was followed in this study.

A survey research instrument was used to gather data to estimate relationships between ED contributions and growth performance in South Africa. The data analysis and interpretation were informed by descriptive analysis, correlation analysis, exploratory analysis and regression analysis. The first three analysis methods were used to clean the data for regression analysis. The data was captured and analysed using 2017 SSP version 25.

4 CHAPTER FOUR: RESEARCH FINDINGS

4.1 Introduction

This chapter presents the results of the research findings of the study. The research study was quantitative in nature, based on statistical analysis of data. The online questionnaire was divided into five sections, which covered demographics, performance growth, ED monetary contributions, and ED non-monetary contributions. This chapter starts with the presentation of the demographics in the form of the sample overview of the respondents, the business, and the environment. This is followed by the results of the reliability and exploratory factor analysis of the growth performance and ED contributions. Lastly, regression analysis was used to ascertain the different relationship between the hypotheses.

4.2 Sample Overview

The data used for empirical analysis was founded on responses from a survey questionnaire. The following section is divided into three parts. The first part centres on the respondents' characteristics, and in this study, the respondents are the entrepreneurs. The second part explains the firm's characteristics referred to as the SMMEs in this study. The last part presents the environmental characteristics.

4.3 Respondents Overview

During the data collection phase,1023 questionnaires were sent out, and 384 responses were received which is about 34% response rate. A total of 323 of the responses were viable, and 43 were incomplete, therefore excluded from further analysis. There was no missing data, and 18 did not even meet the criteria as SMMEs and were also excluded. Therefore, the analysis is based on a sample size of 323 respondents.

4.3.1 Respondents' gender

The gender distribution of the respondents is summarised in **Error! Reference source not found.**.

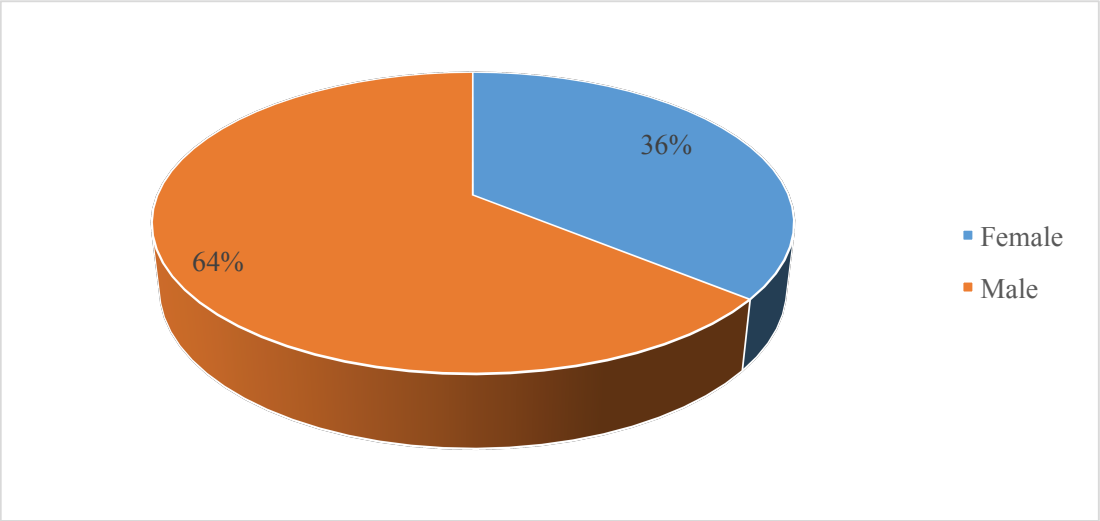
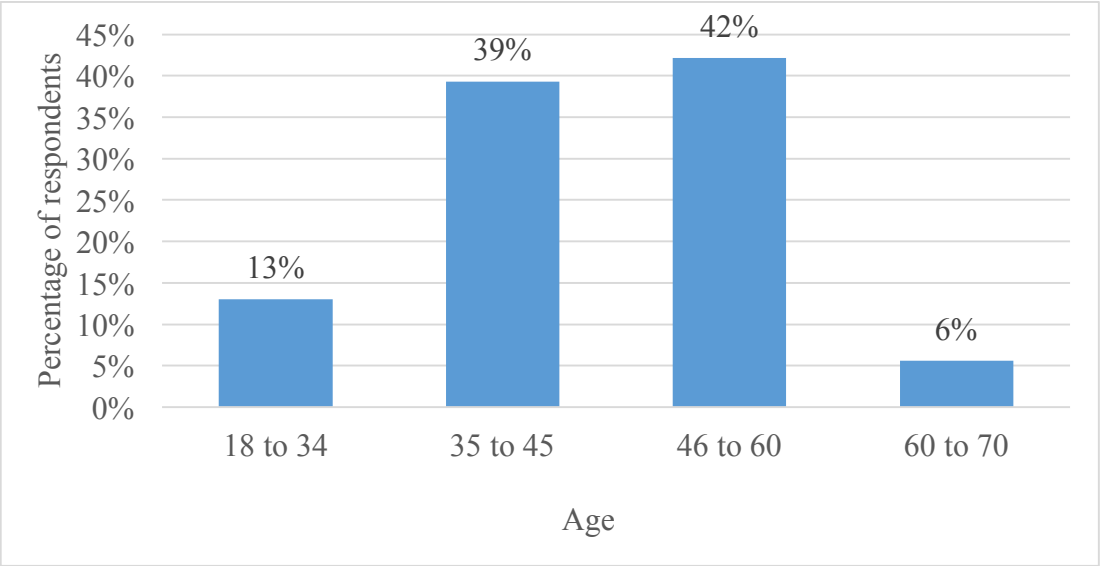


Figure 4.1: Respondents' gender

A proportion of 64% of the sample was made up of male respondents while the other 36% were female. The age distribution is illustrated in Figure 4-2.

4.3.2 Respondents' age

Figure 4.2: Respondents' age



The sample was diverse and had respondents from different age groups represented, as shown in Figure 4-2.

4.3.3 *Respondents' academic level*

The highest attained academic level ranged from no schooling at all (5%) to post-graduate degrees (20%), as shown in Figure 4.3.

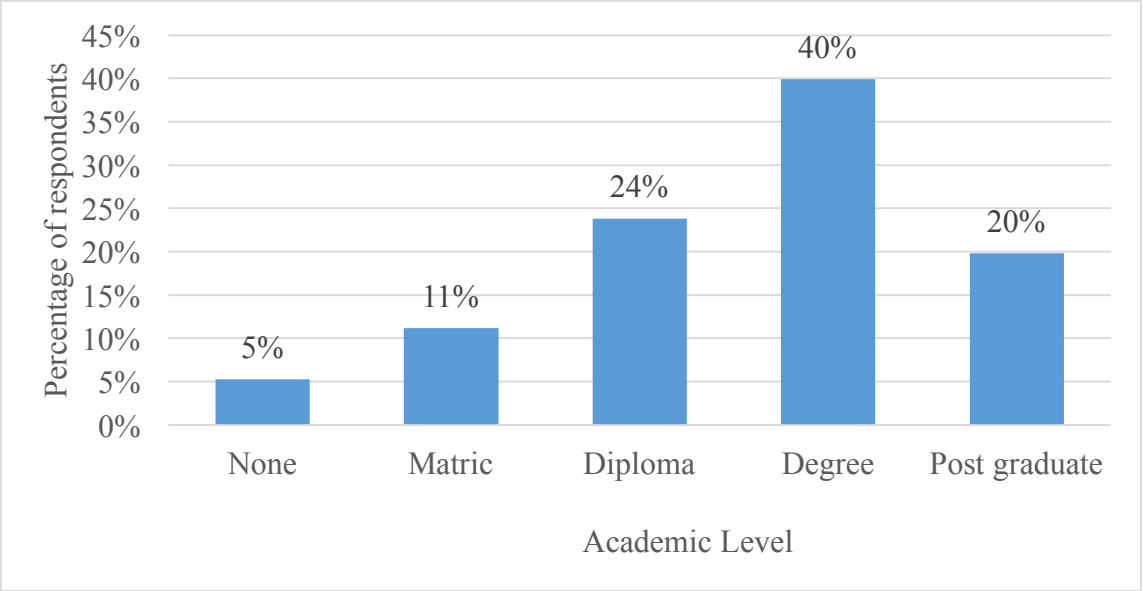


Figure 4.3: Respondents' academic Level

4.3.4 *Respondents' race*

Error! Reference source not found. shows the sample distribution by ethnic group.

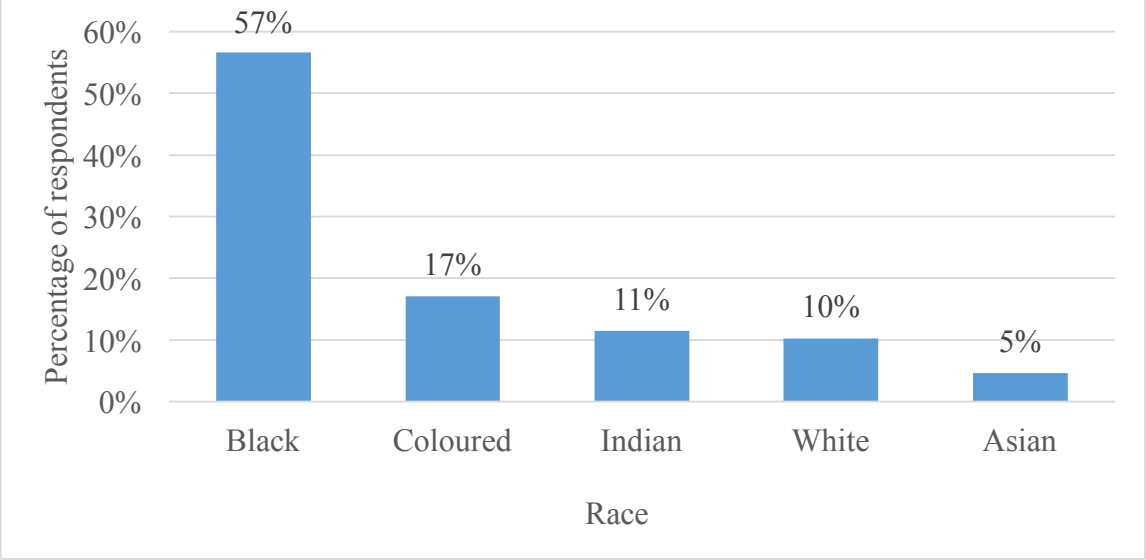


Figure 4.4: Respondents' Race

More than half of the respondents (57%) were black, 17% were coloured, 11% were Indian, 10% were white and 5% were of Asian origin.

