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Critical Success Factors for SMEs in the Northern Cape Province

Submitted by

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A research project submitted to the University of Free State Business School, in partial fulfilment of the requirements for the degree Master of Business Administration.

December 2020

DECLARATION

I, Prudence Mmusi, hereby declare that this dissertation for the degree Master in Business Administration (MBA) submitted to the Business School at the University of Free State has not been submitted previously for any degree at this or another University. It is original in design and execution, and all reference material contained herein has been duly acknowledged.

Student's Signature.....**Date**.....

Supervisor's Signature.....**Date**.....

DEDICATION AND ACKNOWLEDGEMENTS

This work is dedicated to all the people who have encouraged me to pursue my Master's qualification.

Special thanks go to my parents David and Rebecca Mmusi, who are my pillars of strength, for always supporting me even though sometimes my decisions are not understandable to them. My daughter Omolemo Mmusi, even at this young age you are very supportive and understanding

My supervisor Mark Peters was like a cheerleader during this process. When I felt like giving up, he always had encouraging comments and gave clear direction.

My fellow class mates: this was not an easy journey for any of us but I believe we were each other's strength, I would go through this journey with you all over again.

To my community who saw me as an inspiration: I also did this to prove that it does not matter who you are or where you come from but anything is possible when you are determined.

ABSTRACT

Research has proven that the SME sector is important to the economy of developing countries, and South Africa is no exception. This sector has contributed immensely to job creation, poverty alleviation and assisting in the prosperity of the nation. The Northern Cape province only contributes between 1.9% and 2% to the country's Gross Domestic Product (GDP); it is therefore of the utmost importance that the SMEs in the province become successful, so that they can continue operating and provide employment and contribute to the national GDP. The primary objective of the research is to identify success factors that influence the development of SMEs in the Northern Cape Province, and to examine the economic factors necessary for SMEs to thrive in the province as well as the necessary personal attributes and business skills for entrepreneurship. Through an analysis of theoretical information and empirical results it is possible to facilitate a better understanding of how SMEs in the Northern Cape succeed, thus enabling learning that contributes to the body of knowledge relating to SMEs in the Northern Cape. The literature review has pointed out that there are psychological and non-psychological factors as well as enterprise characteristics that make a business successful. Psychological factors are the motive of the entrepreneur as well as the vision and mission for the business, while non-psychological factors are the product / service knowledge, stakeholder relations; and the enterprise characteristics are the business age, business network, and financial resources. Mixed-method research was adapted to conduct this study comprising both the quantitative and qualitative research methods. Questionnaires were distributed to SMEs to gather data from participants, and semi-structured interviews were conducted with relevant institutions. Of the questionnaires issued, 125 that were usable were obtained, and interviews were conducted with three agencies. From the analysis of the data, it was identified that one of the significant factors that can contribute to the success factors of the SMEs is the improved relationship between government agencies and SMEs in the province. Other critical success factors identified are personal attributes and business skills as well as business location.

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ACRONYMS AND ABBREVIATIONS

DEDaT	Department of Economic Development and Tourism
IDC	Industrial Development Corporation
NC	Northern Cape (the province)
NEF	National Empowerment Fund
NYDA	National Youth Development Agency
SEDA	South African Enterprise Agency
SEFA	Small Enterprise Finance Agency
SME	Small Medium Enterprise
SMME	Small, Micro and Medium Enterprise
TIA	Technology Innovation Agency

CHAPTER ONE: INTRODUCTION

Purpose of the study

1.1 The purpose of the study was to identify success factors that influence the development of small and medium enterprises (SMEs) in the Northern Cape, a province in South Africa.

Context of study

1.2 The important role and growth of the SME sector in the economy have become a central focus of policy discussions in many countries. Given the new focus on the SME market, governments at all levels have begun to formulate initiatives and policies that encourage sustainable growth in the market. Millinuex (1997) argues that the SME sector contributes more to the jobs of the population than multinationals in any country. Millinuex (1997) goes on to claim that this is also the case in developed, industrial, and not just emerging economies.

The future of South Africa's economic success relies to a large extent on the success of new and growing businesses in both the formal and informal sector, as SMEs contribute between 52% and 57% to the country's GDP. SMEs, therefore, play a bigger role in South Africa's economy than ever before and provide much-needed opportunities for employment. (SEDA, 2016).

Co et al. (2006) believe that when factors that draw people into a small business are present in the country, the conditions will be positive for entrepreneurship to do well. A variety of economic and non-economic, social and personal conditions need to be present for entrepreneurship to grow. However, in most cases, this small business fails within the first three years of operation.

The Northern Cape is one of the nine provinces in South Africa. It is the largest and most sparsely populated province. It is divided into five districts, which consist of 27 municipalities. The distance between the towns is large leading to a scattered

population. It has the lowest population in the country, which Stats SA in 2019 estimated at 1.26 million people. The province makes a contribution of 2% to the GDP of the country with half of that being from SMEs. SMEs in the province need to stay in business and continue growing; new small businesses also to come on board to boost the province's economy and ensure contribution to the national GDP.

The Department of Economic Development and Tourism (2016) undertook a study on the 'failure of SMME in the Northern Cape', and the result highlighted funding, institutional support, infrastructure, market, information and skills as factors contributing to SME failure in the province. This paper seeks to follow a different direction and to analyse the factors that contribute to the success of the SME in the Northern Cape (NC).

Problem statement

1.3

1.3.1 Main problem

The inability of SMEs to grow and stay in business for a long period is a problem as it makes it difficult for the province to contribute to its GDP and to that of the country.

Many businesses fail within the first two to three years of establishment and this fact is no different for the NC. The NC only has a SME contribution of 0.9% – 1% in the country and an overall 2% contribution to the GDP, so if SMEs in the province cannot stay in business for longer this will just bring the percentage further down or the province will end up not contributing to the country's GDP at all.

The NC is the biggest province in the country but with the smallest population. It is rural in nature; therefore, making it difficult to run a successful business.

1.3.2 Sub-problems

The first sub-problem: Lack of government support (financial and business support) or lack of knowledge about government support makes it difficult for SMEs to succeed in the province.

The second sub-problem: The economic factors (i.e. environmental and governmental policies) make it difficult to run SMEs in the province.

The third sub-problem: The SMEs in the province do not have the necessary personal attributes and business skills for entrepreneurship.

Research objectives

1.4

1.4.1 Primary objectives

The primary objective of the research is to identify success factors that influence the development of SMEs in the Northern Cape Province.

1.4.2 Secondary research objectives

The secondary research objectives of this study are to:

- Examine the economic factors necessary for SMEs in the Northern Cape province to thrive.
- Determine the necessary personal attributes and business skill for entrepreneurship.

