



**THE CHALLENGES IMPACTING THE GROWTH OF SMALL-, MICRO- AND
MEDIUM-SIZED TEXTILE ENTERPRISES (SMMEs): A CASE OF EKURHULENI
METROPOLITAN MUNICIPALITY**

BY

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**A MINI-DISSERTATION SUBMITTED IN PARTIAL FULFILMENT OF THE MASTER
OF DEVELOPMENT STUDIES IN THE FACULTY OF ECONOMIC AND
MANAGEMENT SCIENCES AT THE UNIVERSITY OF THE FREE STATE**

BLOEMFONTEIN

JULY 2021

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DECLARATION

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Caiphus Netshishivhe

July 2021

ACKNOWLEDGEMENTS

I wish to thank almighty GOD for providing me with His grace and mercy while studying towards the Master of Development Studies (MDS) at the University of the Free State (UFS).

I wish to thank my research supervisor, Professor Derick Blaauw, for his professional guidance and support.

I wish to thank Dr Deidre Van Rooyen, MDS Programme Director, and her assistant, Mr Mohlophehi Mngomezulu, for their amazing support.

I wish to thank my loving wife, Nandipha, for the love and support she gave me while I studied at UFS.

ABSTRACT

The South African Government has a good industrialisation policy framework. However, local textile producers, manufacturers and retailers in Ekurhuleni have been forced to shed jobs, down-size operations and sustain losses due to stagnant growth in the sector. The municipality is under pressure and desperate to find a new way to restore the local textile industry to save jobs. The aim of the research was to uncover the factors adversely affecting SMMEs in the textile industry; to identify factors that will assist to develop and sustain textile SMMEs; and lastly, to make recommendations on the shortcomings uncovered. The study used a survey questionnaire to collect data about the business owners' demographic profile, size of the business and owners' understanding of their experiences or opinions on factors affecting the development and growth of their businesses. The data showed that at least 60% of the businesses were female owned and 70% black owned. Moreover, only 40% of the business that had requested financial assistance, from government agencies, had successfully received funding. The lack of management skills, difficulty maintaining relationships with customers, difficulty maintaining relationships with customers, lack of support from government agencies, textile variety, and perceived over-regulation of the local textile industry ranked low. Therefore, these factors had minimal impact on the viability of SMMEs in the textile industry. In contrast, the difficulty in obtaining loans, ordering on credit, accessing markets, severe competition from rivals, high cost of premises, and high cost of labour significantly impacted the viability of SMMEs in the textile industry. The ability to interact with potential customers and clients, communicate with employees and co-workers, make business-related presentations to potential customers and clients, network with valuable suppliers, and monitor and order stock regularly had a low rating on the scores for the contribution for sustainability. These factors therefore had a minimal contribution to the sustainability of SMMEs. Therefore, a lack of technical and strategic management skills as well as a poor implementation of the policy and regulatory framework had no impact on the growth and sustainability of SMMEs in the textile industry. Moreover, access and affordability of finance and credit facilities had an adverse impact on the feasibility of SMMEs. Compliance issues have a low contribution to the sustainability of SMMEs.

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CHAPTER 1: INTRODUCTION

1.1 Introduction and background of the study

Small, Medium and Micro Enterprises (SMMEs) around the world plays a major role as a contributor to job creation and economic development. In most emerging economies SMMEs contribute over 60% of national employment (World Bank, 2021). This is what makes SMME development a high priority for many governments around the world, especially in developing countries. In emerging markets most formal jobs are created by SMMEs. However SMMEs face many obstacles which affect the growth and development of their businesses.

South Africa's economy has been growing on a slow pace for over 10 years. This development has put pressure on existing infrastructure which offers opportunities to SMMEs. The SMMEs are the backbone of South African Economy. According to South Africa Web (2017) SMMEs contribute 30% of the South Africa's Growth Domestic Product (GDP) and absorb 70% of the employed population.

A study conducted by the Industrial Global Union Report (2015) has discovered that South Africa, one of the biggest textile producers in the African continent, has experienced a diminishing textile production in the last 15 years. The study further reveals that South Africa's textile industry has been in steady decline for at least two decades and has shed thousands of jobs. The study estimated that 150 000 jobs were lost in the industry alone in the last 15 years. Majority of South African clothing manufacturers and producers are unable to compete with the influx of cheaper textile products from foreign countries from Asia (Industrial Global Union Report, 2015).

A study conducted by the Southern African Clothing and Textile Workers Union (SACTWU) shows that the textile industry is underperforming and losing between 2 000 and 3 000 jobs annually (Industrial Global Union Report, 2015). This narrative was shared during the South African clothing, textile and leather tripartite seminar held in Cape Town in June 2015. The seminar was held during the same week that the City of Cape Town hosted the Cape Town Fashion Festival. The event was opened by Honourable Minister of Economic Development: Ebrahim Patel, who reassures industry

stakeholders about government commitment to support and grow the textile industry. The event created a platform for policy makers to share government plans and interventions that will be implemented to increase industry production efficiency in order save jobs.

Ekurhuleni Metropolitan Municipality is one of three metropolitan municipalities in Gauteng province. It forms part of the local government of the East Rand region of province. It is a highly industrialised region of Gauteng. The municipality plays a major role in contributing to the gross domestic product (GDP) of Gauteng. In full recognition of this, the South African government development agencies provide financial and non-financial support to the SMMEs that operate in the Ekurhuleni region.

To this end, through the National Small Business Act Amendment (Act 29 of 2004), the government established the Small Enterprise Development Agency (SEDA, 2015). SEDA's mandate is to provide newly established and existing SMMEs with financial and non-financial support. This was followed by the establishment of the Small Enterprise Finance Agency (SEFA, 2015) in 2012, after the amalgamation of three government finance development agencies. These agencies were combined to streamline their services and to accelerate the development and support for small business as required by the act.

At present, South Africa's textile industry is overwhelmed by textile products from foreign countries, especially Asian countries. Local textile SMMEs are battling to create job opportunities or make a meaningful contribution to the local economy because they cannot compete favourably with foreign manufacturers and producers. Foreign manufactures produce their goods at low input cost rate as compared to local traders.

Over 55% of local textile producers, manufacturers and retailers in Ekurhuleni have been forced to shed jobs, down-size operations and sustain losses between 2013 and 2016 (Worku, 2016). The municipality is under pressure and desperate to find ways of rehabilitating the local textile industry to save jobs for members of the community. Most textile employees live in informal settlements and do not have an alternative income after losing their jobs.

Small Enterprise Development Agency (SEDA, 2015) reported that Ekurhuleni newly established textile SMMEs has a failure rate of 30%. Marivate (2014) and Worku (2016) have found that the failure rate is above 50%. According to Asah, Fatoki and Rungani (2015), Marivate (2014) and Edoho (2015), the challenges affecting the growth of SMMEs in the local textile industry are the inability to compete with foreign manufacturers and producers of textile products (Bezuidenhout & Nenungwi, 2012), lack of technical and manufacturing skills (Brownson, 2014), inadequate entrepreneurial skills (Booyens, 2011), lack of practical support from the Small Enterprise Development Agency (Buckley & Ghauri, 2012), lack of viable programmes that address practical challenges facing local textile industry (Khale, 2015; Seeletse, 2012; Worku, 2016), and the lack of protection for the local textile industry in the form of tariffs and duties (Henrekson, 2014).

1.2 The research problem

Despite administrative and technical assistance from the South African government, local textile producers, manufacturers and retailers in Ekurhuleni have been forced to shed jobs, down-size operations and sustain losses due to stagnant growth in the sector. Government is under pressure and desperate to find a new way to support and revitalise the local textile industry to save jobs for the community. There is a need to understand the challenges that is impacting the growth and development of textile SMMEs in Ekurhuleni.

1.3 Research aims and objectives

Based on the problem statement outlined above, the study aims to identify critical challenges affecting the growth and development of textile SMMEs in Ekurhuleni.

The specific objectives are:

- To uncover the factors adversely affecting textile SMMEs in Ekurhuleni.
- To identify factors that can contribute to the sustainability of the textile SMMEs in Ekurhuleni.
- To analyse challenges affecting the growth and development of textile SMMEs.

- To establish which factors can be resolved and in turn enhance success of the textile SMMEs in Ekurhuleni.

1.4 Research questions

The study aims to provide answers to the following research questions:

- What are the key factors that adversely affect textile SMMEs in Ekurhuleni?
- What are the key factors that contribute to sustainability of textile SMMEs in Ekurhuleni?

1.5 Research assumptions

Leedy and Ormrod (2014, p. 62) stated that: "...assumptions are so basic that, without them, the research problem itself could not exist." The study assumes that textile SMMEs based in Ekurhuleni will continue to contribute towards growing the local economy and the reduction of unemployment. It is also assumed that SMMEs who will participate in the study will answer the questionnaires truthfully.

1.6 Delimitation of the study

Leedy and Ormrod (2014) define delimitations as the attributes that limit the scope of the study. Researcher is not going to include these measures in this study:

- SMMEs are businesses whose annual turnover of less than R5 million. No business with a turnover of more than R5 million a year is included in the study.
- Although the decline of growth and development of SMMEs in the textile industry cuts across South Africa as a whole, other than SMMEs in the textile industry in Ekurhuleni Metropolitan Municipality, no other SMMEs will be included in the study.

1.7 Importance of the study

A review by the Cape Clothing and Textile Cluster (2017) pointed out that clothing, textile, footwear and leather (CTFL) production contributes around 14% of the total manufacturing employment in South Africa. That means that the industry has created

between 60 000 to 80 000 jobs opportunities and a contribution of around 8% to the country's GDP. There are approximately 4 500 tax paying CTFL manufacturers in South Africa and most of these firms are micro-enterprises (SARS, 2018). According to Statistics South Africa (2012), the 20 big businesses control about 85% of the broader CTFL market (Invest South Africa, 2019).