The study targeted all the SMMEs as defined by the National Small Business Act 102 of 1996, as amended by Act of 29 of 2004, namely the Start-ups, QSE and MNEs from the mining, construction and financial sectors. The companies represented in the sample were mainly those with a turnover of R0 to R10 million (71.6%) and employing 0 to 10 people (73%). There was a fair distribution of the sample by sector with 31% in the mining sector, 27.2% in construction and 27.2% in finance. The businesses were mainly operating in Gauteng (24.5%).

Table 4.1: Company Details

Variable	Category	Frequency	Percent
Turnover	Up to 5 Million	131	40.6%
	Up to 10 Million	100	31.0%
	Between 11- 50 Million	58	18.0%
	Between 51- R100 Million	28	8.7%
	More than R100 Million	6	1.9%
Employees	0 to 5	128	39.6%
	6 to 10	108	33.4%
	11 to 50	44	13.6%
	51 to 100	43	13.3%
Sector	Mining	100	31.0%
	Construction	89	27.6%
	Finance	88	27.2%
	Other	46	14.2%
Province	Gauteng	79	24.5%
	Mpumalanga	43	13.3%
	North West	43	13.3%
	Limpopo	35	10.8%
	KwaZulu Natal	30	9.3%
	Western Cape	30	9.3%
	Northern Cape	27	8.4%
	Free State	22	6.8%
	Eastern Cape	14	4.3%
Signed contract	Yes	167	51.7%
	No	156	48.3%

4.3.5 *Respondents' position*

The positions of the respondents within their organisations is summarised in Figure 4-5. Most of the respondents in the sample were owners of the organisations (61%), while 24% were managers, 10% supervisors, and the other 5% had other positions.

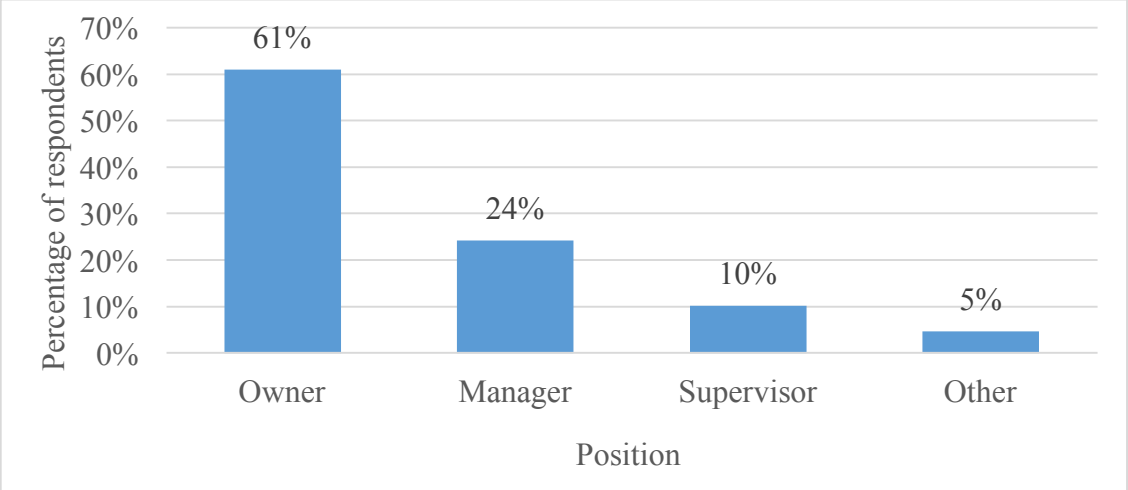


Figure 4.5: Respondents' Position

4.3.6 *Respondents' Experience*

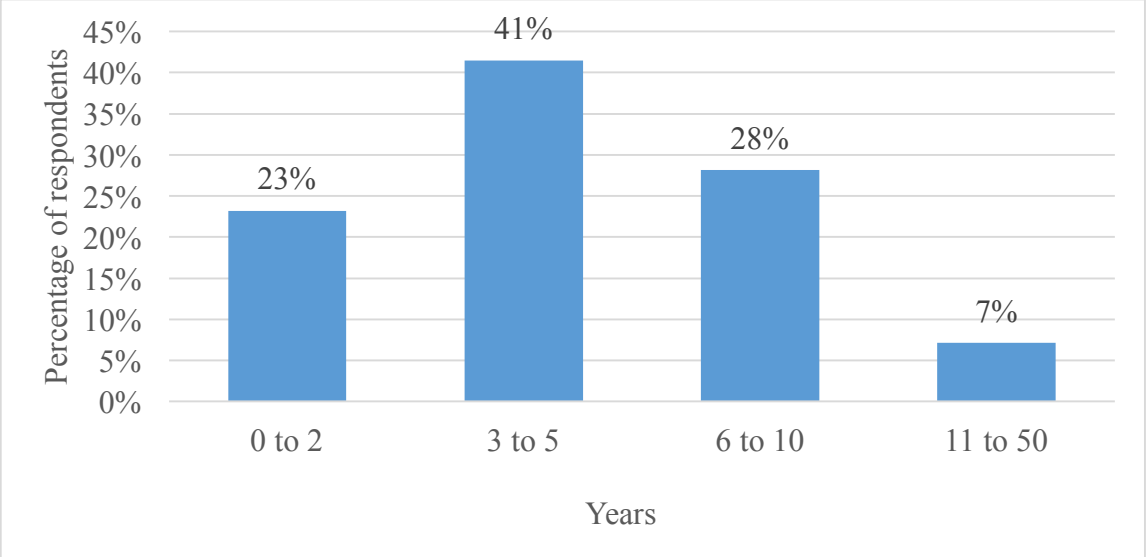


Figure 4.6: Respondents' Experience

Figure 4-6 shows the number of years' experience of the respondents

4.3.7 Environmental Characteristics

4.3.7.1 Sector experience of Scale

There was a lot of experience among the respondents with 41% of the respondents indicating that they had had three to five years' experience, 28% with six to 10 years' experience and 7% with 11 to 50 years' experience. The number of years in the various sectors is summarised in Figure 7.

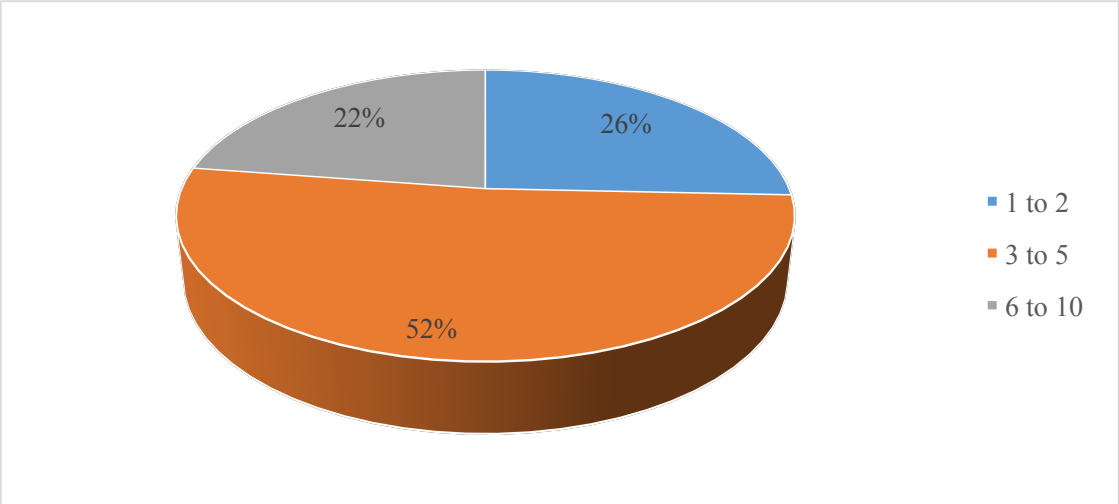


Figure 4.7: Sector Experience

More than half of the sample (52%) had been in their various sectors for three to five years while 22% had been in their sector for six to 10 years. There was a fair distribution of the sample by sector with 31% in the mining sector, 27.2% in construction and 27.2% in finance. The businesses were mainly operating in Gauteng (24.5%).

4.4 Measurement of Scale

4.4.1 Reliability of Scale

The Cronbach's Alpha values were computed for each construct and the results are summarised in Table 4-2. The Cronbach's Alpha values shows that there is very good reliability level for Non-Monetary Contribution (7 items, α = 0.813) and Monetary Contribution (9 items, α = 0.880) since the alpha values were greater than 0.8. There was acceptable reliability level for Growth Performance (4 items, α = 0.756) since the alpha value was greater than 0.7. Since all the Cronbach's Alpha values were greater than 0.7, the minimum acceptable value, then the items within each construct were measuring the same construct and could thus be grouped together to form a summated scale.

Table 4.2: Cronbach's Alpha to assess reliability

Construct	Number of Items	Cronbach's Alpha	Reliability Level
Non-Monetary Contribution	7	.813	Very good
Monetary Contribution	9	.880	Very good
Growth Performance	4	.756	Acceptable

4.5 Exploratory Factor Analysis (EFA)

4.5.1 Validity

Exploratory factor analysis was employed in the study using SPSS for all the item scales to establish the number and structure of factors. The primary aim was also used to test the convergence and divergence of the different items and factors. This process assisted with testing the interrelationships (correlations) among their observed variables. Principal axis factoring (PAF) with Kaiser's criterion and scree plot was applied as an extraction method.

Exploratory Factor Analysis (EFA) was conducted to assess the construct validity. The results are shown in Table 4-3. The Kaiser-Meyer-Olkin Measure of Sampling Adequacy had a value of 0.913, which was higher than the minimum required value of at least 0.5. This implies that the sample was adequate to conduct factor analysis. The Bartlett's Test of Sphericity was significant (p-value < 0.05), which indicates that their correlations among the items were as required for factor analysis to be possible.

Table 4.3: KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy		.913
Bartlett's Test of Sphericity	Approx. Chi-Square	2356.646
	Df	171
	Sig.	.000

4.5.2 The Eigenvalues principal components extraction

Table 4-4 displays Eigenvalues principal components extraction.

The results show that the EFA retained three factors as shown by three Eigenvalues greater than 1.000. The first factor explained 32.808% of variation in the items in that scale, factor 2 explained 8.336%, while the other factor explained 4.439%.

The scree plot also confirms the existence of the factor with a steep slope through the first 3 factor numbers and flattening out at factor 4. The scree plot also helps decide on the number

of factors, according to Cattell (1966)'s scree test for number of factors, three factors are seen from the scree plot.