1.5 Significance of the Study

Small and medium-sized enterprises in national building and economic development are of paramount importance in the South African economic debate. The role of small businesses is undebatable a major contributor to economic growth. An estimated 90% of businesses in South Africa are small-, medium-, or micro-enterprises. This sector is the largest contributor to the economy with a safe rate of employment creation, and absorption of previously retrenched people from the private and public sectors. Therefore, it is of the utmost importance to identify critical success factors that influence the development of emerging and existing small businesses to thrive.

With this study, the researcher aims to influence policy-making institutions to re-design policies intended to assist and uplift SMEs by ensuring that the policies address relevant factors, which will affect the success of SMEs in the province.

The implementing government agencies can also benefit from the research as it will help them to understand the views of SMEs about them (agencies).

The research also aims to assist failing SMEs by identifying factors that need improvement in their business and by working to improve them. Furthermore, upcoming entrepreneurs will also benefit from the research, as they will be aware of which factors can ensure the success of their business.

Lastly, the researcher believes that by identifying these factors and helping SMEs and institutions, this will increase the number of SMEs in the province and will eventually increase the contribution of SMEs in the country.

1.6 Delimitations and Limitations

1.6.1 Delimitations

The research covered SMEs from all sectors in the province. A medium business should have between 100 and 200 people, depending on the industry, while a small business is one with fewer than 50 people. All five districts of the province were covered. It also included the government agencies which play a role in SME support.

The research excludes commercial banks (for financial support) as commercial banks have been identified as having a lot of red tape with regard to SME financing. The informal sector (although forming a high percentage of SMEs) was also excluded from the study since they do not offer employment opportunities and are often only for self-employment of business owners.

1.6.2. Limitations

Although some agencies agreed beforehand to do the interview, the researcher could not access some of the information in the SMEs database because of the confidentiality policies of the institutions.

Owing to the Coronavirus pandemic and limited movement, it was difficult for the researcher to reach some of the SMEs in different districts.

Some of the SMEs, which were on the database provided were no longer operating / had to close down owing to the pandemic.

1.7 Assumptions

Assumption 1: It is assumed that because of the great distance between the towns of the province most municipalities will not be covered. This will affect the outcome because those who are reached may be those who are in an advantaged position / town and the real voice might not be heard.

Assumption 2: It is also assumed that the researcher will have difficulty getting access to the SME database because most institutions have confidentiality policies and might not be in a position to disclose details in the database.

Assumption 3: It can also be assumed that during the interaction (interviews and questionnaires) participants may use the platform to voice their frustrations and deviate from answering the question at hand.

CHAPTER TWO: LITERATURE REVIEW

A literature review is a survey of scholarly papers, which include the current knowledge, encompassing substantive findings as well as theoretical and methodological contributions to a topic. Its purpose is to convey to the reader what knowledge and ideas have been established. The literature review allows the researcher to gain and demonstrate information seeking and critical appraisal skills.

This chapter of the literature review will highlight different literature from various sources. It starts by giving a brief background discussion of the topic, and in that it discusses the importance of the SME sector in the economy, and how SMEs are viewed internationally and in Africa. It then describes how the success of SMEs is measured and also highlights the research that has been conducted in South Africa with regard to similar topics.

The factors which came from previous research in the field are then divided into two groups: economic and personal factors. Economic factors are those factors in the side business that are out of the owners' control, and the personal factors have to do with the owner and the business itself. These factors are broken into sub-headings and discussed in length. In conclusion, the chapter then ends by summarising everything.

2.1 Background Discussion.

There have been different definitions given for entrepreneurship. George and Zahra (2002) define entrepreneurship as the act and process by which societies, regions, organisations or individual identify and pursue business opportunities to create wealth, while Nieman and Niewenhuizen (2009) define it as a person who sees an opportunity in the market, gathers resources and creates and grows a business venture to meet these needs. They bear the risk of the venture and are rewarded with profit if succeeds. Harvard Business School provides a modified definition which states that 'entrepreneurship is the pursuit of opportunity without regard to resources currently controlled' (Turan & Kara, 2007:2)

2.1.1 Definition of SME

The National Small Business Act 102 of 1996 is the framework that is most used in South Africa. It defines small business as ‘a separate and distinct business entity, including 35 co-operative enterprises and non-governmental organisations, managed by one owner or more which, including its branches or subsidiaries, if any, is predominantly carried on in any sector or subsector of the economy’.

The Act uses the number of employees (the most common mode of definition) per enterprise size category combined with the annual turnover categories, and the gross assets excluding fixed property. The categories of business may be summarised as set out in Table 1.

Table 1: Definition of SMEs in the National Small Business Act (Source: Falkena et al., 2015)

Enterprise Size	Number of Employees	Annual Turnover (in South African Rand)	Gross Assets, Excluding Fixed Property
Medium	Fewer than 100 to 200, depending on industry	Less than R4 million to R50 million, depending upon industry	Less than R2 million to R18 million, depending on industry
Small	Fewer than 50	Less than R2 million to R25 million, depending on industry	Less than R2 million to 4.5 million, depending on industry

2.1.2 The Importance of the SME sector in the economy

Recognition of the significant position played by SMEs in developing countries such as South Africa and the wide contribution that small and medium-sized enterprises bring to the economic growth of such countries has been increased. Compared to larger organizations, SMEs are often characterized as productive and prolific in work development. In comparison, small and medium-sized companies are seen as the stream that feeds large corporations. In several countries, the critical role of SMEs in business and growth has been the subject of political debate.

2.1.3 SME in Africa

SMEs are the core of most African economies. SMEs in sub-Saharan Africa account for 60% of the total number of businesses and constitute 41% of the economic development in the company sector in those regions (Douglas, Douglas, Muruti and Ochieng, 2017 cited by Nuwagaba, 2012).

- SMEs serve 98% of all companies in Rwanda and hire almost half of all employees in the private sector (Mutandwa, Teremwa & Tubambazi, 2015).
- SMEs make up 46% of GDP and 25% of jobs in Nigeria (Ibrahim & Shariff, 2016).
- SMEs are an approximate 22% of GDP in Cameroon and recruit a large share of the labour force in the country (Akinboade, 2015).
- In Uganda, in order to have a more equitable share of national income that can contribute to economic growth and development, SMEs provide work for trained, semi skilled and non-skilled citizens in addition to their GDP contributions (Kakwa, 2008).
- Around 70% of workers in Ghana work in SMEs (Chu, Benzing & McGee, 2007).
- There are 17 million registered SMEs in Kenya, 98% of which contribute 25% of national GDP and 50 million workers (Kenya National Statistical Bureau, 2013).