Since the Ekurhuleni Metropolitan Municipality is a manufacturing hub for South Africa, the significant role this municipality is playing in contributing to the GDP of Gauteng, as well as the country, is crucial. The findings of this research will be shared with decision-makers at the municipality, particularly the key challenges impacting growth and development, as well as crucial factors contributing to the sustainability of these SMMEs in the textile industry.

CHAPTER 2: LITERATURE REVIEW

2.1 Introduction

This chapter presents the theoretical framework for the study and develops the topic, specific research problem, question(s), and design elements. This section will also describe the overall topic to be investigated, outlines the approach taken from literature review, and argues the evolution of the problem based on the gap defined in the literature from its origination to its current form.

2.2 The current state of the textile industry in Ekurhuleni

South African Finance Agency (SEFA, 2015) reported that the textile industry contributed 6.8% to the Gross Domestic Product (GDP) in 2014. However, the study conducted by Asah, Fatoki and Rungani (2015), stated that South Africa textile industry has lost ground and unable to compete with foreign textile producers. They further argued that one of the main reasons why the local players are struggling is because of lack of financial resources, lack of skills required to run the business, industry excessive rules & regulations and lack of support from South African development and finance institutions.

Industrial Global Union Report (2015) claimed that trade liberalisation measures have opened the trade space for more foreign goods to be imported into the country. Majority of companies that were operating in South Africa have now relocated to other African countries where they can pay cheaper salaries and still make profit. In effect, these measures have made it difficult for the South African garment industry to compete with foreign players. South African Chamber of Commerce and Industry (SACCI, 2016) annual report for the financial year 2014/2015 emphasised the urgent need for the tailor-made intervention to support the industry so that it can strive and compete at a global space. Marivate (2014), Khale (2015), Worku (2014, 2015) and Edoho (2015) studies also came to the similar conclusion that majority textile SMMEs trading in Ekurhuleni have similar obstacles impacting their growth and development.

Ekurhuleni Metropolitan Municipality is the epicentre of Gauteng manufacturing industry. Ekurhuleni is one of the three metropolitan municipalities in the Gauteng province. The municipality head office is based in Germiston.

In 2019, the population of the Ekurhuleni Metropolitan Municipality was 3 774 638, comprising of 1 299 490 households. Poverty remains stubbornly high in the municipality with over 34% of the population living in poverty. Using the upper-bound poverty line, 31% of the population lives in poverty. The Gini coefficient is 0.633, making it a city where inequality is a concern. Four percent of the inhabitants of the municipality are without education. In total, the number of people with primary and secondary education is 43%, while 41% of people in the municipality have matric. Only 4% of people in the municipality have an undergraduate qualification.

The region has nine towns and seventeen townships. Many of Ekurhuleni towns have old empty buildings that were home for many manufacturing companies including textile industries. Ekurhuleni Metropolitan Municipality's Economic Development Department has for many years build several business parks in the townships as part of promoting township economies. These business parks are earmarked for SMMEs that cannot afford to rent out workspaces in private industrial parks.

Ekurhuleni is a key contributor to the GDP of Gauteng. Ekurhuleni Metropolitan Municipality has established a one-stop business facility called the Ekurhuleni Business Facilitation Network in Kempton Park. The facility integrates an array of business solutions for SMMEs and large enterprises.

A five-year study conducted by Marivate (2014) on the SMMEs that conduct business in Tshwane found that majority of SMMEs do not benefit much from government -initiated support programmes offered by SEDA and DTI. The study focused on textile and footwear industry SMMEs operating in the Tshwane Metropolitan Municipality. Worku (2016) arrived at a similar conclusion.

2.3 Definition of SMMEs

Rogerson (2013) defines SMMEs as enterprises with asset value of not more than R10 million, excluding land and working capital, and employs 10 to 300 people. Marivate (2014) defines SMMEs as having an asset value of between R2 500 and R20 million, excluding the cost of land and working capital.

Small Enterprises Development Agency (SEDA,2015) defines SMMEs as a business that have a growth potential and is managed by one or more members and have an annual turnover of not more than R150 000.00.

Small enterprise is defined as a business that employs one to hundred workers. These workers work for the owner who complies with government regulations Medium-sized enterprise is defined as a business that employs hundred to two hundred workers, are managed by their owners, who fulfil all relevant regulations. According to the Department of Trade and Industry (DTI, 2015) SMMEs can be defined as enterprises with less than R25 million asset value, excluding the cost of land and working capital.

The National Small Business Act of 1996, as ammended in 2019, defines SMMEs as per Table 1.

Table 1: SMME definitions

Column 1	Column 2	Column 3	Column 4
Sectors or sub-sectors in accordance with the Standard Industrial Classification	Size or class of enterprise	Total full-time equivalent of paid employees	Total annual turnover
Agriculture	Medium	51 - 250	≤ 35,0 million
	Small	11- 50	≤ 17,0 million
	Micro	0 – 10	≤ 7,0 million
Mining and Quarrying	Medium	51 - 250	≤ 210,0 million
	Small	11- 50	≤ 50,0 million
	Micro	0 – 10	≤ 15,0 million
Manufacturing	Medium	51 - 250	≤ 170,0 million
	Small	11- 50	≤ 50,0 million
	Micro	0 – 10	≤ 10,0 million
Electricity, Gas and Water	Medium	51 - 250	≤ 180,0 million
	Small	11- 50	≤ 60,0 million
	Micro	0- 10	≤ 10,0 million
Construction	Medium	51 - 250	≤ 170,0 million
	Small	11- 50	≤ 75,0 million
	Micro	0- 10	≤ 10,0 million
Retail, motor trade and repair services.	Medium	51 - 250	≤ 80,0 million
	Small	11- 50	≤ 25,0 million
	Micro	0 – 10	≤ 7,5 million
Wholesale	Medium	51 - 250	≤ 220,0 million
	Small	11- 50	≤ 80,0 million
	Micro	0 – 10	≤ 20,0 million
Catering, Accommodation and other Trade	Medium	51 - 250	≤ 40,0 million
	Small	11- 50	≤ 15,0 million
	Micro	0 – 10	≤ 5,0 million
Transport, Storage and Communications	Medium	51 - 250	≤ 140,0 million
	Small	11- 50	≤ 45,0 million
	Micro	0 – 10	≤ 7,5 million
Finance and Business Services	Medium	51 - 250	≤ 85,0 million
	Small	11- 50	≤ 35,0 million
	Micro	0- 10	≤ 7,5 million
Community, Social and Personal Services	Medium	51 - 250	≤ 70,0 million
	Small	11- 50	≤ 22,0 million
	Micro	0 – 10	≤ 5,0 million

Source: *Business Tech* (2019)

The National Small Business Act of 1996 provides characteristics of SMMEs as per Table 2.

Table 2: Characteristics of source of SMMEs

Informal street vendors, hawkers etc. (64%)	Unregistered individuals (18%)	Registered Business (17%)
673 576	195 250	184 992
<ul style="list-style-type: none"> ▪ Survivalist – street market, stall market ▪ Predominantly involved in the sale of goods ▪ Operate in the informal sector of the economy ▪ Won't employ others in the running of their business ▪ Income generation below the poverty line – average of R1 500 per month ▪ No training, high school education ▪ Approximately half have access to a bank account 	<ul style="list-style-type: none"> ▪ Many involved in sale of goods however activity seen in other sectors such as services or landlords ▪ Not inclined to employ others ▪ More inclined to run business from home ▪ Never registered the business ▪ For 30% income derived from business. Is not sole sources of income ▪ Average monthly turnover R2 600 ▪ 55% banked 	<ul style="list-style-type: none"> ▪ Part of the formal economy ▪ Registration of business a sole proprietor or a close corporation ▪ 90% banked ▪ Higher predominance of White and Indian business owners ▪ More likely to be professionals ▪ Skills learnt from post matric education or training programmes ▪ Employ approximately 5 other people in the business ▪ R21 500 average turnover of business

Source: Department of Small Business Development (2019)

The DTI defines SMMEs based on their annual turnover. This definition is aligned with the National Small Business Amendment Act. The definition and classification of SMMEs according to their annual turnover are presented in Table 3 below.

Table 3: DTI definition and classification of SMMEs

Industry Turnover	Large: Rm	Medium: Rm	Small: Rm	Very small: Rm
SIC 2 Mining & quarrying	370.5	95.0	38.0	2.0
SIC 3 Manufacturing	456.3	123.5	47.5	2.0
SIC 4 Wholesale trade	608.0	304.0	57.0	2.0

Source: Department of Trade and Industry (2017)

2.4 Government policies and institutions related to SMMEs

2.4.1 National Small Business Act (No. 102 of 1996)

The National Small Business Act was promulgated in 1996 by the South African Government. The mandate of the Act is to protect and promote the development of small businesses in South Africa. Its mandate also involves making sure that strategies are in place to support the SMMEs across the entire value chain. The Act works as a blueprint for three spheres of government on how to grow and sustain SMMEs (SA Government Gazette, 1996).

2.4.2 The Small Enterprise Development Agency (SEDA)

The Small Enterprise Development Agency (SEDA) was developed in 2004 through the National Small Business Act of 1996 and its mandate is to implement small business strategy. SEDA implements the small business strategy and provides financial and non-financial support to SMMEs. SEDA has developed a SMME growth model which is used to evaluate the level of intervention required from SMMEs (Global Entrepreneur Monitor, 2014).

2.4.3 The Small Enterprise Finance Agency (SEFA)

The Enterprise Finance Agency (SEFA) established in 2012 after the merger between Khula Enterprise Finance Ltd, South African Micro Apex Fund, and the small business activities of the Industrial Development Corporation (IDC). SEFA has a wide range of services, but its main role is to offer bridge finance to small businesses to ensure business sustainability (Global Entrepreneur Monitor, 2014).