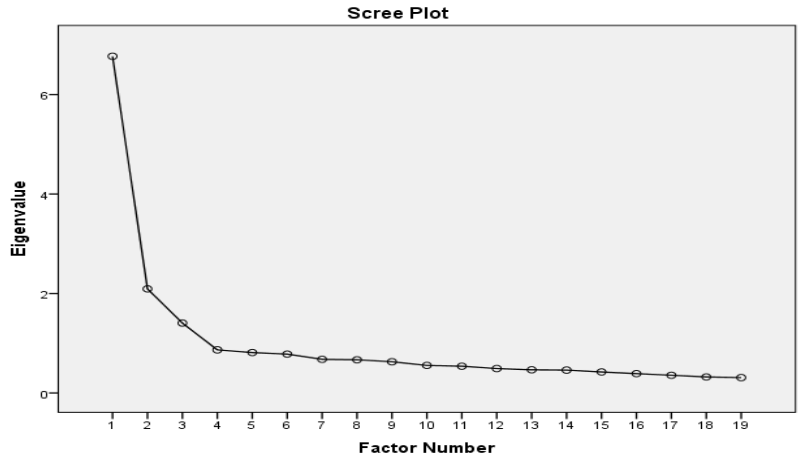


Figure 4.8: Scree Plot

Table 4.4: Eigenvalues principal components extraction

Factor	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings[a]
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total
1	6.769	35.626	35.626	6.234	32.808	32.808	5.524
2	2.092	11.009	46.635	1.584	8.336	41.144	4.738
3	1.405	7.392	54.027	.843	4.439	45.583	3.125
4	.866	4.558	58.586				
5	.813	4.278	62.864				
6	.781	4.113	66.976				
7	.677	3.561	70.537				
8	.667	3.511	74.048				
9	.627	3.298	77.346				
10	.553	2.911	80.257				
11	.538	2.829	83.086				
12	.490	2.581	85.668				
13	.465	2.448	88.116				
14	.460	2.420	90.536				
15	.422	2.224	92.759				
16	.389	2.046	94.805				
17	.356	1.874	96.680				
18	.322	1.694	98.374				
19	.309	1.626	100.000				
Extraction Method: Principal Axis Factoring.							
a. When factors are correlated, sums of squared loadings cannot be added to obtain a total variance.							

4.5.3 The structure matrix

The results on the items within each construct are presented in Table 4.5.

Table 4.5: Structure Matrix

Construct	Factor		
	1	2	3
GP4			.595
GP3			.719
GP2		.473	.622
GP1			.699
MC8	.603	.453	
MC9	.548		.419
MC1	.750	.555	
MC2	.689	.455	
MC3	.643		.419
MC4	.643	.445	
MC5	.671	.430	
MC6	.766	.500	
MC7	.734	.450	
NC1	.439	.590	.439
NC2	.448	.673	
NC4	.447	.693	
NC5	.424	.649	
NC6	.435	.645	
NC7		.548	
Extraction Method: Principal Axis Factoring. Rotation Method: Promax with Kaiser Normalization.			

The structure matrix shows that the items were grouped together as MC1 – MC9 in factor 1 (Monetary Contribution), NC1 – NC7 in factor 2 (Non-Monetary Contribution) and then GP1 – GP4 in factor 3 (Growth Performance). The items within each factor loaded highest to its respective construct

4.6 Conclusions on the measurements adequacy of the variables

Overall, there was strong support for the internal consistency reliability of scales with Cronbach's Alpha values being greater than 0.7, the minimum acceptable value. There was

sufficient support for construct validity of scales as evident in the eigenvalues. It met all the requirements of all the factors with Eigenvalues greater than 1.000 which is the recommended minimum. This implies that factor structure was well defined.

4.7 Hypothesis Testing

The previous chapters have confirmed the measurement adequacy of the scales and satisfactory evidence of their construct validity. Testing the hypotheses was the next step that was followed with the aim to analyse the predictive strength of the independent variables as represented in the model.

To test the hypothesised model, Pearson's correlation coefficient was computed with growth performance as the dependent variable and ED non-contributions and ED non-monetary as independent variables. Pearson's correlation coefficient was used to effect hypothesis testing because the variables were normally distributed. Determining the correlation mix in this study was crucial because it showed the relationships between the items measuring similar factors and those measuring different factors. It reflects which items possess the same variable so they can be grouped together.
The summated scale was computed by calculating the average of items within each scale. The descriptive statistics and Pearson's correlation values for the three constructs are summarised in Table 4.6.

Table 4.6: Descriptive Statistics and Pearson's Correlation

	Descriptive Statistics			Pearson's Correlation		
	N	Mean	Std. Deviation	Growth Performance	Non-Monetary	Monetary
Growth Performance	323	5.43	1.08	1		
Non-Monetary	323	4.83	1.22	.457**	1	
Monetary	323	4.65	1.29	.344**	.579**	1

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

Growth Performance (mean = 5.43) was the highest rated construct followed by Non-Monetary (mean = 4.83), and the least rated was Monetary (mean = 4.65). Growth Performance was positively correlated to both Non-Monetary (r = 0.457, p-value < 0.01) and Monetary (r = 0.344,

p-value < 0.01). The results demonstrate that the correlations are above 0.3 and statistically significant at 1% significance level, showing an indication that they can be classified together.

4.8 Results pertaining to the hypotheses

The outcome of the results supports a positive and significant relationship between growth performance and non-monetary contributions, as well as growth performance and monetary contributions. However, further tests had to be conducted because correlation does not necessarily imply causation (Keller, 2011). The next hypothesis test assisted in establishing a causation relationship between the dependent and independent variables.

The examination was of the effect of non-monetary (MN), monetary (M) on growth performance (GP). The multiple regression analysis framework was used to analyse the relationship between the dependent variable (GP) and the independent variables which include non-monetary contributions and monetary contributions.

4.9 The model

$$\hat{y} = 3.316 + 0.343\, x_1 + 0.100\, x_2$$

A multiple-regression model with Growth Performance as the dependent variable and Monetary and Non-Monetary as independent variables was fitted. The results are summarised in Table 4-7.

Following the measurement adequacy of the scales, and provided acceptable evidence of their construct validity, hypotheses were tested. This exercise was conducted to analyse the predictive strength of the independent variables as represented in the model.

The model summary shows that Monetary and Non-Monetary explains 21.9% of variation in Growth Performance as indicated by an r-square value of 0.219 as shown in Table 4.7.

Table 4.7: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.468[a]	.219	.214	.95799	1.570
a. Predictors: (Constant), Monetary, Non-Monetary					
b. Dependent Variable: Growth Performance					

Results shown in ten ANOVA table tests of the null hypothesis that none of the independent variables is significant in predicting Growth Performance against the alternative hypothesis and that at least one of the independent variables is significant in predicting Growth Performance (Table 4-8).

Table 4.8: ANOVA

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	82.140	2	41.070	44.751	.000[b]
	Residual	293.678	320	.918		
	Total	375.819	322			
a. Dependent Variable: Growth Performance						
b. Predictors: (Constant), Monetary, Non-Monetary						

The F value of 44.751 and a p-value of 0.000 indicates that at least one of the independent is significant in predicting Growth Performance.

The results shown in the coefficients table (table 4-9) below show which individual independent variable is significant in predicting Growth Performance.

Table 4.9: Coefficients

Model		Unstandardised Coefficients		Standardised Coefficients	T	Sig.	95,0% Confidence Interval for B	
		B	Std. Error	Beta			Lower Bound	Upper Bound
1	(Constant)	3.316	.234		14.200	.000	2.857	3.776
	Non-Monetary	.343	.054	.388	6.401	.000	.237	.448
	Monetary	.100	.051	.119	1.969	.0498	.000	.199
a. Dependent Variable: Growth Performance								

4.10 Testing of Validity of the model

The null hypotheses is that all the coefficients of the independent variables are equal to zero:

$$H_0: B_1 = B_2 = 0$$

The alternative hypothesis is that at least one coefficients is not equal to zero:

$$H_1: \ At\ least\ one\ B_i \neq 0, for\ i = 1, 2$$

The model is said to be invalid if the null hypothesis is true. The results show that the p-value of the F test in the ANOVA table was 0.000. Thus, the null hypothesis is rejected at 5% significance level. It is concluded that the model is valid since at least one of the B_is is not equal to zero.

4.11 Testing the Coefficients

For each of the independent variables, we test for *i* = 1, 2.

$$H_0: B_i = 0$$

$$H_1: B_i \neq 0$$

Table 4.10: Regression Results

Variable	Coefficient	P-value
Non-Monetary	B_1	.000
Monetary	B_2	.0498

The results show that there is sufficient evidence to suggest that both Non-Monetary contribution (p-value = 0.000) and Monetary contribution (p-value = .0498) were linearly related to Growth Performance.

4.12 Testing for violation of error term conditions

4.12.1 Normality

The histogram in Figure 4-9 was drawn to assess whether the error terms were normally distributed as required for regression analysis. The histogram is bell shaped which suggests that the residuals were indeed normally distributed as required for regression. The Normal P-

P plot of standardised residuals also shows values very close to the diagonal line. This suggests that the residuals are normally distributed.