2.1.4 SME in South Africa

According to SEDA (2019), employment provided by SMEs (including the owners) increased to 10.8 million in 2019 quarter 1, accounting for 66% of economy-wide employment. The estimation of the contribution that SMEs make to the South African economy varies quite significantly from source to source. According to SEDA (2016) report, SMEs contribute between 52% and 57% to the country's GDP, therefore playing a bigger role in South Africa's economy than ever.

2.1.5 SME in Northern Cape

The SEDA (2019) quarter 1 report shows that the NC has 25 577 SMEs, which is only 1% of the distribution of national SME statistics. It also indicates that there was a 7% increase in the province from the previous year. The report shows that the trade and accommodation sector is the largest across all provinces, except for the Western Cape and Northern Cape. The Northern Cape is mostly rural and its economy is concentrated on the agriculture sector.

2.2 Measuring the Success of SMEs

There are many ways to describe the success of SMEs. Lussier and Pfeifer (2001) suggest that SME success can be defined as the ability to survive or to remain in business in the simplest possible terms.

Chivukula, Raman and Ramachandra (2009) propose that entrepreneurial performance can be established by financial and non-financial interventions. Financial metrics are used more commonly to assess performance. In an analysis of the impact of socio-demographic influences on entrepreneurial qualities, Chivukula et al. (2009) used overall revenue growth and job growth as financial measures in their study, and the non-financial measures were assisted by the

entrepreneur, the technical expertise of the entrepreneur and the participation of the entrepreneur in the management of the firm.

Walker and Brown (2004) suggest that not all business owners would want their businesses to expand. One reason for this is that the original aim or inspiration when beginning the small business was not to hire workers and to build jobs for others other than only themselves and their immediate family. They also say that future non-financial interventions may be connected to work satisfaction and greater freedom. Creating possibilities, promoting fresh challenges and following one's own goals are more challenging to measure.

2.3 Previous Research Finding

There have been several research studies conducted on a similar topic across the world. Obaji, Senin and Olaolu (2018) found that innovation, financial management, management skill and government policies are the success factors of SME.

In their research on 'success factors affection SME in Thailand', Chittithaworn, Islam, Keawchana and Yusuf (2010) identified: SME characteristics, customers and markets, the way of doing business and cooperation, resources and finance, and the external environment all to have a significant positive effect on the business success of SMEs.

Douglas et al (2017) found good quality and service, customer satisfaction, loyalty and profit to be the factors contributing to business success in their study.

In South Africa particularly there have been different factors highlighted by different authors and researchers.

In 2004, Ernst and Young and Rand Merchant Bank (Naudé, 2004) defined factors that hinder entrepreneurship in South Africa and highlighted the following factors: inadequate access to start-up funding, an adequate education framework, government and red tape, lack of market expertise, entry costs, inequality, lack of mentoring and government support, and lack of competitiveness.

In his research for success factors for Indian entrepreneurs in Tshwane, Govindasamy (2010) found that success factors for entrepreneurs are: hours worked per day, time spent on managerial functions, the importance of business skills, entrepreneurial orientation, motivation factors, a network of family and friends, and following in family traditions in the nature of business.

Co et al. (2003) has studied the structured structural influences impacting entrepreneurship in a developed world in order to gain lessons for Africa. The key purpose of this research was to define and evaluate what the government and help organisations are doing to promote and encourage entrepreneurship, as well as to study the ties between the various government and non-government organizations that fund SMEs

Stevenson and St. Onge (2006) described the following as constrains for SMEs: lack of consumer entry, funding and business knowledge, lack of business premises, low qualifications and managerial experience, low access to suitable technologies and weak access to quality facilities.

SEDA (2016) conducted analysis in 2015 to evaluate the 2008 and 2015 figures and noticed that the following problems faced by SMEs were: access to funding and financing, weak infrastructure, low levels of research and growth, high labor standards, inadequately skilled labor force, high levels of crime and lack of market access.

In the NC province, the research and development sector of the Department of Economic Development and Tourism (2016) also undertook a study and identified the following factors as challenges faced by SMEs in the NC province: funding, institutional support, infrastructure, market, information and skills.

The critical success factors identified by the different authors are clustered into four categories:

- 1) Government support
- 2) Business conditions
- 3) Personal attributes

4) Business management skills

2.4 Critical Success Factors

2.4.1 Government support

2.4.1.1 Government institutional support

In an attempt to help SMEs, government has established agencies through its different departments. The agencies play different roles, from information support to financial support. The institutions are stated below:

Small Enterprise Development Agency (SEDA) – www.seda.org.za

Founded in 2004, its mission is to enforce the government's small business policy and to establish and implement a standard and common national distribution network for small business growth and interconnected, government-funded small business support agencies through all levels of government.

Small Enterprise Finance Agency (SEFA) – www.sefa.org.za

Founded in 2012, its mission is to promote the establishment, sustainability and growth of small and medium-sized enterprises, thus contributing to poverty alleviation and job formation. It provides bridge lending, equity funds, term loans, financing liquidity and working capital needs.

National Youth Development Agency (NYDA) – www.nyda.org.za

Founded in 2009 to support young South Africans (14-35 years of age) start up company or finance existing companies, NYDA funds training and grants and loans. The age limit is one of the key considerations for NYDA, since it has been clearly defined for 'youth.'

National Empowerment Fund (NEF) – www.nefcorp.co.za

Founded in 1998 and active by 2004, it seeks to foster and encourage black economic equality and change. Its mandate and goal is to be a platform for Broad-based Black Economic Empowerment (BB-BEE). It includes financial and non-financial assistance.

Industrial Development Corporation (IDC) – www.idc.co.za

The Government's development finance organization was set up in 1940 to fund economic growth and industrial development. Its aim is to lead to balanced, sustainable economic development in South Africa and the rest of the continent. IDC also offers non-financial and financial assistance to entrepreneurs.

Technology Innovation Agency (TIA) – www.tia.org.za

The Science and Technology Department has set up the Technology Innovation Agency (TIA) in the context of the TIC Act 2008 in order to enable and promote technological innovation as well as enhance the global competitiveness of South African enterprises. Its objective is to stimulate and strengthen technological innovation in order to improve the economic growth and quality of life of all South Africans by developing and exploiting technological innovations.

This different agency offers non-financial support ranging from training and development, business plans, research and development, pre- and post-loan business support, etc.

Even with the support of these agencies, this establishment has proved to be problematic for strategic coordination purposes, as programs tend to be implemented in isolation, which also threatens the effectiveness of funding programs for small enterprises, a problem identified by several commentators, including the Department of Trade and Industry (DTI, 2008; SBP, 2009; Timms, 2011).