2.4.4 Gauteng Enterprise Propeller

The Gauteng Enterprise Propeller Act of 2005 gave the Gauteng provincial government powers to establish the Gauteng Enterprise Propeller, whose primary role is to assist small businesses with resources and access to market platform (Gauteng Enterprise Propeller Annual Report, 2015). The agency's role is well versed with the two developmental mandates, namely, to reduce the rate of poverty and unemployment

province and to ensure inclusion of formal and informal SMMEs in the mainstream economy (Gauteng Enterprise Propeller Annual Report, 2015).

2.4.5 The National Youth Development Agency (NYDA)

The National Youth Development Agency (NYDA) was established as per Act no 54 of 2008 and its mandate is to reduce barriers faced by young people when starting small businesses. NYDA support young people between the ages of 14 and 35 years who want to start businesses or require finance to fund existing businesses (Global Entrepreneur Monitor, 2014).

2.4.6 National Empowerment Fund (NEF)

The National Empowerment Fund (NEF) was established to address the transformation as stipulated on the Broad-Based Black Economic Empowerment (BBBEE) Act. Its mandate is to offer bridge finance in the form of loans to SMMEs who want to expand their business operations (Global Entrepreneur Monitor, 2014).

2.4.7 Gauteng SMMEs' policy framework

The Gauteng SMME policy framework (2010-2014) was developed to accelerate the growth of SMMEs to create sustainable jobs for local people whilst growing the provincial economy. The policy framework recognised critical issues faced by SMMEs in Gauteng. It further provided solutions on how sustain the textile SMMEs operating in Gauteng. The policy framework further categorizes the various skills required by SMMEs (Gauteng Department of Economic Development, 2010).

2.4.8 The Ekurhuleni Community Enterprise Development Fund (ECEDF)

To support the development of the regional economy through enterprise development, the Ekurhuleni Metropolitan Municipality has developed the Ekurhuleni Community Enterprise Development Fund. The purpose of ECEDF is to offer support to small businesses based in Ekurhuleni. ECEDF was approved during the municipality council seating at the Germiston Chamber on 1 November 2019 (Ekurhuleni Metropolitan Municipality, 2019).

2.4.9 Ministry of Small Business Development

The Ministry of Small Business Development was formed in 2014. Its mandate is to promote the development and suitability of small businesses in South Africa (Global Entrepreneur Monitor, 2014).

2.5 Key obstacles to sustained growth and development of SMMEs

According to the Global Entrepreneurship Monitor Report (2018) South African small businesses face many challenges such as over-regulation of businesses, unnecessary bureaucratic burden and onerous labour laws. These are seen as the key constraints to entrepreneurial ventures. The apparent lack of access to finance by entrepreneurs seems to be a universal problem at all levels in the entrepreneurial pipeline. Lastly, the report mentioned the level of education and training as critical area that require attention to ensure sustainability of small business.

SEDA (2015) reported that more than 30% of new businesses in the Ekurhuleni textile and footwear industry fail before they can even finish their first year. Marivate (2014) and Worku (2016) studies shows that the failure rate percentage is above 50%.

There are fewer previous studies about the obstacles impacting the growth and sustainability of Ekurhuleni textile and footwear industry. Kar, Sharma and Borah (2011) study highlighted the importance of small business contribution to the country's economy. Mwangi, Sejjaka, Canney and Maina (2013) argued that most of the newly established businesses fail because owners do not possess entrepreneurship skills required for the business; they only start business for the sake of job creation and reduction of poverty. They also discovered that secondary schools do not include basic vocational skills that can contribute to better understanding of how to run a successful small business.

Seeletse (2012) stated that the cause for the high rate of SMMEs in Gauteng is the proximity of areas where one can go and register an SMME business including attaining all required trading documentation. However, that does not liken to the kind of the assistance that a small business will get from small business support organisations.

Rogerson (2010) said that the reason why most of the SMMEs struggle to compete with foreign manufactures and producers is because they don't have the required sector entrepreneurship skills and finance required to run the business.

Asah, Fatoki and Rungani (2015), Khale (2015) and Edoho (2015) said that as much as government development and finance agencies are introducing interventions to sustain SMMEs, these interventions have now shown results because majority of SMMEs continues to fail and close daily. Worku (2015) described the situation as a critical one and even suggested that government must stop implementing generic intervention but look at each SMME sector differently and provide relevant assistance. The study also highlighted that SMMEs that are at different stages of growth will never require same business intervention or support programmes

Bezuidenhout and Nenungwi (2012), Bhat and Grover (2013), Booyens (2011) and Brownson (2014) study results pointed out the following skills that is critical for the SMME to succeed, namely (a) understanding of how to write a plan, (b) understanding of how to build a credit profile, (c) understanding of how to take stock, (d) understanding of how to manage and buy stock at reasonable prices, (e) understanding of how to market the business.

Other researchers such as Grant (2013), Buckley and Ghauri (2012), Calvin (2012), Fahy (2013), Mahadea (2012) and Carr (2013) came up with similar conclusion that government should develop programme that will incubate SMMEs and support them from the development, growth and maturity stage. This intervention will require a full assessment of business owner's needs including skills required to run such a business.

Support for SMMEs has increased since the first democratic elections in 1994, however we have continued to see high rate of small businesses failing to compete and subsequently closing their businesses (Edoho, 2015). Ladzani and Netswera (2009) and Buckley and Ghauri (2012) study results shows that SMMEs in the province struggle to succeed due to lack of resources required to operate a successful business.

The landscape of the South African SMME sector across the entire value chain has mostly similar challenges which have to do with entrepreneurial skills and finance for

business operations (SEFA, 2015). SACCI (2015) pointed out that what is happening with Ekurhuleni textile industry is the same situation in other industries of South African economic sectors.

According to Fauconnier and Mathur-Helm (2013) newly formed SMMEs struggle to get support because they don't have collateral which can be used as equity for the business. As a result, they depend on quick finance loans to fund their business operations. There is a need to provide a tailor-made intervention for new SMMEs to curb this failure rate.

Bhat and Grover (2013) suggested that government should address the bureaucratic red tape and corruption within its system if it is serious about developing and sustaining SMMEs jobs. An accountable and transparent government will always create a favourable environment for SMMEs to flourish to create jobs for local people. This sentiment was also highlighted on previous studies done by Rogerson (2010) and Worku (2014, 2015). Chao, Szrek, Pereira and Pauly (2010) study indicated that start-up businesses operating in almost all South African cities have trouble in securing vitally needed loans for business operation.

Marivate (2014) pointed out that corruption and lack of efficient government system affecting the growth of SMMEs. He also emphasised the importance of putting government system in place to efficiency when assisting SMMEs. The systems will pick up human errors that are delaying government to grow the SMME sector. Khale (2015) has described the importance of creating platforms for SMMEs to access SEDA programmes to minimize SMMEs failure rate.

2.6 Challenges and remedial actions proposed by development economists

Many development economists have pointed out what needs to be done by local governments such as Ekurhuleni to resurrect the local textile industry. Foremost among these are Asah, Fatoki and Rungani (2015), Edoho (2015), Marivate (2014), Seeletse (2012), Henrekson (2014) and Rogerson (2013). These authors stated that the key obstacles faced by the local textile industries are related to entrepreneurial, technical

skills, the cost and condition of labour and access to finance that are required for the production, manufacturing and distribution of textile products locally and internationally.

2.6.1 Foreign competition

South African SMMEs are not strong enough to compete with foreign producers, manufacturers and retailers of textile products. South African government has a duty to use tariffs and legislative tools to protect local textile industry and encourage local producers, manufacturers and retailers (Department of Defence, 2003). There is support for this suggestion from numerous development economists, planners and policymakers. According to the United Nations Development Agency (2016), developing countries that have identified textile industry as a priority economic sector require protection from aggressive foreign producers and manufacturers to thrive.

Since April 1994, the textile industry of South Africa has lost significant ground to foreign competitors. It has also lost massive capital. Ayogu and Gbadebo-Smith (2014) pointed out that textile industry has suffered a considerable loss in terms of capital out-flight, disinvestment and loss of artisanal and entrepreneurial skills due to a lack of leadership. Khale (2015) has suggested that legislation should be used to discourage the sale and import of illegal textile products from foreign producers. Henrekson (2014) suggested that the South African National DTI, SEDA and SACCI should play a more proactive role in promoting local textile products.

The economic trading financial data analysis does show that Chinese clothing imports have declined because of the quota policy that was implemented by the government. However, local textile companies continue to be confronted by competitors from prominent supplier locations that are even cheaper than China (Khale, 2015).

Henrekson (2014) stated that the current economic challenges facing the global world and the exposure to foreign competitive textile producers from China will further worsen local producer's situation than when it started before the quota policy was introduced.

Quota agreements with China have not helped much so far. According to Brownson (2014) the agreement with China has been implemented for a while but has not

assisted government to sustain local textile industry. Lastly, Booyens (2011) argued that quotas have had little impact on employment and output.

2.6.2 Skills training

Marivate (2014) suggested that an incentive should be provided to the local textile industry by way of skills-based training on entrepreneurial activities that are helpful for the local industry. Worku (2015) suggested that economic and tax-related incentives should be provided to local producers, manufacturers and retailers to encourage them to employ and train the unemployed youth. Marivate (2014) pointed out that SMMEs could be used as a vehicle for sustained growth and development by providing tailor-made training programmes available to the youth. Khale (2015) pointed out that government should incorporate entrepreneurship training in the early stages of the education system to prepare young people to start small businesses when they exit secondary education. Khale (2015) pointed out that South Africa needs to take valuable lessons from countries such as South Korea.

World Bank (2016) emphasised that developing economies in sub-Saharan African countries need to meet their respective millennium development goals (MDGs). The South African government has a duty to create a conducive environment to grow the textile SMMEs to create job opportunities for local people. According to the Department of Trade and Industry (2016) annual report for the financial year 2014/2015, one of the strategic plans of South Africa is to use the SMME sector to create many jobs and livelihoods.