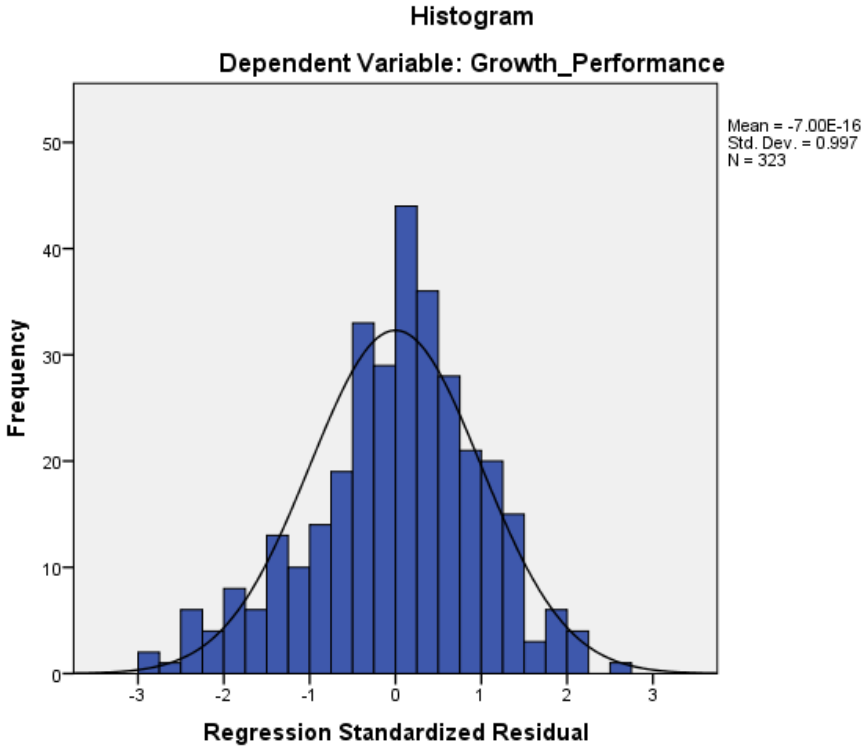


Figure 4.9: Histogram of Dependant Variable

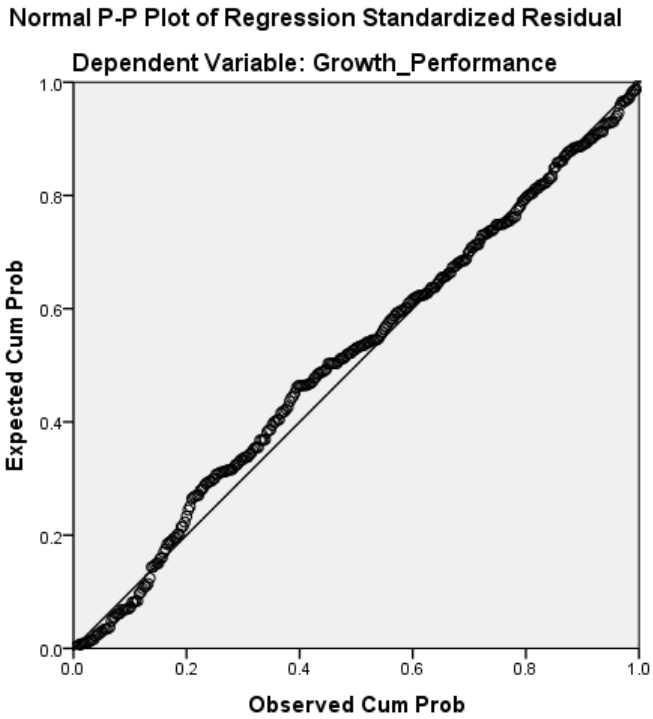


Figure 4.10: Normal P-Plot of Regression Standardised Residual

4.12.2 Heteroscedasticity

The error terms were plotted against the fitted values to assess whether there is any pattern in the error terms. The requirement is that the error terms should not show any pattern as they should be constant, a condition called homoscedasticity. According to Keller (2011), if this stipulation is satisfied, then the condition is called homoscedasticity. However, if it is violated, the condition is called heteroscedasticity. The plot in Figure 4-10 displays the residuals against the predicted values. The error terms were scattered all over, which shows that there was no pattern. Therefore, this indicates that there was no heteroscedasticity because variance of the error term is constant.

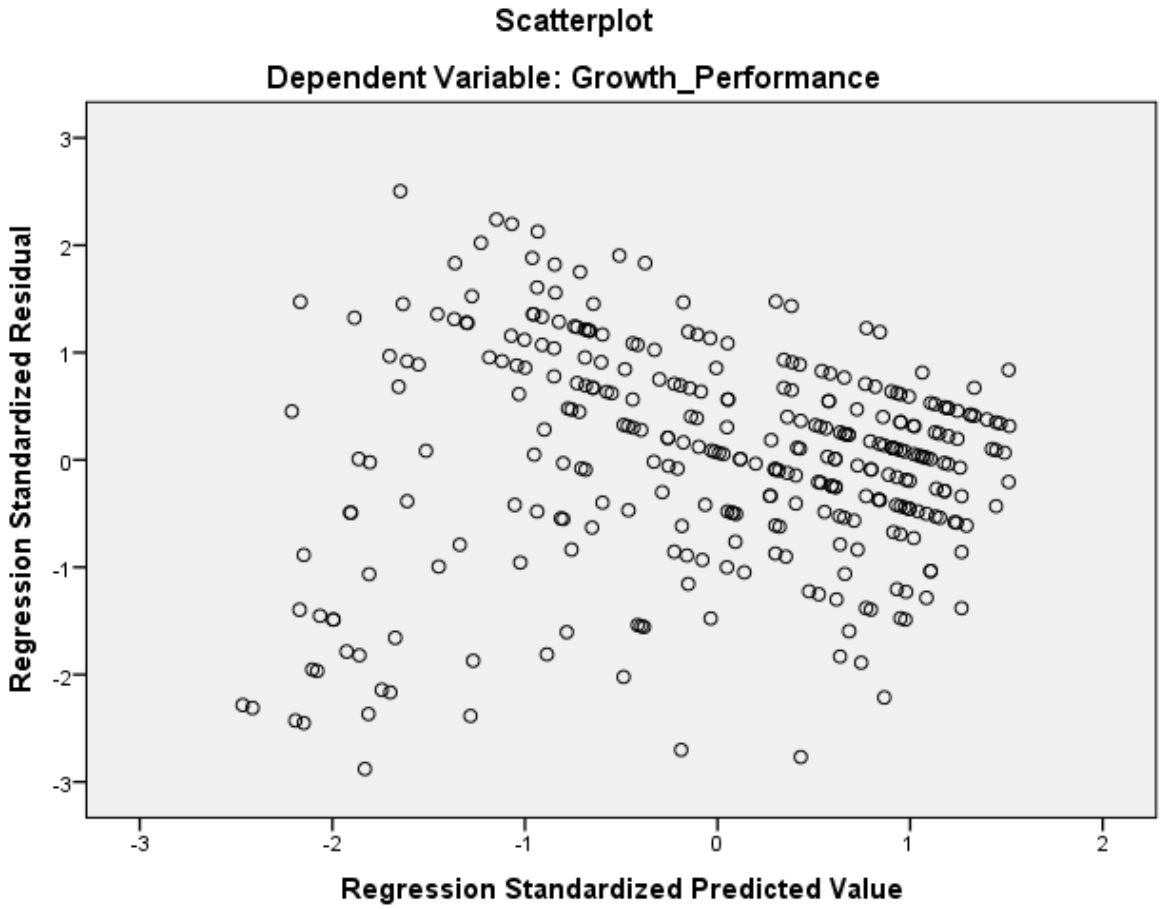


Figure 4.11: Scatterplot of Dependant Variable

4.12.3 Violations of independence

The Durbin-Watson statistic, which provides a test for significant residual autocorrelation, was computed. The Durbin-Watson value was 1.570, as shown in the Model Summary table. This value was within the acceptable range of between 1.4 and 2.6. This means that the error terms were independent. There appears to be no relationship amongst the residuals.

4.12.4 Test for Multicollinearity

Table 4.11 below shows the Collinearity Statistics.

Table 4.11: Collinearity Statistics

Model		Unstandardised Coefficients		Standardised Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	3.316	.234		14.200	.000		
	Non-Monetary	.343	.054	.388	6.401	.000	.664	1.505
	Monetary	.100	.051	.119	1.969	.0498	.664	1.505

The VIF values were both less than 10, which implies that there was no problem of multicollinearity.

There was no violation of any of the conditions required for fitting a regression model. The regression model in this case is

$$\hat{y} = 3.316 + 0.343\,x_1 + 0.100\,x_2$$

where $\hat{y}$ is the predicted value for Growth performance, x_1 is non-Monetary contribution and x_2 is Monetary contribution. Since all conditions have been fulfilled, the conclusion is reached that the proposed model is valid. The fitted model is restated as above:

Results pertaining to Hypothesis 1 (H1): There is a positive and significant relationship between the adoption of ED initiatives by participating corporations and the growth of beneficiary SMMEs: SUPPORTED.

Since there is a significant and positive relationship between the adoption of both ED monetary contribution and ED non-monetary contribution on Growth of beneficiary SMMEs, hypothesis 1 is also supported. Therefore, there is a positive and significant relationship between the adoption of ED initiatives by participating corporations and the growth of beneficiary SMMEs.

Results pertaining to Hypothesis H1a: There is a positive and significant relationship between the adoption of ED non-monetary contribution by participating corporations and growth of beneficiary SMMEs in the mining, construction and financial services: SUPPORTED

The results in table 4-9 show that there is a positive relationship between ED non-monetary contribution (B =0.343, β = 0.388, t-value = 6.401, p-value = 0.000) and Growth Performance.

The relationship is positive because the coefficient for Non-Monetary is positive and is significant because the p-value was less than 0.05. Therefore, it is concluded that there is a positive and significant relationship between the adoption of ED non-monetary contribution by participating corporations and growth of beneficiary SMMEs in the mining, construction and financial services.

Results pertaining to Hypothesis H1b: There is a positive and significant relationship between adoption of ED monetary contribution by participating corporations and growth of beneficiary SMMEs in the mining, construction and financial sectors: SUPPORTED.

4.13 Concluding summary of results

All the results above presented appropriate diagnostics tests for the regression model estimation. The residual normality plots showed that the data approximate a normal distribution. Similar regression runs were conducted using the growth performance factors as dependent variable. All models deployed above illustrated statistically significant model fit, both centred on the Analysis of Variance F statistic and using residual normality plots. All the variable relationships indicated the uniform signs for all models.

5 CHAPTER FIVE: DISCUSSION OF THE RESULTS

5.1 Introduction

This chapter discusses the empirical findings presented in chapter 4. At the onset of the research, the aim was to perform an empirical investigation on the impact of the adoption and implementation of ED initiatives by large corporates on small businesses, also termed SMMEs. It assesses whether or not the ED support given to small businesses has a positive impact on their business performance, specifically growth. In Chapter 1, the researcher proposed to assess the variables of Monetary Contributions, Non-monetary contributions and the Hybrid contributions respectively. This resulted in three relationships being tested in the study:

H1: There is a positive and significant relationship between the adoption of ED initiatives by participating corporations and the growth of beneficiary SMMEs.

> H1a: There is a positive and significant relationship between the adoption of ED non-monetary contribution by participating corporations and growth of beneficiary SMMEs in the Mining, Construction and Financial Services

> H1b: There is a positive and significant relationship between adoption of ED monetary contribution by participating corporations and growth of beneficiary SMMEs in the Mining, Construction and Financial Sectors.

The discussion first examines the demographic profiles of the SMMEs and respondents. Second, it considers the measurement of scale. Third, the results of the hypotheses testing are presented. It concludes with a discussion summary of key findings.

5.2 Sample Characteristics

An in-depth interpretation of the demographic profile of the respondents and the firms can provide more insights in the interpretation of the results. This section discusses the findings relating to the demographics of the sample.