In addition, in the DEDaT study (2016), the respondents were of the opinion that funding from these agencies was not adequate. Problems vary from not receiving assistance to applying for grants, to inadequate knowledge or input. Respondents

have often expressed shortage of knowledge as an obstacle. Information on contracts/tenders or other resources available in the private and public sectors is not communicated with the industry. This adds to corporations passing up the opportunities open to them.

2.4.1.2 Access to finance

Lack of funding and insufficient access to financing is a cause that restricts entrepreneurship and adversely affects development as it hinders innovation and time-consuming usage of resources (Kunene, 2008).

In its report, SEDA (2016) found that SMEs in Mpumalanga and Northern Cape find it difficult to access finance mainly owing to the predominantly rural nature of the provinces.

The report of DEDaT (2016) indicates that small business owners highlighted the lack of funding as one of the major challenges. They also indicated that financial institutions make it very difficult to borrow from them.

Apart from the banks (which do not form part of the research scope), the government agencies discussed above have financial support for SME. The type of financial support, as indicated in the Economic Development Report (2014) is explored in Table 2:

Table 2: Financial support, according to the Economic Development Report (2014)

Source: Information compiled from SMME tool kit (2019)

Agency	Finance	Amount
NYDA	Grant	R1 000 – R250 000
SEFA	Loan	Survivalists and microenterprises – loans between R500 and R50 000

		<ul style="list-style-type: none"> • Small enterprises – loans between R50 000 and R1 million • Medium enterprises – loans between R1 million and R5 million
NEF	Debt, quasi-equity and equity finance	<ul style="list-style-type: none"> • Entrepreneurship finance – Maximum of R5 million • Procurement finance – Max of R10 million • Franchise finance – Max of R5 million • Rural and community development fund – Max of R50 million • Umotho fund – Max R75 million
IDC	Loans (with a certain percentage turned into grants)	<ul style="list-style-type: none"> • Product process development – Max R1 million • Matching scheme – Max R3 million • Partnership scheme – Min R1 million – Max R3 million • Women Entrepreneurial Fund – Max R30 million • Equity Contribution Fund – Max R10 million • Development Fund for Workers – Max R15 million • Community Fund – Max R10 million • People with Disabilities Fund – Max R8 million

These are just some of the finances available for SME. However, over and above this, there are other funding institution like the Land Bank, Co-operative Bank Development Agency (CBDA) and others, which do not form part of the research scope, as already mentioned. Table 2 indicates that within the agencies themselves the funds are structured differently to accommodate the different types of SMEs.

2.4.1.3 Government regulations and labour laws

The SME Development Index (SBP) has consistently identified the regulatory burden as an important issue currently facing South African small- and medium-sized enterprises (SMS) (SBP, 2014). In that periodical report, SBP described the following basic factors as the main contributors to the already strong regulatory burden faced by SMEs in South Africa: the frequent changes in the regulatory climate, the need to keep track of overlapping and often conflicting regulatory requirements across multiple departments and levels of government, inadequate coordination and access'. All of the above regulatory concerns mean that SME owners and administrators spend a disproportionate amount of time coping with regulatory enforcement.

The South Africa GEM report 2014 and WEF 2014/2015 Global Competitiveness report also established government bureaucracy as one of the main obstacles of SA businesses and entrepreneurship. One thing listed in the WEF study was the delay in obtaining permits and licences.

The DTI (2005) also described interdepartmental partnerships within government as a deficiency in terms of program preparation and execution in its policy paper on the integrated strategy for the promotion of entrepreneurship and small business. DTI affirms that different agencies drop all efforts and establish their SMEs in the height of interdepartmental disputes. This typically contributes to duplication of activities and inhibits the establishment of a follow-up and appraisal process to determine the progress of the SME programmes (SEDA, 2016).

In addition to the government rules, South African labor laws pose an essential regulatory impediment to business development, particularly in terms of the laying off of employees (OECD, 2015). Small firms also found that the legislation allows it impossible to lay off staff after jobs are working, whether they are willing to retain them or prove unproductive. In small companies, Labour policy would not provide for cyclical downswings (GEM, 2014). However, South Africa's relatively high minimum wage is proving costly for small businesses, especially at the start-up level. When small and medium-sized businesses find it expensive even to employ

unskilled and semi-skilled employees, this adds to the barriers to small business development.

The labour market in South Africa is heavily regulated with a strong degree of labour market rigidity. In this respect, the issues faced include the failure to recruit and maintain sufficient employees, lack of key staff, poor morale and insufficient preparation and growth of staff (Brink & Cant, 2003).

Hypothesis 1: There is a direct relationship between government support and the success of SMEs

2.4.2 Business condition

2.4.2.1 Environment or infrastructure

Infrastructure is a fundamental physical and organizational framework that is essential for the functioning of a community or a company or for the resources and equipment necessary for the functioning of the economy. Infrastructure efficiency is a huge problem for most developed countries, and South Africa is no exception. Infrastructure efficiency in a country may have a direct effect on the growth that can affect the continued and efficient life of the organization (Smit, Cronje, Brevis & Vrba, 2007, cited by Olawale & Garwe, 2010).

Lack of connectivity to public infrastructure is a huge hurdle to corporate expansion and a substantial rise in company costs. The GEM South Africa report (2014) relates to the idea that infrastructure is one of the main factors of development for small and medium-sized enterprises. Relation to communications networks, utilities and transport, land and space will be of considerable value for the promotion of new industries in an economical manner (SEDA, 2016).

Basic infrastructure was cited as a common problem by many of the small business owners interviewed in the research and development field of the Department of Economic Development and Tourism (2016). In certain cases, owners wanted a greater office/company room to encourage growth in terms of buying and

maintaining additional stock and facilities, whereas other business owners found that their existing premises were not suitable.

2.4.2.2 Skilled labour

To better understand the shortage of skilled labour that affects the SME market, it is important to identify what skills scarcity is and what its components are. It should be noted that there is a disparity between the economist and the government in terms of the concept of 'skill shortage.' The relationship between skills and the competitiveness of SMEs is a crucial dimension for economists (Daniel, 2007). In the other side, the government defined skills shortages without taking into consideration the connection between skills shortages and the productivity of companies. By pointing to the skills gap in the small and medium-sized businesses market in South Africa, this is interpreted to refer to both preparation and experience. The South African Department of Labor and the Sectoral Education and Training Authorities (SETA) described scarce skills as 'a scarcity of educated and qualified workers, currently and expected in the future, 57 either (a) because such skilled people are not accessible, or (b) because they are available but do not meet the job requirements' (SETA, 2005).