2.6.3 Foreign investments

A report by United Nations Economic Commission for Africa (2014) indicates that about US\$854bn left Africa between 1970 and 2008. During the same period, Africa attracted an average of only US\$22bn from foreign direct investors. This shows that the local textile industry of Ekurhuleni will lose massive amounts of capital if the Ekurhuleni Local Government fails to create an economically enabling environment for potential investors who would be happy to come into the local textile industry from all over the world.

Hilson (2014) pointed out that the key priority of local governments such as the government of Ekurhuleni should be to attract foreign direct investment and to discourage the outflow of capital. According to the author, the textile industry is a crucial area of potential and sustainable growth and development. Boyce and Ndikumana (2015) reported that capital out-flight and failure to attract foreign direct investment are closely associated in many sub-Saharan countries.

2.6.4 Governance

Radebe (2017) emphasised the importance of incorporating good corporate governance within SMMEs operations systems. The success of many SMMEs was attributed to the compliance with required business regulations. This argument was also supported by Sun (2016) who emphasise that compliance should be integral to all SMMEs business operations. There is a general view that business that invests in corporate will get several benefits as compared to the business that do not comply (Best-practice.com, 2016).

2.7 Conclusion

This chapter presented various challenges impacting the growth and development of textile SMMEs in general and operating in Ekurhuleni specifically. It also discussed the summary of legislative policies that are aimed at supporting the growth and development Ekurhuleni textile SMMEs.

CHAPTER 3: RESEARCH METHODOLOGY

3.1 Research philosophy

A positivism approach will be followed in collecting and analysing data on the factors (Holden & Lynch, 2004). Positivism enables the application of a quantitative methodological approach to evaluate and establish the nature and extent of interrelationships that exist within a setting (Crossa, 2003). This study was quantitative and aimed to establish facts and test their significance that are characteristics for positivism, which are inductivism and deductivism, respectively (Bryman, 2008).

3.2 Research approach

The study will investigate the factors affecting the success and sustainability of the textile industry in the Ekurhuleni region. Therefore, this study followed a deductive research approach. Howell (2013) explained that the positivism philosophy aims to establish and validate facts established about a phenomenon.

3.4 Research design

This study was a non-experimental research study and used a descriptive quantitative as well as an explanatory approach based on an online survey. The study used survey questionnaire to collect data on business owners' demographic profile, size of the business and owners' understanding their experiences or opinions as well as on factors affecting the development and growth of their businesses. The data collected, as well as descriptive and relational statistical analyses gave us an indication of the factors that affect the growth and sustainability of the textile industry in Ekurhuleni.

3.5 Target population and sampling

The total research population of this study comprises of SMMEs in the textile industry in the Ekurhuleni region (N = 50) as divulged by the Chamber of Commerce of South Africa. The study will assume a 20% response rate and use convenience sampling to select a sample of 30 SMMEs (n = 30) from SMMEs in the textile industry in the Ekurhuleni, to ensure that the relative number of positive responses was significantly

higher, from the list provided by the chamber of commerce. The businesses participating in the research will be selected based on their predetermined availability (Etikan, Musa & Alkassim, 2016). Non-probability sampling will be applicable due to convenience and affordability (Chaudhary & Kumar, 2015). Participants' availability will be predetermined initially by sending an email request and a follow-up phone call, with the assistance of the chamber of commerce.

3.6 Research instrument

A telephonic survey questionnaire was used for the study because of its convenience and affordability (Kaplowitz *et al.*, 2004). Nonetheless, incomplete responses and a low response rate are to be expected.

The first part of the survey questionnaire, a biographical questionnaire was used to gain insight about the owners' race, age, academic field/discipline, educational background, and size of the business. The data was used to establish any possible influences of demographic factors on the effective performance and sustainability of the business.

The second and third part used a Likert-scale questionnaire to evaluate and understand the owners' understanding of their experiences or opinions on factors affecting the development and growth of the business. The questionnaire enabled the business owners to assess and rate their understanding of the factors that adversely affect SMMEs in the textile industry. Moreover, the factors that contribute to the sustainability of the SMME textile industry were assessed.

3.7 Reliability and validity/trustworthiness

The validity and reliability measures were used to ascertain whether the survey questions adequately give rise to data that answers all the research questions (Heale & Twycross, 2015). The validity measures of content, construct and criterion were used to establish the accuracy of the questionnaire in addressing the objectives of the study. The face validity concept was applied through questionnaire design in consultation with senior managers from the Chamber of Commerce of South Africa. The content validity

of the survey questionnaire was adequately constructed to cover all the research questions of the study.

Construct validity measures of homogeneity, convergence and theory evidence were applied to the pilot study data to determine whether the scale scores can be reliably used to make valid inferences about the research questions. Convergent, divergent and predictive measures of criterion validity will be used to evaluate how well the research questions are answered from the questionnaire (Pereyra-Rodriguez *et al.*, 2019).

The test-retest and parallel forms were used to test stability. The correlation coefficient of the scores was used to test the stability of the questionnaire components in addressing the research questions. The response rate was used to determine and validate that the data collected is an adequate and fair representation of the sample, and I therefore gave sufficient answers to address the research questions and objectives of the study.

3.8 Data analysis

The survey questionnaire responses were assessed for completeness, and the incomplete responses were rejected. Complete responses were recorded as positive and used to determine the response rate. Descriptive statistics were used to analyse and summarise the trends from the categorical and scale data. Frequencies or percentages and mean value with standard deviation were used to represent the categorical and scale data, respectively. The questionnaire's parts 2 and 3 comprised closed ended questions with a five-point Likert scale to determine the level of impact of each factor. The scales were as follows:

- 1: Significantly
- 2: Moderately
- 3: To some extent
- 4: Slightly
- 5: Not at all

The mean and standard deviation score for each question was determined, and the score ranked. The mean scores for each research question/objective were ranked

according from the lowest to the highest to illustrate the factors that were regarded to have a low and high impact on businesses' viability and growth. The summary of the scores, mean, standard deviation and rank are provided in a table as illustrated below:

Table 1: Table of summary for the scores

Rating scale	1	2	3	4	5
Score					
Mean					
SD					
Ranking					

Questionnaire

The first part of the survey questionnaire was used to gain insight about the owners' race, age, academic field/discipline, educational background and size of the business. The full questionnaire is in the appendix.

3.9 Research ethics: Key considerations

Research ethics clearance to conduct the research was approved by the University of Free State Research and Ethics Committee on 16 November 2020. The ethics clearance (UFS-HSD2020/1056/1611) is valid for a period of 12 months.

The business owners from the sample and based on predetermined availability received an email invitation to participate in the study. The invitation outlined the purpose of the study as well as instructions on how to complete the survey questionnaire (Caulfield & Outerbridge, 2002). Moreover, participation is on a voluntary basis and the responses and thoughts were treated with strict confidentiality and anonymity (Smythe & Murray,

2000). Therefore, the identity of research participants will be kept as a secret to ensure confidentiality and anonymity.

The participants were informed that nothing will happen to them if they decide not to participate on the study (Jacobson & Landau, 2003).

Therefore, the respondents are not forced to complete the survey. Participants are not obliged to participate or complete the survey if they feel disagreeable with the study at any stage while contributing. The respondents will approve their involvement in the study by clicking on the consent option from the online survey to validate that they perused and accepted and understand the set-up as well as directive for participation.

Finally, the researcher pledges to recognise and abide by the code of conduct declared in the Singapore Statement to ensure ethical professionalism (Resnik & Shamoo, 2011).

3.10 Conclusion

This chapter presented the research methodology for the study and explains the rationale for selecting this particular methodology as opposed to the alternative methodologies.

CHAPTER 4: RESULTS AND ANALYSIS

4.1 Introduction

This chapter presents results of data analysis obtained from the study. Frequency tables will be presented for each variable of study with a few graphical depictions. Interpretations of results will be provided following each set of results.

The mean and standard deviation were used to quantify and contextualise the level of significance of each factor on the impact on growth, feasibility or sustainability through a mean-based ranking. The first part of the analysis covers the information regarding the business, while the second and third-part cover objectives 1 and 2 of the study, respectively.

4.2 Part 1: Biographical analysis and general characteristics of the business

This section will give an overview analysis of the company characteristics about issues such as number of employees, period of existence, as well as operational and skills development. Moreover, a biographical analysis of the respondent is also covered.

Biographical analysis of the business owner

A total of 15 business owners, out of a targeted sample of 30, responded to the survey. Therefore, the response rate of the survey was 50% of the surveyed sample. The survey was specifically targeted at the business owners who are knowledgeable about the business operations and challenges faced by the business. The majority were female (Figure 1), and this comprised 60% of the respondents.

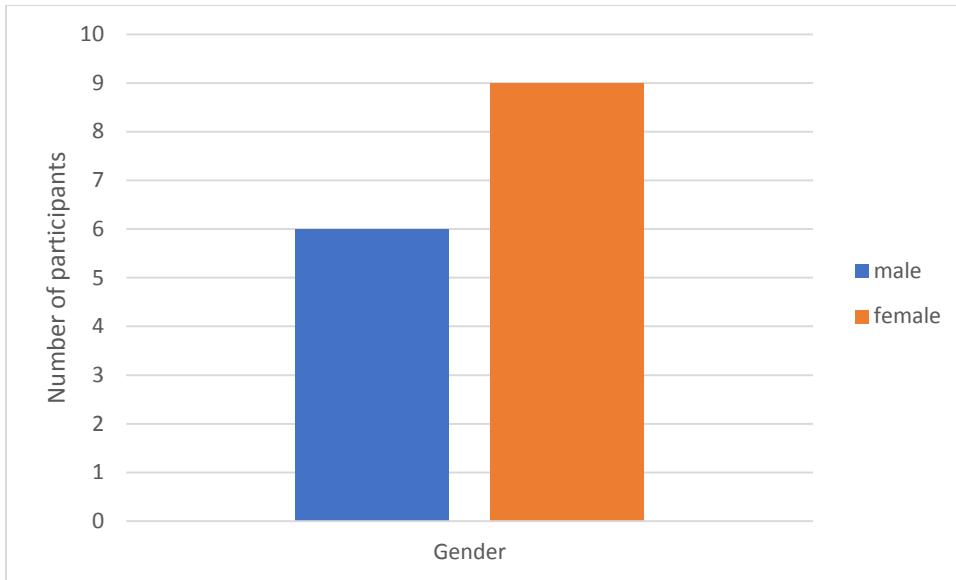


Figure 1: Gender distribution of the business owners who responded to the survey

Figure 2 gives a summary of the age categories of the 15 business owners who responded to the survey. Five of the respondents were below the age of 36, while 10 were above the age of 36. The data demonstrates that most business owners are not of a youthful age, thereby demonstrating a lack of participation from the youth in the textile industry in this sample.