5.2.1 Respondents/ Entrepreneurs Characteristics Overview

The analysis was based on a sample size of 323 respondents. The Entrepreneurs' gender was dominated by males who were at 64% while the other 36% were female. The result

displays that as much as the government pushes women empowerment initiatives however, men are still leading. In support, the GEM report (2008) reviewed that female engagement in entrepreneurship has not grown substantially over time, irrespective of a number of initiatives undertaken by government (DTI, 2005). Furthermore, entrepreneurial activity amongst men compared to women is notably higher with a ratio of 1.6:1. The report reviewed initiatives such SAWEN (South African Women Entrepreneurs Network), SAWIMA (South African Women in Mining) and TWIB (Technology for Women in Business). Furthermore, the report challenged that another possibility might be that the majority of entrepreneurial woman in South Africa (71%) have a lower educational qualification, with the majority having grade 12 or less.

In terms of age, the respondents who mainly participated were ranging from 46 to 60 years at 42% and Youth owned businesses (18-34 age) were at 13%, and a very small portion of percentage of 6%, for those aged 60-70 years of age. The outcome is contrary to the GEM Report (2016/17) which reported that the entrepreneurial activity is at its peak between between 25-34 and 35-44 across all the developmental countries.

This reflection presents a further inquiry: Are we having few Youth owned run business participating as ED beneficiaries in these sectors or are the stakeholders like government and corporates' efforts though committed, the impact is not bearing the desired results as yet. The other possibility is that it is reported that most of the early entrepreneurial activity is from the Wholesale and Retail Sector sitting at 58% (GEM Report, 2016/17). The highest attained academic was sitting at 40% and the least has no schooling at all (5%), with 1. This is in conflict with other sources (OECD, 2013a; DHET, 2016) which indicated that only 14% of 25-34 year-olds in South Africa have a university degree. On the other hand, Fatoki (2014) recommended that the qualifications for entrepreneurs should be required to be streamlined to entrepreneurship and have financial literacy as part of the programme to remain effective and relevant. The GEM Report (2008) reflected that South Africans are mostly entrepreneurially active between the age of 25 and 44 years. This is the unexpected finding because this implies that for this particular study, this age group is responsible for 50% of all early-stage activity. There might have been improvement from then until now from SMMEs to improve their academic qualification in return believing that improving on human capital would in turn improve their entrepreneurial performance as cited by Fatoki and Garwe (2010), Sheer (2012) and Nakhata (2018).

Despite the lack of a well defined sampling frame of SMMEs from the three ED contributions according to BBBEE 's ED Codes and the potential difficulty in obtaining survey responses in the target management or owner level, the results revealed that more than half of the

respondents (57%) were Black. This is contrary to the finding of Murimbika (2012) that South Africa is facing high racial tension. On the other hand, this might be a reflection that there is an improvement of firm ownership, however there is some challenges with Black entrepreneurs to run sustainable compared to white people. This is a good indication that the sectors under study might be doing well in terms of responding to the BBBEE Act and the revised codes of 2013 to prioritise SMMEs in terms of ED partnerships. These findings juxtaposed the GEM Report (2011) which indicated that there were huge race-based differences in entrepreneurial ownership when it came to race. Or is it the question, in terms of ED support, large corporates that want to do business with the state are complying more or there is a general improvement of previously disadvantaged SMMEs becoming more entrepreneurial though failing within than 24 months of inception. This requires further investigation.

Most of the respondents in terms of experience were owners of the organisations (61%). The majority of the respondents (41%) had experience of between 3-5 years, but there were a few (7%) who have significant experience, about 11-50 years experience. This is in line with the expectations of the researcher that the respondents should have a fair knowledge of internal practices and performance within their firms. According to Cowling, Liu and Zhang (2018), during the global crises in 2008/2009, firm age was able to sustain itself however the experience the small firm had acquired over time, did not really add value. This might serve as a caution to entrepreneurial scholars that the small business is able to recover, regardless of the experience they enjoyed. It is expected that this sample of respondents are conversant with the firms' practice or orientation and different aspects of the firms they represent.

The study targeted all the SMMEs as defined by the NSB Act of 2004, namely the Start-ups, QSE and MNEs from the Mining, Construction and Financial Sector. The companies represented in the sample were mainly those with a turnover of R0 – R10million (71.6%) and employing 0 – 10 employees (73%). Although it is observed from these findings that most of the entrepreneurs that are responsible for job creation, generate less that R10 million per annum. The status juxtaposed the OCED Report (2017)'s finding which reported that in South Africa, it is expected from every large contract acquired by a big corporate from government, that its procurement should predominantly targets SMMEs. This poses a question. The study reflected that the majority of SMMEs (71%) are still earning less than R10 M per annum. Is it because the majority of corporates that were under study do not necessarily procure from government, or is it because the there no effective monitoring tool on compliance?

There was a fair distribution of the sample by sector with 31% in the mining sector, 27.2% in construction and 27.2% in Finance, and a mere 14,2% of other sectors that were not mentioned. The similarity in terms of participation and responses received between Mining and the Construction Sector present interesting findings and require further exploration. With regard to Financial Services, the low participation might be due to administrative challenges in relation to entry, as cited by the OCED Report (2017) that other Sectors have entry requirements, such as license to trade and cost of doing business that sometimes serve as a barrier for SMMEs to navigate that particular industry. The SMMEs were mainly operating in Gauteng (24.5%) and the lowest number were in the Eastern Cape with 4,3%.

5.2.2 Firms Characteristics Overview

The results show the experience of respondents at 41% who indicated that they have 3 – 5 years' experience, 28% with 6 – 10 years' experience and 7% with 11 – 50 years' experience. More than half of the sample (52%) had been in their various sectors for 3 – 5 years while 22% had been in their sector for 6 – 10 years. There was a fair distribution of the sample by sector with 31% in the mining sector, 27.2% in construction and 27.2% in Finance. The businesses were mainly operating in Gauteng (24.5%).

These results inform us that most of the SMME who participated in the study have survived the critical period of survival from business failure as reported by Fatoki and Garwe (2010), Fatoki (2014) and Rogerson (2008). When it comes to experience, more than half of the sample (52%) had been in their various sectors for 3 – 5 years while 22% had been in their sector for 6 – 10 years. Not only do these SMMEs have an adequate experience in running business, it is also observed that the majority of them have acquired degrees as a qualification. Various scholars such as Fatoki (2011) and Nathaka (2018) reported that there is a positive and significant relationship between owners' human capital and the performance of SMMEs.

There was a fair distribution of the sample by sector with 31% in the mining sector, 27.2% in construction and 27.2% in Finance. The businesses were mainly operating in Gauteng (24.5%) which make sense because Gauteng is known to be an economic hub of South Africa(www.statssa.gov.za). This implies that compared to other provinces, they might be a fair presence of large and sustainable corporates in Gauteng and these are perhaps more willing to participate in ED programmes.

5.3 Measurement of Scales

5.3.1 Reliability of Scale

The Cronbach's Alpha values were computed for each construct and the results of the three constructs: non-monetary, monetary, and growth performance were very good and acceptable. The Cronbach's Alpha values shows that there is a very good reliability level for Non-Monetary Contribution (7 items, α = 0.813) and Monetary Contribution (9 items, α = 0.880) since the alpha values were greater than 0.8. There was acceptable reliability level for Growth Performance (4 items, α = 0.756) since the alpha value was greater than 0.7. Since all the Cronbach's Alpha values were greater than 0.7, the minimum acceptable value, then the items within each construct are measuring the same construct and could thus be grouped together to form a summated scale. This implied that the study had good reliability.

5.4 Exploratory Factor Analysis (EFA)

5.4.1.1 Validity

Exploratory Factor Analysis (EFA) was conducted to assess the construct validity. The Kaiser-Meyer-Olkin Measure of Sampling Adequacy had a value of 0.913, which was higher than the minimum required value of at least 0.5. This implies that the sample was adequate to conduct factor analysis. The Bartlett's Test of Sphericity was significant (p-value < 0.05), which indicates that there are correlations among the items as required for factor analysis to be possible. There was sufficient support for construct validity of scales as evident in the the eigenvalues. This implies that the factor structure was well defined.

5.5 Discussion of hypotheses

5.5.1 Discussion pertaining to hypothesis 1(Hl)

Hypothesis 1b: There is a positive and significant relationship between monetary and non-monetary contributions and growth performance in South African SMMEs in Mining, Construction and Finance Sector.

$H1$: There is a positive and significant relationship between monetary and non-monetary contributions and growth performance in South African SMMEs in Mining, Construction and Finance Sector (**SUPPORTED**).

$H0$: There is no relationship between monetary and non monetary and growth performance in South African real SMMEs in Mining, Construction and Finance Sector (**REJECTED**).

There is a positive and significant relationship between the adoption of ED initiatives by participating corporations and the growth of beneficiary SMMEs (**SUPPORTED).**

Since there is a significant and positive relationship between the adoption of both ED monetary contributions and ED non-monetary contributions on the growth of beneficiary SMMEs, hypothesis 1(HI) is also supported. Therefore, there is a positive relationship between the adoption of ED initiatives by participating corporations and the growth of beneficiary SMMEs. Chen (2006) noted that through monetary and non-monetary support of SMMEs in China, employment increased and 79% of new jobs were created. In the same breath, Pooe (2016) asserted if corporate South Africa truly adopts the ED concept regardless of the challenges faced by SMMEs, it will result in improved job creation and turnover. Shelton and Minniti (2017) justified the importance of such hybrid ED interventions as producing high growth and viable businesses. According to several authors (Masutha & Rogerson, 2014; Mokonyane, 2014; Chiramo, 2014), it has been observed that such initiatives may promote economic development and job creation, thus is essential for entrepreneurial infrastructure and performance. With support these small firms become independent and self-sustaining businesses as a result (Hong & Lung, 2016; Grimaldi & Grandi, 2005). Therefore, the hypothesis (H1) is supported and confirmed.

5.5.2 Discussion pertaining to hypothesis 1a

Hypothesis 1a: There is a positive and significant relationship between non-monetary contributions and growth performance in South African SMMEs in Mining, Construction and Finance Sector **(SUPPORTED).**

$H0$: There is no relationship between non-monetary contributions and growth performance in South African SMMEs in Mining, Construction and Finance Sector **(REJECTED).**

The results for Hypothesis 1a showed a positive and significant relationship between non-monetary contribution and growth performance in South African SMMEs within Mining, Construction and Financial Services. According to Ipinnaiye, Dineen and Lenihan(2018) supported by Quartey and Abor (2010), a large number of small enterprises fail because of non-monetary reasons. The scholars asserted that SMMEs faced other constraints i.e. lack of access to appropriate technology, institutional capacity and lack of management skills and training, amongst others. The researchers argued that training boosts SMME growth. It enables firms to maximise the benefits that may be associated with increased investments in R&D. Mbonyane (2006) supported by Fatoki (2011) contended that the most common cause of business failure in South Africa is not exclusively due to lack of financial support, however

it may be related to lack of knowledge of legal matters and business acumen.