In order for SMEs to have a strong financial result and to maintain success, they need to be able to tap the pool of trained, qualified and empowered workers that they are not. One of the key factors that SMEs are struggling to recruit the best resources is because they cannot afford highly skilled individuals. Fatoki and Garwe (2010) reiterate this argument, as they stated in their report, that workers can only be employed at a cost and within the framework of the South African Labour Regulations.

2.4.2.3 Access to the market

Failure of SMEs to enter markets was noted as one of the key factors undermining their survival. Market access is one of the basic requirements (by credit providers) for early phase access to funding and mentorship. Rural firms face challenges in

reaching out to new clients (Watson & Netswera, 2009). Writers notice their limited scale and distant position hindering them from forming collectives to improve their negotiating power. They still find it impossible to persuade government agencies to best represent their interests.

The art of building space clusters is promoted by Naudé, Gries, Wood and Meintjies (2008). Only fast growing companies can form clusters. Clustering will really affect small family enterprises in the long run.

Hypothesis 2: There is a direct relationship between business conditions and the success of SMEs

2.4.3 Personal attributes

2.4.3.1 Personal qualities

The performance and development of SMEs in South Africa depends primarily on the human resources of their owner-manager. Entrepreneurship analysis reveals that most effective entrepreneurs share a similar personality characteristic. Many researchers and organizations have argued that the success and development capacity of small and medium-sized firms is largely attributed to the qualities that the entrepreneur possesses (Leboa, 2017)

Govindasamy (2010) cited Hills and La Forge (1992) when they indicated that entrepreneurial orientation has six dimensions, as follows:

- The propensity to take risks;
- A tendency to engage in strategic planning activities;
- An ability to identify customer needs and wants;
- A level of innovation;
- The ability to persevere in making the vision of the business a reality; and
- The ability to identify new opportunities.

Entrepreneurship is not often viewed as an attractive career option, and the reasons that lead people to become entrepreneurs are referred to as 'pressure' or 'pull' factors. Pressure forces are 'driving' people to participate in self-employment, while 'pull' factors are generating a more desirable situation, implying that voluntary participation is moving from market opportunities to the climate. Nieman and Nieuwenhuizen (2009) show the content of these factors in Table 3:

Table 3: Push and pull factors (Source: Nieman & Nieuwenhuizen, 2009)

Push Factors	Pull Factors
<ul style="list-style-type: none"> • Unemployment • Job security • Disagreement with management • Not fitting in with an organisation • The limitation of financial rewards • Having no other alternative 	<ul style="list-style-type: none"> • Independence • Achievement • Recognition • Personal development • Personal wealth

2.4.3.2 Level of education

The capacity to succeed is rooted in individual schooling, which relates to awareness, problem-solving capabilities, self-confidence and behavior, which encourages entrepreneurs to recognise and market prospects and to collect the tools needed to start up a new enterprise (Rogerson, 2001).

The 2005 Global Entrepreneurship Monitor Study on South Africa concluded that the better trained an individual is, the more likely they are to start a company and the more likely they are to be working. It has indicated that the ability of tertiary-educated adults to build jobs is 2.5 times higher than that of adults who have just finished secondary school.

Hypothesis 3: There is a direct relationship between personal attributes and the success of SME

2.4.4 Business management skills

2.4.4.1 Management Skills

Managerial competencies are described as a collection of emotional, social and cognitive intelligences that can be used to predict the success of skilled management and leadership positions (Boyatzis, 2011). The willingness of management and company owners to handle these competences successfully is vital to the development and sustainability of every business enterprise.

Management competencies are extremely critical for the sustainability and development of new SMEs, lack of management expertise and competence are the key factors for the failure of new businesses.

According to Fuller-Love (2006), management growth can be seen as developing the abilities of managers in economics, communications, human resources, policy, preparation and organizational management. Skills applicable to management include teamwork, decision making and team-building. Management skills refer to the ability to develop and implement good business plans, to obtain and use resources effectively, to balance obligations with business requirements and to keep records accurate.

2.4.4.2 Financial Management

The position of funding in every industry has been addressed separately; thus, it is obvious that the origins and usage of funds by SMEs are main concerns that the sector should not neglect (Obaji et al, 2018). The art of financial accounting among small and medium-sized companies is also strongly related to the success of the SMEs (Karadag, 2015). Abanis, Sunday, Burani & Eliabu (2013) addressed the value and role of performance in business. Strong financial accounting activities is seen as crucial to the performance of SMEs. Their study showed that incompetent financial management may contribute to market inefficiency and would incessantly affect the development of small and medium-sized enterprises.

2.4.4.3 Experience and knowledge of the product

One essential element in the entrepreneurial phase is the desire to assimilate knowledge and benefit from experience (Deakins & Freel, 1998, cited by Kunene, 2008). With technical experience with an enterprise in the same sector as the contractor begins his new business, the chances of high success and sustainability will rise (Dahlgvist, Davidson & Wiklund, 2000, cited by Kunene, 2008).

Nieman and Nieuwenhuizen (2009) suggest that entrepreneurs are more likely to thrive if they have a working background because entrepreneurship prospects are likely to arise from an employment base.

2.4.4.4 Customer Service

Douglas et al. (2017) noticed that most respondents thought that ensuring strong consumer relations, good product / service, good selling abilities and building a reputation that the client would connect with the most significant factors for their business' performance.

It has long been argued in the business literature that the healthiest businesses are those that have high customer satisfaction level because of the link with customer loyalty and repeat business. Indeed, the link between quality goods and services, customer satisfaction, loyalty and profit is reflected in both performance measures and the factors perceived to be critical to SME success. Maintaining good customer relationships and having a good product or service is deemed to be the most critical factors (Douglas et al, 2017)

2.4.4.5 Information and technology

It is increasingly important for all businesses to invest in technology and to keep up with information technology. Technology plays a key role in creating new SMEs, since it not only helps to build a multi-pronged approach, but also to optimise

opportunities for the industry. IT is viewed as key to sales attainment, so computer hardware and software needs to be purchased, but using technology requires costs. New SMEs without access to capital may find it hard to buy the required technology.

Hypothesis 4: There is a direct relationship between business management skill and success of the business

2.5 Conclusion

Success is defined as a business organisation's liveliness, gainfulness and development. The objective of a business is for growth and profitability. According to Teng, Bhatia & Anwar (2011), critical success factors are those factors that are incumbent for a business to remain alive. Simpson, Padmore & Newman (2012) categorised the critical success factors for SMEs into characteristics of the business, owner-managers, and the business environment.