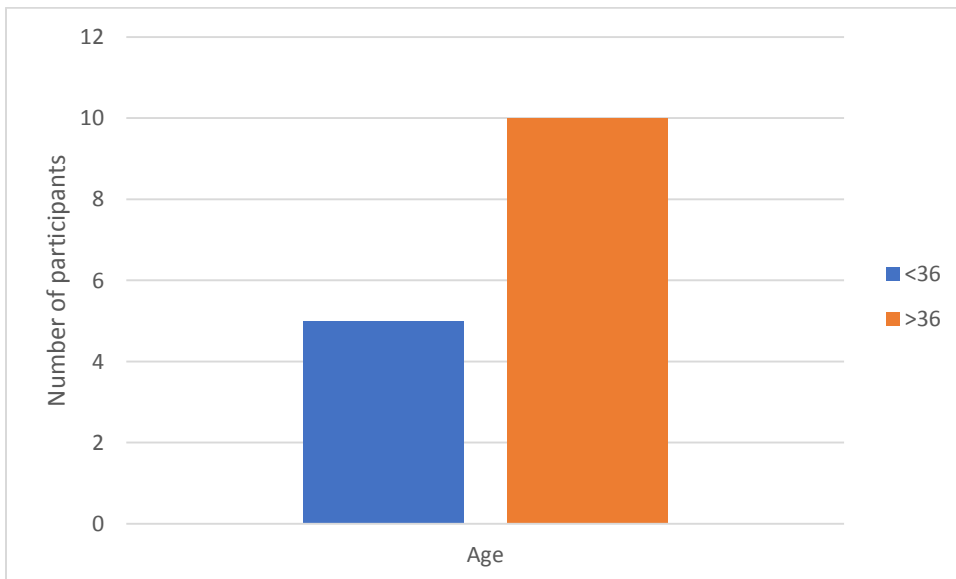


Figure 2: The age distribution of the respondents for the questionnaire survey

An analysis of the race composition of the business owners shows that only 40% of the businesses were black owned (Figure 3). The data from the survey shows that in this sample six businesses were black owned, five were coloured owned, three Asian owned and only one was white owned.

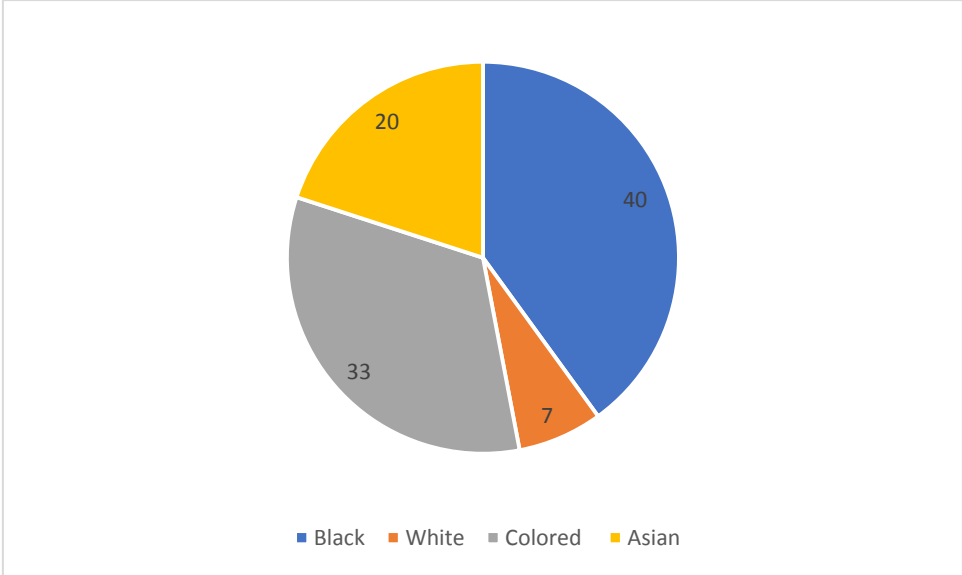


Figure 3: The percentage race of respondents for the survey

Most of the business owners in this sample had a matric certificate as their highest qualification, as shown in Figure 4 below.

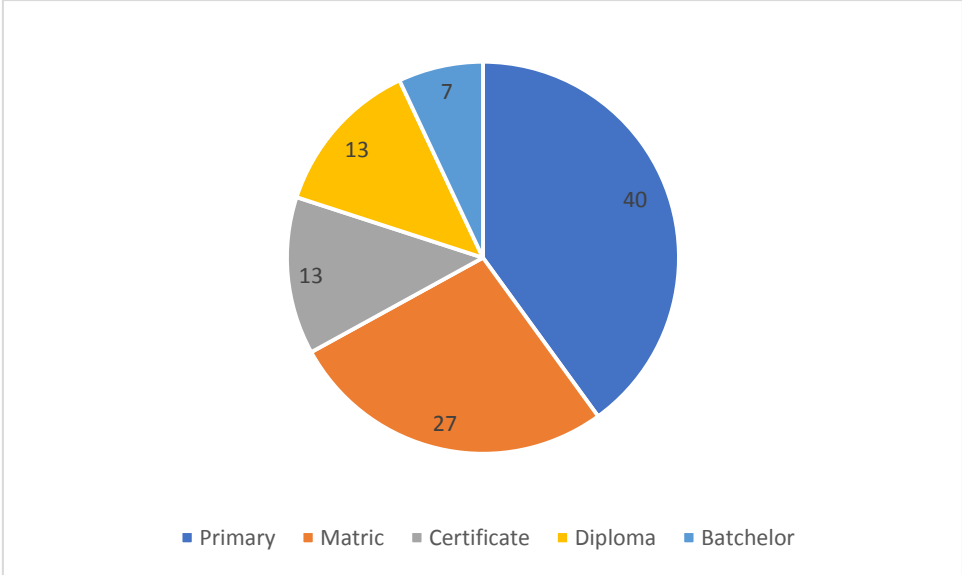


Figure 4: The percentage educational level of the respondents

General characteristics of the business

This section aimed at gaining an overview of the business operations about strategic planning, human capital, skills and interaction with financial development institutions.

The mean and median values for the number of years that the business sampled had been in operation were five and seven, respectively. The data from the sample showed that a significant proportion at least 50% of the businesses from the sample surveyed had been in the textile business for over seven years. Therefore, the data illustrates that some businesses have managed to continue operations despite the challenges faced by the textile industry in South Africa (Bezuidenhout & Nenungwi, 2012; Industrial Global Union Report, 2015).

The development and sustainability of small business are key strategies towards solving the high unemployment rate in South Africa (SA Government Gazette, 1996). The mean and median of the sample distribution for the number of employees per business were 5. The survey data showed that 60% of the businesses had at least one employee.

Skills-based training on entrepreneurial activities has been suggested to have great potential to benefits the local textile industry (Marivate, 2014). Furthermore, Buckley and Ghauri (2012) have pointed out that SMMEs in Gauteng's lack of entrepreneurial skills is one of the major factors contributing to the failure of SMMEs. Approximately 50 percent of the business owners had formal training in the running of a textile business (Figure 5). The data showed that eight of the business owners had formal training, while seven did not have any formal training.



Figure 5: The number of business owners with formal training in textile business

The ability to draw up a business plan is one of the most important skills that all small businesses across all sectors require to understand all aspects of the business operations (Bezuidenhout & Nenungwi, 2012, Bhat & Grover, 2013).

The majority of SMMEs don't survive because of lack of financial resources to fund their operations (Buckley & Ghauri, 2012). Seven of the 15 business owners who responded to the survey indicated that they sought financial assistance from SEDA (Figure 6). Moreover, only three of the seven businesses had successfully received financial help from SEDA (Figure 7). The data shows a 40% success rate, and this data relates to what has been reported by the SACCI (2015) about the difficulty that SMMEs face in accessing affordable finance.