Shah, Othman and Mansor (2017), in their study on the effects of mentoring and organisational performance in small businesses, asserted that business coaching leads to improved sales turnover, improved after-tax profits and increased employment.If the small firms are capacitated with non-monetary means, are able to act as supplier and distributor to the big business, acquire business traits, such as creating a successful business system, appoint capable employees, identify and select prospective customers, authenticate new products, and negotiate business contracts and payment terms (Perks & Oosthuizen, 2013; Jean & Audet, 2009), they will flourish. Okten and Osili (2004), cited by Fatoki (2011) confirmed in their study on entrepreneurial performance that there is a positive relationship between social capital and growth of SMMEs through contacts with other entrepreneurs which results in the opening of new markets for SMMEs and subsequently, growth.

Story (1994) suggested that Entrepreneurial human capital consists of general human capital. It consists of management experience and teaches SMMEs on how to lead organisations and knowledge about a specific industry. These competencies prepare the SMMEs to acquire the ability and the expertise to obtain financial capital as we have seen in our findings that the majority of SMMES have the necessary experience and degrees. This is supported by Sheer (2012), Stephens and Patridge (2011), Semerci and Ciment (2017), who maintain that Human capital skills and competencies influence business survival and development and in return, inspire the competitive strategies followed by firms as well as their business performance.

The correlation coefficient between non-monetary and growth performance was 0.457 (p-value < 0.001). This is the indication that the relationship between the two variables was significant. The relationship was positive, as the correlation coefficient was greater than zero and significant since the p-value was less than 0.05. Furthermore, the outcome of the test reflected that the VIF values were less than 10, which reveals that there was no problem of multicollinearity. This implies that the null hypothesis is rejected in favour of the alternative hypothesis, which means there is a positive and significant relationship between ED non-monetary contribution and growth performance.

5.5.3 Discussion pertaining to hypothesis 1b

Hypothesis 1b: There is a positive and significant relationship between monetary contributions and growth performance in South African SMMEs in Mining, Construction and Finance Sector.

$H1$b: There is a positive and significant relationship between monetary and growth performance in South African SMMEs in Mining, Construction and Finance Sector (**SUPPORTED**).

$H0$: There is no relationship between monetary and growth performance in South African real SMMEs in Mining, Construction and Finance Sector (**REJECTED**).

The results for Hypothesis 1b demonstrated a positive and significant relationship between monetary contributions and growth performance in South African SMMEs within the Mining, Construction and Financial Sectors. The results support what was argued by Elsenhardt and Martin (2000) who demonstrated the significance of financial capital to the performance of SMMEs since having access to finance for SMMES leads to purchases of tangible assets and to competitive advantage. Bates, Bradford, and Seaman (2017) asserted earlier that small business began to have more access to finance, and lucrative opportunities to serve corporate and public sector clients which came as a result of support from three large private support. Fatoki, (2011)'s hypothesis was supported that there is a positive relationship between access to finance and the performance of SMMEs. Garcial-Teruel and Martinez-Solano (2007) debated that if SMMEs do not have an operational cost, it will result in collapse and lack of survival and growth of new SMMEs. Therefore, finance is the glue that keeps the SMMEs going in order to create and improve jobs, as cited by Chimucheka (2013) and Green et al. (2002). He illustrated those interventions such as the provision of finance and financial services, as responsible for job creation efforts. The OCDE Report (2017) highlighted that the establishment and provision of financial access to SMMEs would enable them to build a good credit history and most importantly, to advance to financial inclusion. This implies that the null hypothesis is rejected in favour of the alternative hypothesis, which means there is a positive and significant relationship between ED monetary contribution and growth performance.

5.6 Summary of the hypotheses

The study hypothesised that a positive and significant relationship exists between non-monetary support and growth performance, monetary support and growth performance (Hypotheses 1a and 1b) and hybrid contributions and growth performance. The relationship of the variables was supported by a regression analysis. The research tested the multiple regression model and the error term requirements. The average level of Cronbach reliability of the tool was (α =0.810) and with the corresponding KMO was 0.913 which showed an exceptional reliability.

5.7 Conclusion

The empirical results of the study display three important general conclusions. The study revealed through Hypothesis 1a that corporate enterprise development initiatives that provide non-monetary contributions positively influence growth. Similarly, Hypothesis 1b showed that corporate enterprise development initiatives that provide monetary contributions positively influence employment and turnover growth at firm level is supported. Thus, the main objective to ascertain whether corporate enterprise development initiatives that provide monetary and non-monetary support have a positive and significant impact on SMMEs with respect to employment and turnover growth has been addressed, which support hypothesis HI.

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6 CHAPTER SIX: CONCLUSION AND RECOMMENDATIONS

6.1 Introduction

The purpose of this chapter is to summarise the findings, provide recommendations as well as conclusions that can be reached, based on the literature and survey results in terms of testing the relationships between the main constructs: 1) ED support 2) Non-monetary contribution, 3). Monetary contributions and 4) Growth performance.

6.2 Main problem

The main problem as stated in chapter 1 is as follows:

To assess whether ED initiatives have a positive impact on small businesses.

Accordingly, the study tested the following hypothesis:

H1*:* There is a positive and significant relationship between the adoption of ED initiatives by participating corporations and the growth of beneficiary SMMEs.

The above problem statement was further specified into sub-problems and their respective hypotheses.

6.2.1 Sub Problem 1

H1a: There is a positive and significant relationship between the adoption of ED non-monetary contribution by participating corporations and growth of beneficiary SMMEs in the Mining, Construction and Financial Services sectors.

6.2.2 Sub Problem 2

H1b: There is a positive and significant relationship between adoption of ED financial contribution by participating corporations and growth of beneficiary SMMEs in the Mining, Construction and Financial Services sectors.

As mentioned in 3, an on-line survey was sent to 344 SMMEs participating in the Mining, Construction and Financial Services Sectors in South Africa. In Chapter 4, the results were presented and the analysis in relation to the literature review was done in Chapter 5. In the next subsection, the findings of the study are summarised.

6.3 Conclusion of the Study

Enterprise development is one of the drivers for economic development of any country which can be accomplished by way of providing hand-holding support to emerging entrepreneurs (Dey, 2012). Likewise, Enterprise development has emerged as a popular vehicle in South Africa for accomplishing sustainable economic growth and development. This demonstrates that when government attempts to instil a thriving environment for entrepreneurship by providing environmental incentives, it yields positive economic growth as argued by Semerci and Ciment (2017) and the World Report (2016). This is aimed at mainstreaming the participation and role of SMMEs within the economy. Therefore, Fatoko and Garwe (2010) argued that without the creation and sustainability of new SMMEs, South Africa risks economic stagnation. This was evident in this study in which the role of institutional support has demonstrated the positive impact on SMMEs growth and capabilities (Urban and Safalala, 2015). In the same breath Malebana (2014) also suggested that an entrepreneurial support is the act of affording an entrepreneur with access to a valued resource.Furthermore, the entrepreneurial sustenance is the provision of information, finance, training and education programmes, infrastructural facilities, counselling and mentoring services needed by entrepreneurs to start, grow and manage their businesses effectively (Malebana, 2012, 2014a).Thus,the study managed to demonstrate and confirmed the outcomes of the hypothesis that were argued by various entrepreneurial scholars.

This study sought to contribute to the body of knowledge and literature of ED adoption and its effect on growth performance of SMMEs in the Mining, Construction and Financial Services sectors. In this study, ED referred to three constructs: monetary, non-monetary, hybrid and growth performance which considered employment created and turnover generated. However, the study only tested the relationship between the two variables (monetary and non-monetary). The empirical results of the study presented two variables and the implication for the hybrid and made important general conclusions.

Results pertaining to Hypothesis 1 (H1): There is a positive and significant relationship between the adoption of ED initiatives by participating corporations and the growth of beneficiary SMMEs (**SUPPORTED).**

Since there is a significant and positive relationship between the adoption of both ED monetary contribution and ED non-monetary contribution on Growth of beneficiary SMMEs, hypothesis 1 is also supported. Therefore, there is a positive and significant relationship between the adoption of ED initiatives by participating corporations and the growth of beneficiary SMMEs.

The study revealed, through Hypothesis 1a, that corporate enterprise development initiatives that provide non-monetary contributions positively influence growth.

H1a There is a positive and significant relationship between the adoption of ED non-monetary contribution by participating corporations and growth of beneficiary SMMEs in the Mining, Construction and Financial Services (**SUPPORTED**).

Similarly, Hypothesis 1b proved that corporate enterprise development initiatives that provide monetary contributions positively influence employment and turnover growth at firm level is supported.

H1b: There is a positive and significant relationship between adoption of ED monetary contribution by participating corporations and growth of beneficiary SMMEs in the Mining, Construction and Financial Sectors (**SUPPORTED).**
Thus, the main objective to ascertain whether corporate enterprise development initiatives that provide monetary and non-monetary incentives have a positive impact on SMMEs with respect to employment and turnover growth has been addressed.

In conclusion, the study hypothesised that ED constructs which are the monetary and non-monetary contributions, had a positive and significant relationship with growth performance constructs which, in this study, are number of jobs created and turn-over generated. The result showed a positive and significant relationship between the constructs which confirmed the main hypothesis of the study which asserts that the adoption of Enterprise Development (ED) initiatives on SMME's will yield to growth in the Construction, Mining and Financial Services sectors in South Africa.

In addition to testing the hypothesis, the study also reveals the following:

- The majority of the potential beneficiaries were not aware of such interventions. This was evident in the OECD Report (2017) and the GEM report (2016/17) which cited that such efforts are hampered by a lack of awareness by intended beneficiaries.

- Mining and construction sector projected a higher and similar number of beneficiaries compared to the financial services sector.This could be due to the compliance requirement or that they do more business with the state.

- The majority of beneficiaries though participating, have not signed a three year ED contract as recommended by the revised codes, and it has even been scaled down in

2017 compared to 2016. This raises further questions, whether it is a sign of non-commitment in case the measured entity may want to pull out or the actors are becoming at ease with the process. This might need further exploration as well.

H1: There is a positive and significant relationship between the adoption of ED initiatives by participating corporations and the growth of beneficiary SMMEs (SUPPORTED)

H1a There is a positive and significant relationship between the adoption of ED non-monetary contribution by participating corporations and growth of beneficiary SMMEs in the Mining, Construction and Financial Services sectors (SUPPORTED).