Decisions in a small business environment are entirely reliant on the so-called human factors. Shane and Venkataraman (2000) define entrepreneurship as 'an activity that involves discovery, evaluation and exploitation of opportunities to introduce new goods and services, ways of organising markets, processes and raw materials through organizing efforts that previously have not existed'. A crucial distinguishing feature for a successful small business is a balanced alignment of the owner-entrepreneur's intention, his or her business abilities and environmental chances. The entrepreneur's capabilities can be divided into psychological and non-psychological motivation factors.

The psychological motivation factor is the motive to do well and achieve the desired goals. The desire to achieve considers an individual's orientation, willingness and drive for satisfaction or a sense of accomplishment. This is demonstrated by long-suffering desire and reported efforts to achieve something very hard to accomplish through perseverance. Risk tolerance also forms part of the psychological motivation factor. Risk-taking reviews an individual's positioning towards how much

they will cause themselves potential personal or financial loss or damage when faced with unknown situations or conditions.

Vision is also another psychological motivation factor that determines the success or failure of small businesses. The enterprise vision about future performance is the starting point for strategy formulation. The mission and vision of an enterprise presents the basis for success. However, it is important to mention that strategy must be shared amongst all employees in the business for it to yield the desired effects.

The experience of entrepreneurs forms part of the non-psychological motivation factors for the success of a small business. Entrepreneurial characteristic such as product and service knowledge, stakeholder relationships, marketing and IT communication is crucial for the success of small businesses.

Enterprise characteristics, such as corporate age, business networks, financial capacity, client experience management, human capital, marketing and strategic planning, are critical factors influencing the performance and sustainability of small companies. Small companies are rising faster than older and larger firms. The results of the study confirm the consideration of age as a factor that influences the progress and development of an individual. Changes to modern organizations, such as expertise, connectivity, company networks, and credibility, pose a challenge to their loss as they cannot match older entities. Older companies have the upper hand in credibility, contributing to their growth, which younger firms do not have.

Human capital can be described as attitudes, dedication, beliefs, expertise, experience, education, ability, skills and abilities that enable an entrepreneur (and his team) to launch, operate and develop a company. It encourages them to understand more about how to do so and to make owners more effective about how they conduct their company and execute complicated tasks. Human capital considerations that affect the success or failure of new projects include the history of the founder, the behaviour of the entrepreneurs, the choices they make; the methods they build and the style of leadership they practice.

The business environment has a remarkable impact on the growth of new small businesses (Delmar & Wiklund, 2008). Business environment factors are those factors that have a direct or indirect influence on the success or failure of an organisation. The business environment that affects the success of an enterprise can be divided into internal and external factors.

Examples of internal factors include access to finance, management skills, location, and networking.

From the review of literature, it can be concluded that many different factors play a role in the success of a business. These factors can be summarised into three categories: entrepreneurial factors, which deal with the business owner's entrepreneurial capabilities; the business environment, which includes access to finance, managerial skills and networking; and enterprise factors, which refer to the human capital side of the business. Government has put different measures in place to try to assist SMEs; however, despite all this, it is also important for the individual to have the necessary attributes to run a successful business.

In this chapter, the definition of an entrepreneur as well as a SME was provided; the criteria to define the success of SMEs were also provided. The following 13 themes were elaborated on as factors that contribute to the success of SME.

- Government institutional support;
- Access to finance;
- Government regulations and labour laws;
- Environment or infrastructure;
- Skilled labour;
- Access to the market;
- Personal qualities;
- Level of education;
- Management skills;
- Financial management;
- Experience and knowledge of the product;
- Customer service;

- Information and technology.

CHAPTER THREE: RESEARCH METHODOLOGY

This chapter outlines the research approach adopted in the study. It discusses in depth the advantages and disadvantages of the research methods used for this report, and its rationale. This chapter also details the data collection techniques employed, as well as the limitations, and / or restrictions that were faced. It answers the questions of reliability and validity, and ends with the ethical problem that characterises such a study.

3.1. Research methodology / paradigm

Research methodology is a systematic way to solve the research problem. It's a discipline that studies how experimental study is conducted. In it, the researcher will study the different measures taken to theoretically overcome research problems. The researcher must be acquainted with the approach as well as the procedures and strategies of the study project. There are three main research methods that researchers can use: the quantitative method, the qualitative approach and the mixed-research approach. The quantitative method produces data in a quantitative type that can be exposed to comprehensive and rigorous quantitative research. The qualitative method requires the usage of a qualitative set of data collection methods and methodological processes to establish a conceptual structure. Mixed approach research describes research requiring the compilation, examination and evaluation of quantitative and qualitative data in a single study or in a sequence of studies exploring the same fundamental phenomena (Cameron, 2015). It possesses unique purposes and techniques, also integrating techniques from the two traditional approaches

The objective of this research is to identify the success factors for SME in NC and to help to close the gap between successful and failing SMEs. It will also guide SMEs and relevant institutions to improve their relationship and to ensure continued support and growth.

The mixed-method research was adapted to conduct this study. Quantitative questionnaires were used for SMEs. This enabled the researcher to analyse the

response in numbers. Since it fits a formal questionnaire, compilation and review are easier. It allows a broad sampling size to be covered, as it utilizes systematic questionnaires, helps the researcher to create correlations between such variables/interest problems, offers quantifiable data that can effectively affect decision-making, etc. The approach of quantitative study deals with the interrelated frameworks of data processing, which seek to describe a pattern that exists between two or more variables and a qualitative semi-structured interview with government departments. This allowed the respondents to express themselves more freely and assisted the researcher in understanding the social reality as it is.

One of the advantages of using this method is that it allows the researcher to use several means (method, data sources, etc.) to examine the same phenomenon. However, it also has its disadvantages as it can be very complex and it takes much more time and resources to plan and implement.

3.2. Research Design

Rowley (2002) defines research design as the 'logic that links data to be collected and the conclusions to be drawn to the initial questions of a study'. It is generally the plan of how the researcher goes about answering the research questions. It addresses issues such as:

- What are the research questions that the study needs to respond to?
- Why should a particular research approach and strategy be adopted?
- Which tools are used for data collection and analysis?

The design strategy used in this study is that of concurrent triangulation where two methods are used concurrently to collect data and to analyse it. Just one data collection phase has been utilized, during which quantitative (SMEs) and qualitative (institutional semi-structured interviews) data collection and interpretation are carried out independently but simultaneously. The results are incorporated in the analysis process of the report. Both forms of analysis have been granted equal importance.