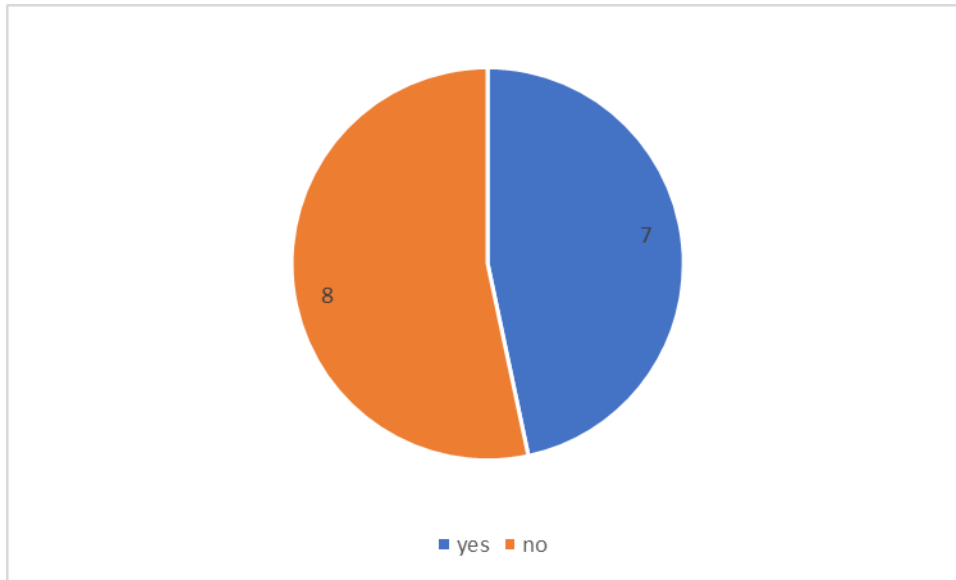


Figure 6: Proportion of businesses that has sought finance from SEDA

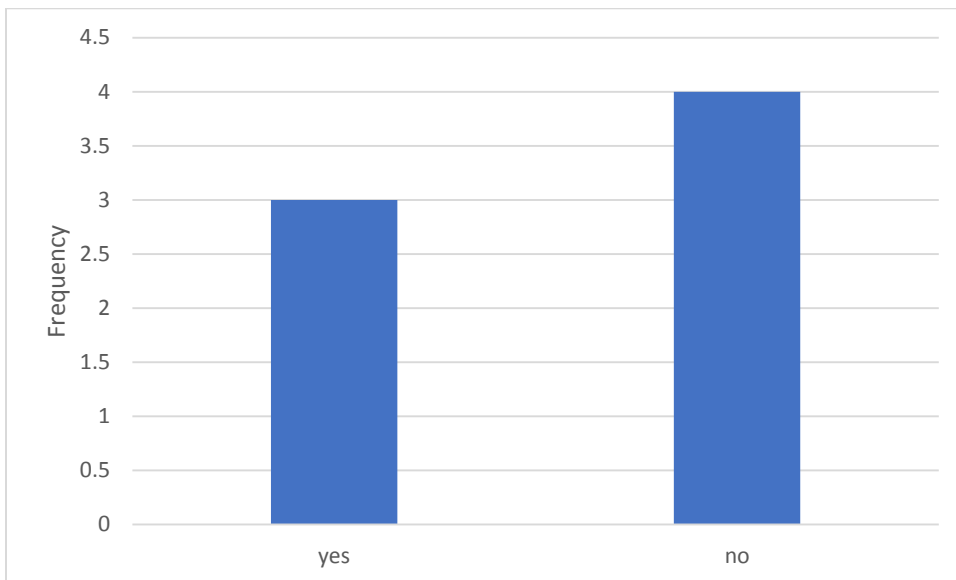


Figure 7: Number of businesses that have successfully received financial support from SEDA

The Etwatwa Daveyton Kingsway Wattville Kwathema Thembisa Chamber (EDKWKT) of Commerce is a source of technical, training and finance support available for local businesses. Seven out of the 15 business indicated that they had approached the chamber for assistance (Figure 8). Of the seven businesses, five had made a request for technical assistance (Figure 9). The lack of technical and manufacturing skills has

been cited as some of the factors affecting the local textile industry’s competitiveness against imports (Brownson, 2014). This has consequently resulted in the failure of SMMEs in the textile industry (Seeletse, 2012, Henrekson, 2014 & Rogerson, 2013).

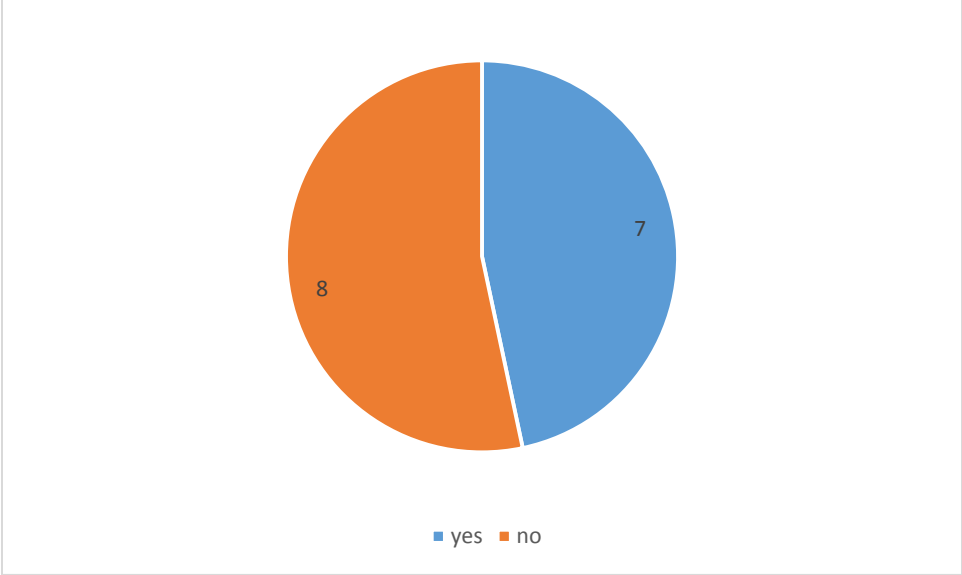


Figure 8: Proportion of businesses that sought assistance from EDKWKT

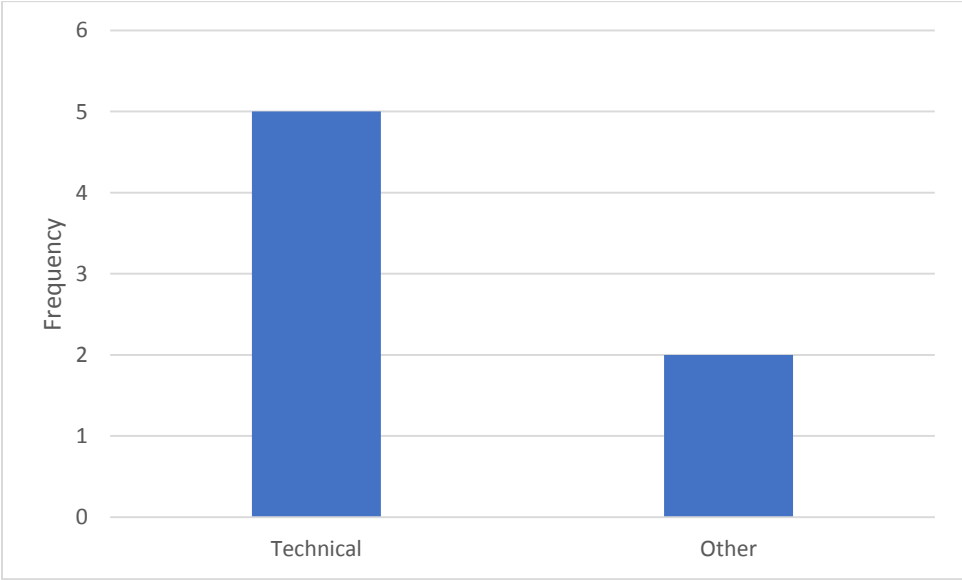


Figure 9: Type of help sought by businesses from EDKWKT

Parts 2 and 3: Overview

The mean and standard deviation were calculated for the scores of each of the open-ended questions in parts 2 and 3 of the survey questionnaire. The mean value was subsequently used to rank each factor in terms of the significance of the impact of the factor on either business viability or sustainability. This section will provide an analysis and discussion of the survey data.

Part 2: Factors adversely affecting SMMEs in the textile industry

SMMEs are critical for the growth and development of the economy (Abor & Adjasi, 2007); as a result, the government has been actively involved in supporting the establishment and sustainability of SMMEs. SMMEs contribute to job creation and sustaining livelihoods in impoverished communities such as townships (Altman, 2007). The lack of technical skills, inaccessibility of loan and credit facilities, as well as high labour and operational cost have been identified as some of the major factors affecting the viability of SMMEs.

The current study was based on a sample of SMMEs from the textile industry in the Ekurhuleni Municipality. A five-point Likert scale was used in the survey to determine the extent of the impact of a range of factors on the business viability. The scales were as follows: significantly (1), moderately (2), to some extent (3), slightly (4) and not at all (5). The data in Table 1 is a summary of the mean scores and rankings of the factors that affect the viability of the SMMEs. The lack of entrepreneurial skills, management skills, and difficulty in maintaining relationships with customers were among some of the challenges that affect most of the SMMEs.

Marivate (2014), Khale (2015), Worku (2014, 2015), and Edoho (2015) established that SMMEs in Gauteng are characterised by a lack of entrepreneurial skills. This trend could be, at least partly, attributed to the high cost of labour in South Africa. Moreover, Asah, Fatoki and Rungani (2015) reported that the level of management skills was a highly determinant factor on the performance of SMEs in South Africa.

Although an ability to market and win and gain a feasible market share is a key performance indicator for viability (Bhat & Grover, 2013; Booysen, 2014; Brownson, 2014), the ability to maintain relationships with customers is also of paramount

importance. The survey data indicates (Table 1) that business owners in the textile industry in this sample did not maintain customer relationships, and therefore potential poor customer service did not have an impact on business viability.