H1b: Similarly, there is a positive and significant relationship between the adoption of ED monetary contribution by participating corporations and growth of beneficiary SMMEs in the Mining, Construction and Financial Services sectors (SUPPORTED).

Thus, the main objective to ascertain whether corporate enterprise development initiatives that provide monetary and non-monetary have a positive impact on SMMEs with respect to employment and turnover growth has been addressed.

6.4 Implications of the Study

The research has implications in three areas: theory, practice and policy.

First, at a theoretical level, this study provides an opportunity to explore, identify, investigate and analyse the extent and impact of corporate support in enhancing the growth performance of SMMEs in the Mining, Construction and Financial Sectors. The research has contributed to providing empirical findings on SMMEs entrepreneurship literature by analysing the relationship between enterprise development initiatives taken as independent variables, and their effect on growth performance.

Various literature in the study revealed that SMMEs play a significant role in creating jobs and are responsible for enhancing economic growth, particularly in the context of developing countries, such as South Africa (World Development Report, 2013; Grimm and Paffhausen, 2014; Ipinnaiye, Dineen and Lenihan, 2013). At the same time, SMMEs face challenges due to the lack of institutional support and limited entrepreneurial capital, namely, human, social and financial (Fatoki and Garwe, 2011; Sheer, 2012). However, this study revealed that the institutional support provided by corporates in the form of ED, resulted in SMMEs growth performance. The study further highlights the critical role played by government in providing an enabling entrepreneurship framework (ILO Report, 2013; OCED Report, 2014; GEM Report, 2015/2016), such as policies for ED Initiatives. Institutional support involving both

government policies and ED initiatives by large corporates has also been proven in other economies like China (Zhu, Wittmann and Peng, 2012), and America (Bates, Bradford, & Seaman, 2017; Shah & Ram, 2006).

Consistent with literature (Pooe, 2016; Masutha and Rogerson, 2014; Chiramo, 2014), scholars who say both non-monetary and monetary are important, the study revealed that both non-monetary and monetary contribution by large corporations have a positive relationship with the growth of SMMEs. Further, it revealed that the non-monetary contributions (Ipinnaiye, Dineen and Lenihan, 2017; Fatoki and Garwe, 2010; Fatoki, 2014) such as mentoring and training are equally as important as monetary contribution, such as cash and grants. Thus, hybrid support involving both non-monetary and monetary contributions will have a more significant impact than either of the two contributions alone (Hong and Lung, 2016; Grimaldi and Grandi, 2005).

With reference to the context of the study, the findings of this study are vital for the following reasons:

- The findings may have implications for South African institutional support by corporates in relation to the revised codes of 2013 and for encouraging collaborative entrepreneurship in developing, as proposed by Ratten (2014).
- Enterprise development initiatives by large corporates has not been studied within the context of local entrepreneurship and therefore, is still in an infancy stage
- The study advances literature in terms of managing SMMEs that are participating in ED programmes from private entities.
- South African SMMEs face challenges of job creation and turnover, and, as a result an institutional support plays a crucial role.

On a practical level, the outcomes of this study provide recommendations on how entrepreneurial development support such as monetary, non-monetary and hybrid contributions, can be executed effectively. First, it adds value to practitioners, including enterprise development agencies and corporate ED initiatives by providing feedback and recommendations. Second, at a policy level, the outcome of the study informs policy with the relevant information for input as well as reflection on interventions towards effective enterprise development initiatives.

6.5 Recommendations

The study has contributed to providing empirical findings on the Enterprise Development Initiatives provided by large corporates in Mining, Construction and Financial Services and

their effect on SMMEs' growth performance in a developing country context. These empirical findings confirmed that efforts affected by the government regulatory framework to promote SMMEs is adding value and provides a compelling case for other corporates to come on board. Therefore, interested stakeholders, including practitioners and policy makers, should consider the following:

- **Enterprise Development Initiatives provides a sustainable model for SMMEs growth**. Therefore, actors in the entrepreneurship ecosystem should consider how to spread the model further for larger impact.
- **The ED initiatives programme should be customised for individual SMMEs**. Against the mushrooming of support initiatives such as innovation centres, SMMEs are heterogeneous in terms of needs, growth phases and challenges, negating any one-size-fits-all approach.
- **Effort should be made by stakeholders to create awareness of ED initiatives**. This will enable more SMMEs to know where to access these benefits.
- **ED initiatives probably needs more monitoring and evaluation by the appointment of a BBBEE Commissioner.** This will ensure compliance, truthful reporting and provide feedback.

6.6 Limitations of the Study

The study was limited by a number of factors.

- The inability of the study to survey a wider population due to the POPI Act (Protection of Privacy Act)
- Some SMMEs showed no interest in participating in the survey and some Corporates were feeling exposed for non-compliance, although at this stage, the participation is on a voluntary basis
- Limitations with accessing the online survey.

6.7 Further research

- There is a need to investigate these two salient features: first, why there seems to be a higher ED participation in some sectors, such as mining and construction compared to the financial service sector.
- Second, why most of the beneficiaries have not signed the 3-year contracts as stipulated in the BBBEE revised codes of 2013, and assess if this is a sign of non-

commitment or mere opportunism by the large corporates.

- Similar studies to be extended to other sectors as well, such as Transport and Tourism Sector.
- Creation and development of the numerical impact of ED initiatives for South African SMMEs as suggested by Darrol (2015).

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APPENDIX A

Wits Business School
University of the Witwatersrand, Johannesburg
MM Panel Ethical Clearance Form

Researcher's personal data

Surname	Ndlovu	Name:	Queen
Title (circle one):	[ ] Prof [ ] Dr [ ] Mr [ ] Ms [X] Other:		
School	Wits Business School		
Staff / Student number		[ ] Full time [X] Part time	[ ] Staff
Name of Supervisor	Dr M Mumbika		

TITLE OF RESEARCH PROJECT
The adoption and effect of Enterprise Development (ED) initiatives on SMME's in the Construction, Mining and Financial Sectors in South Africa

Is this research for degree purposes?		[X] Yes	[ ] No		
If so, for what degree?	[ ] Honours	[ ] MA	[ ] PhD	[ ]	Other (specify): MM
Has it been approved by the relevant higher degrees committee or other relevant unit?	[ ] Yes	[ ] No	[ ] Submitted & pending		

Does this research involve human subjects	[X] Yes	[ ] No

NB: If the research does not involved human subjects the remainder of the form need not be completed, with the exception of the signatures.

Where will the research be carried out?
South Africa

What are the aims & objectives of the research relevant to human research participants
To investigate the adoption of ED by Corporates. The ED Beneficiary have to fill in the questionnaire if they are participating

Has appropriate formal permission been obtained, if required (e.g. employer, government department, land owner, etc.)?		
[X] Yes (attached)	[ ] Not required	[ ] Pending (must be supplied before permission is granted)

Do you have any financial or material interest associated with your research participants or with the organisations that you will work with during your research?		
[ ] Yes, current	[X] No	[ ] Potential conflicts of interest may exist
If yes, please explain how you will manage any existing or potential conflicts of interest.		

How will data on human research participants be collected:	
[X]	Formal interviews using questionnaires, schedule/list of questions, or formal protocol
[ ]	Informal interviews, semi-structured or open ended interviews
[ ]	Ethnographic observation, participant observation, other informal descriptive and / or interactive methods
[ ]	'Focus group', seminar/discussion group, or other group-orientated research
[ ]	Community-based, participant, or 'action research' methods or technique such as drama workshops, community theatre, training workshops, participant rural appraisal (PRA), rapid rural appraisal (RRA), etc.
[ ]	Research on/in therapeutic or counselling contexts
[ ]	Observation of public performance, and/or public behaviour observation
[ ]	Photography, video and/or audio recording
[ ]	Mapping or other techniques that involve direct interaction with participants (otherwise exempt)
[ ]	Other research methods or techniques—explain

How will informed consent be obtained?	X	Formal (Signed form)		Informal or Verbal		Other (e.g. public speech)

Who will the research participants be?					
Age range?	18 - 60 yrs				
Does this research expose either the participant or the researcher to any potential risks or harm that they would not otherwise be exposed to?		Yes	X	No	
Will research involve vulnerable categories?		Yes	X	No	
If so, state which ones:					
How will any existing vulnerabilities among research participants be addressed?	Nil				

NB: The term 'Vulnerable categories' includes, among others, children under 14, orphans, prisoners, persons with cognitive or communication disorders, people who are traumatised or currently in traumatic situations.

Research conducted among vulnerable categories MUST be referred to the University Human Research Ethics Committee (non-medical) for approval.

Can **confidentiality** be guaranteed?	X	Yes		No
Can **anonymity** be guaranteed in resulting reports, theses and/or publications?	X	Yes		No

Explain how this will be done? What will participants be told in this regard?

Participants to sign a consent form prior participation

NB: While confidentiality may be desirable, it cannot be guaranteed in, for example, focus groups, or ethnographic observation. Similarly anonymity should be preserved in questionnaires, but cannot be offered in workshop methodologies, focus group research, etc. All data however should be kept confidential and safe from unauthorised access once it has been collected. Informants should have the right to remain anonymous in the final report, and this must be respected in handling of all data relating to them.

What is to be **done with the research data** after completion of the project?	
	Data to be destroyed
X	Data to be archived and preserved from unauthorised access

NB: All data should be preserved in a way that **respects the nature of the original participants' consent.**

How will the results be **reported**, and who will have access to this/these?	
X	MM research report is available via Wits library
	Additional other reporting - specify

SIGNATURES (REQUIRED)

***Declaration:** We, the signatories, declare that all information on this form is correct and that we will strive to maintain the highest ethical standards in this research, according to disciplinary and university expectations at all time, recognising that ethical practice in research is always a continuing process.*

	Date	Name	Signature
Applicant	11/10/17	Q.N. Ndlovu	
Supervisor		Dr. M. Murimbika	

Statement of principles for postgraduate supervision MM ENT & NVC

S2007/476B

IN A CONTEXT OF ACADEMIC FREEDOM AND WITHIN A FRAMEWORK OF INDIVIDUAL AUTONOMY AND THE PURSUIT OF KNOWLEDGE THIS STATEMENT IS WRITTEN IN THE BELIEF THAT THERE IS A RECIPROCAL RELATIONSHIP AND MUTUAL ACCOUNTABILITY BETWEEN SUPERVISOR AND STUDENT.