The research questionnaire (quantitative) and semi-structured interview (qualitative) which are attached as annexure A and B respectively addressed the following questions:

Questionnaires

- Nature of business;
- Area / location of operation;
- Source of funding;
- Access to information / support source;
- Managerial experience;
- Educational background;
- Knowledge of business;
- Reason for business existence.

Semi-structured interview

- Type of institute;
- Scope and mandate of the institute;
- Number of businesses assisted in the province;
- Presence (number of offices);
- Awareness raised in the province.

The questions are deliberated upon more in the questionnaire and semi-structured interview documents.

3.3. Population and sample

3.3.1. Population

The SEDA (2019) SMME quarterly report indicates that there are 25 577 SMEs in the Northern Cape. The report also highlighted that, according to the statistics provided for all SMEs, only 29% are in the formal sector and only 34% of the formal

sector act as an employer. The statistics provided by the SEDA report makes the population of SMME which fall in the scope of the research to be about 2 521. 5

There are six government support agencies which have been mentioned in the literature review (SEDA, SEFA, NYDA, NEF, IDC and TIA). These agencies will also form part of the population of the research.

3.3.2. Sample

The purpose of the effective sampling approach is to collect reliable details on a subset of the overall population under review that will represent the total population of SMEs in the Northern Cape.

A non-probability approach in terms of convenience sampling was used in which available and willing SMEs which meet the criteria participated. Government agencies, which participated in the semi-structured interview, were requested to provide a database, where possible. The representatives from the government agencies were: Branch Manager (NYDA), Regional Officer (IDC) and Regional Manager (SEFA). NYDA provided a database of SMEs with whom they work, and of the original participants chosen from the data bases, snowball referral was used where those participants were asked to refer other SMEs that fall in the scope of the research. According to Zikmund (2003), as a result of the use of this snowball referral approach, the variability and estimates cannot be measured or controlled; therefore, the projection of data beyond the sample is not appropriate. This limits the extent to which the findings of this research can be generalised to a broader context.

Owing to the sampling method used, the researcher aimed to sample 200 SMEs in the province with every district covered. Should it be a challenge for the researcher to sample this number, a 60% response rate would be satisfactory.

For the government agencies, non-probability sampling in the form of self-selection sampling was used, by which the agencies were allowed to decide whether or not to participate. A request was sent to all agencies to participate. The response from

three agencies willing to participate was satisfactory to the researcher as it constituted 50% of the population.

3.3.3 Data collection

Data collection refers to the process of gathering raw data and unprocessed information which, through the scientific data analysis process, can be converted into usable information (Zikmund, 2003).

This study uses a combination of data collection methods (triangulation), which entailed questionnaires for SMEs and semi-structured interview questions for support institutions.

The semi-structured interviews were conducted on a face-to-face basis as it was easier for the researcher to access the institutions as they are all in the Sol Plaatjie area.

The questionnaires were emailed to the SME owners and, where possible, hand-delivered. The researcher also worked with local NGOs and community centres to ensure that those SMEs without access to email or internet were able to receive and return the questionnaires. In addition, the researcher used the opportunity of attending gatherings of SMEs (i.e. a Small Business Development roadshow, SEDA information sessions, and NYDA information-sharing roadshow) to get SMEs to participate in the research.

3.3.4 Questionnaire design

A questionnaire is a research instrument consisting of a series of questions to gather information from respondents. It is one of the easiest and cheapest ways to collect data from a large group and does not take time like other methods do (e.g.. interviews). There often are standardised answers, which makes it simpler to compile data. However, one of its disadvantages is that such standardised answers may frustrate users, as possible answers may not always represent their desired response accurately.

In this study, the questionnaire used consisted of 24 questions containing 51 variables. It consisted of three sections: the first, to extract information about the business; the second, to extract the personal factors of the owners; and the third, to extract the economic factors affecting business. Every question included blocks that each respondent was required to tick off as preferred choices. The business information section of the questionnaire addressed the following points:

- Age and gender of the respondent;
- Existence of the business (number of years);
- Size of business by turnover and number of employees;
- Location of business (municipality).

This section determined whether the business has grown over the past years, and assisted in classifying the business as successful or unsuccessful.

The second section of the questionnaire, which addressed the personal factors of the respondent, covered the following areas:

- Educational background of the respondent;
- The motivation for opening a business;
- Managerial skills;
- Knowledge of the product;
- Marketing and customer service.

A range of closed-ended questions was used in the section, ranging from multiple-choice, to a rating scale as well as a matrix table. The questions pertaining to the motivation to start the business were adapted from Govindasamy (2010). The rest of the questions in this section were adapted from the literature review.

The last section of the questionnaire was based on economic factors and the questions were based on:

- Source of funding;
- Knowledge and use of government institutions;
- Location of business;

- Impact of law and regulations on business.

A similar range of closed-ended questions to those used in Section B was used in this section as well. A survey pilot of four questionnaires was undertaken with friends to ensure that the questions are clear, understandable and user friendly; and thereafter, the questionnaire was adapted according to the inputs and comments made. The participating SMEs were obtained from the NYDA database as well as by means of referrals from other participants who took part in the survey (snowball method).

3.3.5 Semi-structured interviews

Semi-structured interviews were used for government agencies in this report. Leedy and Ormrod (2005) suggest that interviews will include a great deal of valuable and in-depth knowledge. Any of the motivations for semi-structured interviews are as follows:

In semi-structured interviews, the researcher will have a list of topics and questions to cover, although they may vary from interview to interview. This means that some questions may be omitted in particular interviews, given the specific organizational context that exists concerning to the research topic. The order of questions may also vary depending on the flow of conversation. On the other hand, additional questions may be required to explore research questions and objectives, given the nature of events in the context of specific conversations. (Saunders, et al. 2007).

The aim of the interviews with the institutions was to address the following issues:

- The mandate of the institution;
- Target group;
- Product offered;
- Visibility of agency;
- The support given to SMEs;
- Relationship with other agencies.

These interviews were administered with the agencies. During the interview, the researcher took intensive notes and also requested permission to make a voice recording where possible. The notes have made the transcript simple and efficient; they have also helped to prevent potential omissions and distortions of the information discussed by the interviewee, since it would be possible to link back to the original interview as needed.

3.4. Data analysis and interpretation

Analytical tools including graphs, and descriptive statistics in the form of frequency tables were used to analyse the data collected from the quantitative questionnaires administered with SMEs. These tools provide the researcher with statistical methods of organising and examining data.