Table 1: Factors adversely affecting SMMEs surveyed from the textile industry in the Ekurhuleni Municipality

Factor	Mean score	SD	Ranking (1 = Most important; 9 = Least important)
Lack of entrepreneurial skills	3.9	1.6	9
Lack of management skills	3.9	1	9
Difficulty in obtaining a loan	2.3	1.7	6
Difficulty in ordering on credit	2.3	1.7	6
Difficulty in accessing market	2.3	1.4	6
Difficulty maintaining relationships with customers	3.9	1.3	9
Lack of support from government agencies such as SEDA	2.5	1.9	7
High crime rate	2.1	1.4	5
High interest rate	1.9	1.2	4
Low demand for product	2.1	1.2	5
Severe competition from rivals	1.8	1.2	3
Poor location of business	2.3	1.5	6
Lack of textile variety	3.7	1.5	8

High cost of premises	1.5	1.2	1
High cost of electricity	2.1	1.7	5
High cost of labour	1.7	1.4	2
High tax	1.8	1.4	3
Perceived over-regulation of the local textile industry	3.7	1.6	8
Perceived corruption of officials working with small businesses in the textile industry	1.5	1.2	1

A lack of textile variety and the perceived over-regulation of the local textile industry ranked eighth, with a mean of score of 3.7, on their impact on the viability of SMMEs. The survey data shows that the factors had a minimal impact on the business viability compared to other factors and therefore a high ranking of eighth. The current data contrasts with what has been reported for SMMEs from literature. Marivate (2014) said that corruption and lack of efficient government system affecting the growth of SMMEs. Moreover, the lack of protection for the local textile industry in the form of tariffs and duties affects the competitiveness of the local industry (Henrekson, 2014).

The role of government in policy development is important in the protection and sustainability of the textile industry. However, the active involvement of government through financing is also critical to ensure the growth of viability of SMMEs (Marivate, 2014; Worku, 2016). The data from this study showed that the lack of support from government agencies such as SEDA had a moderate impact on the viability of the SMMEs in the textile industries sampled in this study. A lack of technical and strategic support from the Small Enterprise Development Agency (Buckley & Ghauri, 2012) and the South African National Department of Trade and Industry (DTI) has been reported to impact the viability of local textile industry (Khale, 2015; Seeletse, 2012; Worku, 2016).

The adverse impacts of poor business location on business viability ranked sixth with a mean of 2.3 and standard deviation of 1.5. The factor had a moderate rating on its

adverse effects on business viability in the textile industry. The medium rating is indicative that location is one of the important factors that impact the business viability of SMMEs sampled from the textile industry of Ekurhuleni. The data from this sample correlates with the results from a study by Barnard, Kritzinger, Janine and Krüger (2011), who established that the location influenced the business performance of SMMEs.

A high crime rate, low product demand and high cost of electricity were rated fifth on their impact on the viability of SMMEs sampled from the Ekurhuleni Metropolitan Municipality. The factors were rated with a mean of 2.1 and this illustrates that these factors had a moderate impact on sustainability. Von Ketelhodt and Wöcke (2008) surveyed 250 SMMEs in Cape Town and found that the cost of electricity was not sustainable for these small enterprises, thereby significantly affecting SMMEs' potential to contribute to economic development. The data from a study from SMMEs in Soweto also demonstrated that high crime rate and cost of electricity had a negative effect on business viability (Bvuma & Marnewick, 2020). Moreover, Storom (2011) reported that crime was not only a deterrent to entrepreneurial development, but also affects the success of SMMEs.

The impact of high interest on the viability of SMMEs in the textile sector of Ekurhuleni rated sixth with a mean of 1.9. The viability of SMMEs has been reported to be severely affected by their inability to secure finance from private banks or development finance institutions (SEFA, 2015). Moreover, interest rates affect the financial viability of SMMEs through their impact on the demand on goods (Olawale & Garwe, 2010). Furthermore, high interest rates affect the ability of SMMEs to invest and expand their operations (Bushe, 2019).

High tax and severe competition from rivals were rated third about their impact on the viability of SMMEs surveyed in this study. The factors had a mean of 1.8 and thereby illustrated that the factors moderately impacted the viability of SMMEs sampled in this study. The South Africa textile industry has suffered significant financial losses due to the prevalence of foreign competitors in terms of capital out-flight, disinvestment and loss of artisan and entrepreneurial skills (Ayogu & Gbadebo-Smith, 2014). Moreover,

the study showed that competition among rival SMMEs is a major threat to business viability (Ayogu & Gbadebo-Smith, 2014).

Difficulty in obtaining a loan, credit, accessing markets and the high cost of labour were ranked second on the impacts on business viability of SMMEs sampled from the textile sector of Ekurhuleni. It has, however, been reported that a significant number of SMMEs rely on credit purchases for survival in their infancy stage (Bhat & Grover 2013). The data from this study illustrates similar challenges to SMMEs in the Gauteng Province, which had been reported to be severely affected by a difficulty in accessing loans from financial institutions (Marivate, 2014; Khale, 2015). This could be attributed to the fact that most of the businesses were not in the start-up phase, which, in general, struggles with access to loans (Chao, Szrek, Pereira & Pauly, 2010). Moreover, high labour cost has been reported to be a key challenge facing SMMEs and therefore severely affects business viability (Asah *et al.*, 2015; Edoho, 2015; Marivate, 2014; Seeletse, 2012; Henrekson).

Perceived corruption of officials working with small businesses in the textile industry ranked first with a mean score of 1.5. SMMEs surveyed ranked perceived corruption as the most significant factor that impacted the viability of the business. Marivate (2014) also reported that the business viability and growth of SMMEs in the textile sector have been hampered by corruption.

Part 3: Factors that contribute to sustainability of the SMMEs in the textile industry

SMMEs are an important vehicle to drive economic growth and development in South Africa. However, this economic sector is yet to realise its full potential. This section of the study investigated the effects of a range of factors on the sustainability of SMMEs in the textile industry from the Ekurhuleni Municipality. Table 2 is a summary of the mean scores, standard deviation and rankings of the factors affecting the sustainability of SMMEs sampled from the textile industry of Ekurhuleni.

Table 2: Factors affecting the sustainability of SMMEs surveyed from the textile industry in the Ekurhuleni municipality

Factor	Mean score	SD	Ranking (1 = Most important; 9 = Least important)
Access to competitive local and foreign bulk suppliers	2.3	1.8	1
Auditing and accounting skills	3.1	1.7	2
Ability to draw up a business plan	3.7	1.7	5
Ability to interact with potential customers and clients	4.1	1.3	6
Ability to communicate with employees and co-workers	4.7	1.1	8
Ability to make business-related presentations to potential customers and clients	4.1	1.2	6
Ability to network with valuable suppliers	4.1	1.5	6
Ability to learn from rivals and competitors	3.2	1.5	3
Awareness about government support programmes provided by SEDA to small businesses	3.5	1.7	4
Business marketing skills	3.7	1.3	5
Ability to monitor and order stock regularly	4.5	1.1	7

The ability of SMME owners to communicate with employees and co-workers had a ranking of eight with a mean score of 4.7. The factor was rated as having no impact on the sustainability of SMMEs sampled from the textile industry. Communication is one of

the important internal environmental factors that have an influence on the sustainability of SMMEs (Kolstad & Wiig, 2015).

The ability to monitor and order stock regularly was ranked seventh, with a mean score of 4.5. The mean score illustrates that the surveyed SMMEs were satisfied with their level of technical competency in this factor. Ineffective inventory management has been reported to have resulted in loss of productivity (Rajeeva, 2010) and business failure in SMMEs (Nguye, 2001). Enow and Isaacs (2016) reported that the majority of SMMEs surveyed from the Cape Metropole had poor inventory management practices, which had negative impacts on the business.

The ability to interact with potential customers and clients, make business-related presentations to potential customers and clients, as well as network with valuable suppliers were ranked sixth, with a mean score of 4.1. These factors had a minimal effect on the sustainability of the SMMEs surveyed from the textile industry of the Ekurhuleni Municipality. Mlotshwa and Msimango-Galawe (2020) reported that networking and customer relationship management contributed positively to the business performance of SMMEs surveyed.

The ability to draw up a business plan and marketing skills were ranked fifth on factors that had an influence on the sustainability of SMMEs surveyed from Ekurhuleni. The factors had a mean score of 3.7, illustrating that the factors had a minimum adverse impact on the sustainability of the SMMEs from this sample. A study by Cant (2012) reported that 60% of SMMEs failed in their second year of operation due to inadequate marketing. Scheers (2011) reported that the high failure rate was a result of poor strategic planning and marketing.

Awareness about government support programmes provided by SEDA to small businesses was rated fourth in relation to the negative impact on business sustainability. The surveyed SMMEs recorded a mean score of 3.5, illustrating that this factor had minimal negative impacts on the sustainability of the sampled SMMEs. Motshedisi and Johan (2011) reported that the competency level of government support programme staff was poor, and this subsequently results in poor service levels.

Moreover, this has led to inadequate SMME support from government initiatives and contributes to business failure.

Impact on ability to learn from rivals and competitors on the business sustainability was rated third with a mean score of 3.2. The sampled SMMEs demonstrated that the ability to learn from rivals and competitors negatively impacted business sustainability to a lesser extent. Moreover, auditing and accounting skills as well as access to competitive local and foreign bulk suppliers were ranked second and first, respectively, thereby illustrating that these factors significantly impacted the sustainability of SMMEs surveyed in this study. A lack of enterprise competitiveness, such as poor business planning and understanding of competition, has been reported to have an impact of the sustainability of SMMEs (Bushe, 2019). Furthermore, a lack of technical skills, such as management, financial and accounting skills has resulted in business failures of SMMEs from different sectors (Cant, 2012; Bushe, 2019).

Conclusions

The overall aim of this study was to identify key challenges impacting the growth and development of the textile industry in the Ekurhuleni region. Despite administrative and technical assistance from the South African government, local textile producers, manufacturers and retailers in Ekurhuleni have been forced to down-size operations resulting in job losses. The stagnant growth in the sector was mainly due to competition from Asian imports. Therefore, the survey aimed to answer two objectives of the study, which were the factors that adversely affect SMMEs in the textile industry and contribute to the sustainability thereof.

This section will therefore give an overview of key findings from the survey data and draw conclusions from the findings as well as make recommendations for future work.

Key findings on objective 1

The first objective was to understand the factors that adversely affect the feasibility of SMMEs in the textile industry. The second part of the questionnaire addressed this objective with 19 factors under investigation.