THE SUPERVISOR AND THE STUDENT:

1. Will establish agreed roles and clear processes to be maintained by both parties. In the case of joint supervision everybody's role needs to be clarified.
2. Will meet regularly and as frequently as is reasonable to ensure steady progress towards the completion of the proposal, research report, or dissertation or thesis. This time varies but the normal minimum requirement for face-to-face contact spread across each year of registration is: 10 contact hours for an Honours project, 15 contact hours for a Masters by research report and 24 contact hours for a Masters by dissertation and a PhD.
3. Will keep appointments, be punctual and respond timeously to messages.
4. Will keep one another informed of any planned vacations or absences as well as changes in his or her personal circumstances that might impact on the work schedule. Unplanned absences or delays should be discussed as soon as possible and arrangements should be made, to catch up lost time.
5. Will ensure that research on animal or human subjects is conducted according to the procedures and the requirements of the relevant University Ethics committee.
6. Will together complete progress reports on the research project, as requested by each Faculty Graduate Studies Committee.

THE SUPERVISOR:

1. Undertakes to provide guidance for the student's research project in relation to the design and scope of the project, the relevant literature and information sources, research methods and techniques and methods of data analysis.
2. Has a responsibility to be accessible to the students.
3. Will be prepared for the meeting with the student. This includes being up-to-date on the latest work in his/her area of expertise.
4. Will expect written work as jointly agreed, and will return that work with constructive criticism within a timeframe (a suggestion of 2-4 weeks) jointly agreed at the outset of the research.
5. Will provide advice that can help the student to improve his/her writing. This may include referrals for language training and academic writing. The supervisor will provide guidance on technical aspects of writing such as referencing as well as on discipline specific requirements. Detailed correction of drafts and instruction in aspects of language and style are not the responsibility of the supervisor.
6. Will support the student in the production of a research report, dissertation or thesis. Provision should be allowed for adequate, mutually respectful, discussion around recommendations made.
7. Will assist with the construction of a written time schedule which outlines the expected completion dates of successive stages of the work.
8. Will ensure the student has the opportunity to present work at postgraduate/staff seminars/national/international conferences as appropriate.
9. Will assist with the publication of research articles as appropriate.
10. Will discuss the ownership of research conducted by the student in accordance with the University guidelines and rules on intellectual property, co-authorship and copyright.
11. Will ensure that the research is conducted in accordance with the University's policy on plagiarism.
12. Will ensure that the student is made aware in writing of the inadequacy of progress and/or of any work where the standard is below par. Acceptability will be according to criteria previously supplied to the student.
13. Has a duty to refuse to allow the submission of sub-standard work for examination, regardless of the circumstances. If the student chooses to submit without the consent of the supervisor, then this should be clearly recorded and the appropriate procedures followed.

THE STUDENT:

1. Undertakes to work independently under the guidance of the supervisor. This includes reading widely to ensure that the literature pertinent to his/her chosen topic has been identified and consulted.
2. Is obliged to make appointments to see the supervisor and will arrange meeting times well in advance.
3. Will think carefully about how to get maximum benefit from these contact sessions by planning what he/she wants in these sessions.
4. Should submit written work for discussion with the supervisor well in advance of a scheduled meeting. The kind and frequency of written work should be agreed with the supervisor at the outset of the research.
5. Written work that is submitted should be relatively free from basic spelling mistakes, incorrect punctuation and grammatical errors. Responsibility for the accuracy of language, the overall structure and coherence of the final research report, dissertation or thesis rests with the student.
6. Undertakes to heed the advice given by the supervisor and to engage in discussion around suggestions made. Ultimately the student has to take responsibility for the quality and presentation of the work.
7. Should strive, within reasonable bounds, to maintain a focus on his/her research area and to work within the agreed time schedule.
8. Will prepare material for presentations at seminars and conferences.
9. **Prepares article to submit for publication with supervisor.**
10. Agrees to honour agreements about ownership of the research and in accordance with the University's guidelines and rules in relation to co-authorship, copyright and intellectual property.
11. Will ensure that the work contains no instances of plagiarism and that all citations are properly referenced and that the list of references is accurate, complete and consistent.
12. Agrees to work in accordance with the criteria of acceptability as supplied by the supervisor.
13. Undertakes not to place the supervisor under undue pressure to submit work for examination until the supervisor is satisfied that it has reached an acceptable level of quality.

We confirm that we have read and understood this statement and agree to be guided by its principles for as long as we continue to work together.

Name of student: Queen Ndlovu

Student's signature: Q Ndlovu

Name of Supervisor: Dr. M Murimbika

Supervisor's signature: [signature]

Name of Co-Supervisor: _____

Co-Supervisor's signature: _____

The broad area of study is: Entrepreneurship and Enterprise Development

Provisional submission date is: 28 February 2018

Degree: Master of Management ENVC

School: WBS

Faculty: CLM

Date: 11/10/17

GRIEVANCE PROCEDURES. It should be acknowledged that during the course of the research that both students and supervisors can feel aggrieved. In this event, these matters should be dealt with as swiftly as possible by the parties involved and, if necessary, the appropriate Postgraduate Coordinators and Committees. There is, in addition, a University Grievance Policy to help guide deliberations.

APPENDIX B

SECTION A: GENERAL INFORMATION

This section will help me understand you as an individual and your business . Please indicate your answer by ticking (X) on the appropriate box. The questions are strictly for research purpose only.

A1 Please indicate your position in the firm

Owner	
Manager	
Supervisor	
Other	

A2 Please indicate your gender

Male	
Female	

A3 Please indicate your age group

Between 18-34	
Between 35-45	
Between 46-60	
More than 60	

A4 Please indicate your highest academic level of education

Matric	
Diploma	
Degree	
Post graduate qualification	
None	

A5 Please indicate your race

Black	
Coloured	
Indian	
Asian	
White	

A6 Please indicate your level experience in your firm

less or equal to 2 years	
3 to 5 years	
6 to 10 years	
More than 10 years	

A7 Please indicate on average what is your firm turnover (Rands) for the past year

Up to 5 Million	
Up to 10 Million	
Between 11- 50 Million	

Between 51- R100 Million	
More than R100 Million	

A8 How many full time employees are there in your firm

Less or equal to 5	
Between 6-10	
Between 7-50	
Over 50 Employees	

A9 Please indicate the Sector your business is operating

Construction	
Mining	
Finance	
Other	

A 10 Please indicate the level of experience in the Sector your firm is operating

1-2 years	
3-5 years	
6-10	

A 11 Please indicate the Province your business is operating

Gauteng	
Mpumalanga	
North West	
Western Cape	
Eastern Cape	
Kwa Zulu Natal	
Northern Cape	
Limpopo	

A12: As an ED participant, have you signed a contract with your ED partner (large private firm)?

Yes	
No	

A13: If you have signed the contract, how long ago?

2015	
2016	
2017	

SECTION B:

Enterprise Development(ED) is when the Large Private Firms gives Financial(Monetary) or Non-Financial Support(Non-Monetary) to Small Business to promote growth in this instance growth in terms of created more jobs and increased annual income for the small business.
This section will help me to understand the current status of your business in term of your own firm's growth prospects and Enterprise Development Contributions .
Please indicate the extent to which you agree or disagree with the statement by ticking the corresponding number in the 7 point scale below

Please indicate to what extent you agree or disagree with each statement:								
		Strongly disagree	Disagree	Slightly disagree	Neutral	Slightly agree	Agree	Strongly agree
1	I started my current business because I wanted to generate income for myself through self-employment							
2	I started my current business because I wanted to give my employees financial wellbeing							
3	I started my current business because I wanted to create employment for my community							
4	Our business selects key personnel in each functional department							
5	I believe that partnering with Large Business through Enterprise Development (ED)will lead to more jobs created in my business							
6	I believe that partnering with Large Business through Enterprise Development will lead to improved annual income in my business							

7	Compared to our competitors, our annual income have continued to grow through Enterprise Development over the past year							
8	Our firm is aware of Enterprise Development Contributions within the Sector							
9	In our firm, the market share has improved in the past year							
10	In our firm, the labour expense has grown in relation to sales revenue							
11	Financial (Monetary) and non –financial(Non-monetary) support through ED is vital to create more jobs in our firm							
12	I believe that one of the significant factors to small business success is through Enterprise Development							
13	Through ED,our firm has increased its return on assets							

SECTION C:

This section will help me to find out about the Enterprise Development Monetary (Financial) activities in your Business. Please indicate the extent to which you agree or disagree with the statement by ticking the corresponding number in the 7 point scale below

Please indicate to what extent you agree or disagree with each statement:								
		Strongly disagree	**Disagree**	**Slightly disagree**	**Neutral**	**Slightly agree**	**Agree**	**Strongly agree**

1	Our business receives full grant allocation through Enterprise Development(ED)							
2	Our business receives preferential credit facilities(90 days) through Enterprise Development							
3	In our business , ED has encouraged our Clients to pay within 15days upon processing of invoices.							
4	In our business, the ED partner(big firm) pays monthly overhead costs(e.g office rent)							
5	Interest free loan with no security requirements is received through Enterprise Development							
6	The ED partner(big firm) incures direct costs (e.g purchasing of computers)to support our business							
7	Our business receives Standard loan through Enterprise Development							

SECTION D:

This section will help me to find out about the Enterprise Development Non-Monetary (Non-Financial)activities in your Business. Please indicate the extent to which you agree or disagree with the statement by ticking the corresponding number in the 7 point scale below

Please indicate to what extent you agree or disagree with each statement:

		Strongly disagree	Disagree	Slightly disagree	Neutral	Slightly agree	Agree	Strongly agree
1	Through Enterprise Development(ED), Our business receives has access to HR professional services							
2	Through ED our business has the Technological ability to coordinate and implement work related tasks							
3	Our business has knowledge of various Market Segments through ED							
4	Through Enterprise Development , our business hosts some personnel from the ED partner(big firm) from time to time to coach our staff							
5	Our business has access to Legal Professional Services through ED							
6	Our business has access to IT professional services through ED							
7	Through Enterprise, our business is able to receive IT Services HR and Legal Services and no cost to our firm.							

APPENDIX C

UNIVERSITY OF THE WITWATERSRAND, JOHANNESBURG

Private Bag 3 Wits, 2050
Fax: 0270865535224
Tel: 02711 7173582

Reference: Ms Jennifer Mgolodela
E-mail: jennifer.mgolodela@wits.ac.za

05 January 2018
Person No: 1315047
PAG

Ms QN Ndlovu
26 Beuke Street
Beuke Place
Die Wilgers
0041

South Africa

Dear Ms Ndlovu

Master of Management in Entrepreneurship and New Venture Creation: Approval of Title

We have pleasure in advising that your proposal entitled *The adoption and impact of enterprise development regulation on SMMEs in Gauteng* has been approved. Please note that any amendments to this title have to be endorsed by the Faculty's higher degrees committee and formally approved.

Yours sincerely

Mrs Marike Bosman
Faculty Registrar
Faculty of Commerce, Law and Management