The lack of management skills, difficulty in maintaining relationships with customers, difficulty maintaining relationships with customers, lack of support from government agencies such as SEDA and a lack of textile variety had a lower impact on the business viability of the SMMEs surveyed in this study. In contrast, perceived over-regulation of the local textile industry, low textile variety, high labour cost, high cost of electricity and competition from rivals ranked high on their impact on business viability. Thereby, these factors had a high impact on the viability of SMMEs in the textile industry surveyed in this study from the Ekurhuleni Municipality.

The high crime rate, high interest rate, low demand for product, poor location of business and high tax had a medium impact on the viability of SMMEs in the textile industry.

Key findings on objective 2

The second objective was to understand the factors that contribute to the sustainability of SMMEs in the textile industry. The third part of the questionnaire addressed this objective and had 11 factors under investigation.

The ability to interact with potential customers and clients, communicate with employees and co-workers, make business-related presentations to potential customers and clients, network with valuable suppliers, and monitor and order stock regularly had a low ranking on the scores for the contribution for sustainability. These factors therefore had minimal contributions to the sustainability of SMMEs.

The ability to draw up a business plan, awareness about government support programmes provided by SEDA to small businesses, and business marketing skills had medium rankings on their contribution to the business sustainability.

Access to competitive local and foreign bulk suppliers, ability to learn from rivals or competitors as well auditing and accounting skills were the factors that had highest levels of contribution to the sustainability of SMMEs in the textile industry.

Chapter 5: DISCUSSION, RECOMMENDATIONS AND LIMITATIONS

5.1 Conclusions

Ekurhuleni is a highly industrialised region of Gauteng and plays a major role in contributing to the GDP of Gauteng. Ekurhuleni's textile industry is overwhelmed by textile products from foreign countries, especially Asian countries. Local textile SMMEs are battling to create employment or make a meaningful contribution to the local economy because they cannot compete favourably with foreign manufacturers and producers. The foreign manufactures or producers produce at low input costs as compared to local traders. As a result of a failure to compete favourably with foreign manufacturers and producers, the local textile industry has failed to create employment opportunities for the unemployed youth, and to make a meaningful contribution to the local economy. Over 55% of local textile producers, manufacturers and retailers in Ekurhuleni have been forced to shed jobs, down-size operations and sustain losses between 2013 and 2016 (Worku, 2016). The municipality is under pressure and desperate to find a new way of rehabilitating the local textile industry as a means of saving jobs for members of the community. Most textile employees live in informal settlements and do not have alternative income after losing their jobs.

The study investigated business owners' perceptions of how the challenges impacting the growth of SMMEs in the local textile industry are affecting the viability and sustainability of the SMMEs from a small sample of textile firms in the region. The inability to compete with foreign manufacturers and producers of textile products, lack of technical and manufacturing skills, inadequate entrepreneurial skills, lack of practical support from the Small Enterprise Development Agency, lack of relevance of intervention programmes designed by SEDA and the South African National Department of Trade and Industry (DTI) to the local textile industry, and the lack of protection for the local textile industry in the form of tariffs and duties were factors investigated through questionnaires. The following conclusions were deduced from the survey data pertaining to the sample in this study:

- A lack of technical and strategic management skills as well as a poor implementation of the policy and regulatory framework are perceived to have minimal impact on the viability of SMMEs;
- Socio-economic factors and instability had a medium impact on the viability of SMMEs;
- A lack of access and affordability of finance and credit facilities adversely impacted the feasibility of SMMEs to a lesser extent;
- Strategic planning and management have a moderate contribution to the sustainability of SMMEs;
- Access to material ranked high as a factor that contributes to sustainability;
- Compliance issues have a low contribution to the sustainability of SMMEs
- The perceived corruption of government officials designated in portfolios dealing with SMMEs was not regarded as a factor that contributed to the sustainability of SMMEs surveyed

5.2 Recommendations

The viability and sustainability of SMMEs in the textile are affected by a range of factors and with different levels. Therefore, this section will give recommendations to improve the efficiency and sustainability of SMMEs. The following recommendations are given:

- Management needs adequate training on strategic planning and management, and this could be done through attending workshops organised and sponsored by private and government institutions;
- Government departments, such as the Department of Trade and Industry and the Department of Small Business Development need to strengthen National Small Business Act policy to enable effective policy implementation in the support of SMMEs; and
- More resources need to be invested in training and development to enable improved technical, relations and marketing management. These resources can potentially be obtained through public and private partnerships.

5.3 Limitations of the study

The major constraint of the research was that it was limited to a sample of SMMEs in the textile industry from Ekurhuleni, who were active members of the regional chamber of commerce. The sample is not representative of the sample frame of all SMMEs in the Ekurhuleni region. Furthermore, the lack of a comprehensive and publicly available database of SMMEs was a further limitation to the study. The main constraint identified in this study was the poor response rate of the SMEs selected for the sample. Only half (50%) of the respondents selected for the study completed and returned the online survey questionnaire. Despite the researcher's request for physical meetings with business owners, the response rate was low due to the owners not answering to phone calls or phone numbers no longer in use or business having been out of operation. This poor response could be attributed to the limited time allocated to complete the survey or participants discomfort to disclose information online. The Coronavirus pandemic limited the research to online surveys due to restrictions on movement and face-to-face interactions. Consequently, the survey questions were structured, and this limited the researcher's opportunity to further probe the respondents.

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LIST OF APPENDICES

APPENDIX 1: QUESTIONNAIRE OF THE STUDY

The questionnaire's parts 2 and 3 comprised closed-ended questions with a five-point Likert scale to determine the level of impact of each factor. The scales were as follows:

- 1: Significantly
- 2: Moderately
- 3: To some extent
- 4: Slightly
- 5: Not at all

The mean and standard deviation scores for each question were determined, and scores ranked. The summary of the scores, mean, standard deviation and rank was summarised in a table as illustrated below:

Table 1: Table of summary for the scores

Rating scale	1	2	3	4	5
Score					
Mean					
SD					
Ranking					

Questionnaire

The first part of the survey questionnaire, a biographical questionnaire, was used to gain insight into the owners' race, age, academic field/discipline, educational background, and size of the business. The second and third parts used a Likert-scale questionnaire to evaluate and understand the owners' understanding their experiences or opinions on factors affecting the development and growth of the business

Part 1: General characteristics of respondents and their businesses

All questions in this part of my questionnaire are directed at the business owner. Please answer each question by circling the number corresponding to your choice or write down an answer.

Q1: Gender of respondent

Male	1
Female	2

Q2: Age of respondent

18 to 35 years old	1
36 to 65 years old	2
Other	3

Q3: Ethnic group of respondents

Black	1
White	2
Coloured	3
Asian	4
Others	5

Q4: Highest level of education of respondent

Primary level or less	1
Matric level	2
Certificate	3
Diploma	4
Bachelor's degree	5
Master's degree or above	6

Q5: How many years has your business been operating?

Answer:

Q6: How many employees work in your business on a full-time basis?

Answer:

Q7: Do you have any formal skills-based training on running a textile business?

Yes	1
No	2

Q8: Does the business have a valid business plan?

Yes	1
No	2

Q9: Have you ever asked the South African Small Enterprise Development Agency (SEDA) for help in the past?

Yes	1
No	2

Q10: If so, did you receive the assistance you needed from SEDA?

Yes	1
No	2
I did not ask SEDA for help	3

Q11: Have you ever asked for assistance from EDKWKT Chamber of Commerce and Industry in the past?

Yes	1
No	2

Q12: If so, what type of assistance did you expect from EDKWKT?

Mark all applicable

Financial	1
Technical	2
Others	3
I did not ask EDKWKT for help	4

Part 2: Factors that adversely affect textile SMMEs

All questions in this part of my questionnaire are directed at the business owner. Please answer each question by circling the number corresponding to your choice of answer.

Indicate the degree to which each one of the following factors adversely affects your business on a scale varying from 1 (significantly) to 5 (not at all)					
Obstacles experienced regularly by textile business	Significantly	Moderately	To some extent	Slightly	Not at all
Lack of entrepreneurial skills	1	2	3	4	5
Lack of management skills	1	2	3	4	5
Difficulty in obtaining loan	1	2	3	4	5
Difficulty in ordering on credit	1	2	3	4	5
Difficulty in accessing market	1	2	3	4	5
Difficulty maintaining relationships with customers	1	2	3	4	5
Lack of support from government agencies such as SEDA	1	2	3	4	5
High crime rate	1	2	3	4	5
High interest rate	1	2	3	4	5

Low demand for product	1	2	3	4	5
Severe competition from rivals	1	2	3	4	5
Poor location of business	1	2	3	4	5
Lack of textile variety	1	2	3	4	5
High cost of premises	1	2	3	4	5
High cost of electricity	1	2	3	4	5
High cost of labour	1	2	3	4	5
High tax	1	2	3	4	5
Perceived over-regulation of the local textile industry	1	2	3	4	5
Perceived corruption of officials working with small businesses in the textile industry	1	2	3	4	5

Part 3: Factors that contribute to the sustainability of SMMEs in the textile industry

All questions in this part of my questionnaire are directed at the business owner. Please answer each question by circling the number corresponding to your choice of answer.

Indicate the degree to which each one of the following factors adversely affects your business on a scale varying from 1 (significantly) to 5 (not at all)					
	Significantly	Moderately	To some extent	Slightly	Not at all
Access to competitive local and foreign bulk suppliers	1	2	3	4	5
Auditing and accounting skills	1	2	3	4	5
Ability to draw up a business plan	1	2	3	4	5
Ability to interact with potential customers and clients	1	2	3	4	5
Ability to communicate with employees and co-workers	1	2	3	4	5
Ability to make business-related presentations to potential customers and clients	1	2	3	4	5

Ability to network with valuable suppliers	1	2	3	4	5
Ability to learn from rivals and competitors					
Awareness about government support programmes provided by SEDA to small businesses	1	2	3	4	5
Business marketing skills	1	2	3	4	5
Ability to monitor and order stock regularly	1	2	3	4	5