For the qualitative semi-structured interviews used for the agencies, content analysis was used. Content analyzes are a method for analyzing the existence inside documents, texts or collections of text of particular terms or concepts. Researchers measure and evaluate the existence, definitions and relationships between certain terms and definitions, and then draw inferences regarding signals inside the document. Coding will also be used as a means to analyse the data that are collected. Coding is the method from which the researcher originates and grows concepts for the data collection. Strauss and Corbin (2008) define the process of coding as 'the analytical processes through which data are fractured, conceptualised and integrated to form theory' (Strauss & Corbin, 2008).

The main advantage of using conventional content analysis is gaining direct information from study participants without imposing preconceived categories or theoretical perspectives. The disadvantage of this approach is its failure to develop complete understanding of the context, thus failing to identify key categories, which may result in findings that are an inaccurate representation of the data.

3.5 Ethical Considerations

The researcher is faced with a number of ethical concerns in performing business research due to the relationships between researchers and the respondents. Market study ethics is a code of conduct or expected behavioural social standards while doing research.' The final study result lacks integrity if the conduct of the researcher is immoral. The below points would illustrate the ethical problems that the researcher takes into account when conducting the study.

3.5.1 Informed consent

Respondents in this research gave their consent to participant willingly in this research this is an important requirement in any research. Consent should be informed, voluntary and given by a competent individual'. Details about the intent of the research, how the outcomes of the study would be used, the position of the participants, etc. was given to all respondents before they even agreed whether to engage in the study. The respondents were told of the intent of the research before they could be consulted, in order to ensure informed consent.

3.5.2 Voluntary participation

Personal dignity and basic human rights were protected during their involvement in the research in order to ensure voluntary commitment. Respondents were handled fairly and without any judgment. Respondent were made aware that participation was voluntary and should they feel the need to opt out during the study they were

3.5.3 Ensuring confidentiality and anonymity

Ary et al. (2010), described anonymity as 'the process of protecting the identity of specific individuals' and confidentiality as 'the process of keeping the information obtained from an individual during a study secret and private'. The privacy and secrecy of the participants have been maintained during the study. There was no identification of respondents and information obtained was also safely stored to maintain confidentiality.

3.5.4 Ensuring no harm to participants

All respondents must be protected from any sort of harm, particularly from physical or psychological harm. Respondents will be guaranteed that no physical or psychological harm will occur as a consequence of them taking part in the study. In order to ensure no harm to respondents, all potential hazards that respondents may be subjected to due to their involvement in the research have been carefully distinguished, examined, communicated, and moderated or maintained a strategic distance from appropriately, to dodge any repercussions.

3.6 Conclusion

This chapter focused on the research methodology adopted in this study. The mixed-method research was adapted to conduct this study comprising both the quantitative research method and the qualitative research method. The advantages of the method were elaborated on in the chapter. Questionnaires were distributed to SMEs to gather data from participants and semi-structured interviews were conducted with relevant institutions. Aspects of the research study, such as research design, research strategies, sampling strategies and data collection instruments were also discussed. The chapter also highlighted the issues that the questionnaire and semi-structured interview address. Other issues discussed pertain to data analysis, elimination of bias, as well as ethical considerations guiding the study.

CHAPTER FOUR: DISCUSSION OF RESEARCH FINDINGS

This chapter presents an analysis of data and the findings of the study. The data were obtained through a series of interviews and questionnaires distributed to both SME supporting agencies and existing SMEs in the Northern Cape province of South Africa. The study was aimed at identifying success factors that influence the development of SMEs in the Northern Cape province. The experiences that the local SMEs face in their business operations in the Northern Cape province were then used to make recommendations to improve their success and growth.

Both quantitative and qualitative research methodology were adopted in the form of questionnaires and semi-structured interviews.

4.1 Analysis of the Research Results

The analysis of the study is divided into four sections on the side of the existing SMEs in the province:

1. the demographic information, which provides the profile of the respondents;
2. the personal motivational factors for the existing SMEs to start their businesses;
3. the managerial skills of the small business owners; and
4. their awareness of the local supporting agencies in the province.

The study intended to obtain a total sample of 200 voluntary SMEs; however, only 125 responded, which gives a 62% (or satisfactory) response rate. Because it was difficult for the researcher to meet the satisfactory response rate owing to the challenges of Covid 19 faced by the country, the researcher had to put other measures in place (e.g. attending SMEs gathering / roadshows) to ensure that the target was met.

A response rates of approximately 60% for most research should be the goal of researchers. The response rate in this study exceeded 60%; hence, it was considered acceptable.

AS regards the interview guide for the SME supporting agents in the Northern Cape, the guide was chiefly structured around the three main variables, namely the number of businesses assisted, their presence in various parts of the province, and the campaigns raised in order to create awareness of their existence and mandate.

4.2 Demographic Information

Demographic variables such as age, gender, industry, period in business, and municipality may be meaningful in relation to the respondents' variables.

4.2.1 Gender

A total number of 125 participants completed the questionnaire. Of the participants, 73 were male and 52 were females.

Table 4: Gender of respondents

Gender	Frequency	Percentage
Male	73	58%
Female	52	42%
TOTAL	10	100

The gender response distribution is shown on Figure 1. The frequency of male respondents is higher than that of females

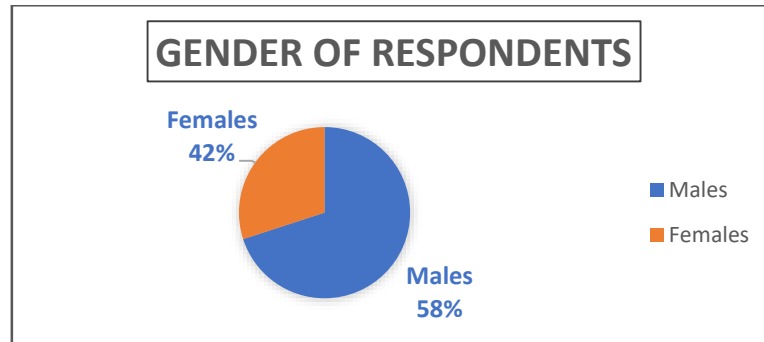


Figure 1: Distribution of respondents by gender

4.2.2 Age group of respondents

The participants' age was from 18 to 60 of which majority fell within the 31 to 40 bracket. Table 5 appears the conveyance of respondents by age

Table 5: Age of respondents

Age	Frequency	Percentage
18 - 20	0	0%
21 - 30	10	8%
31 - 40	62	51%
41 - 50	33	27%
51 - 60	15	12%
Total	120	100%

With regards to the age distribution, the researcher is certain that the appropriate participants were questioned with regard to being profitable and sound sufficient to address the manages of the current think about. With respect to moral suggestions, the proper age bunches were met for the consider. Figure 2 appears the conveyance of respondents by age. The information is skewed towards the 31 to 40 age bunch.

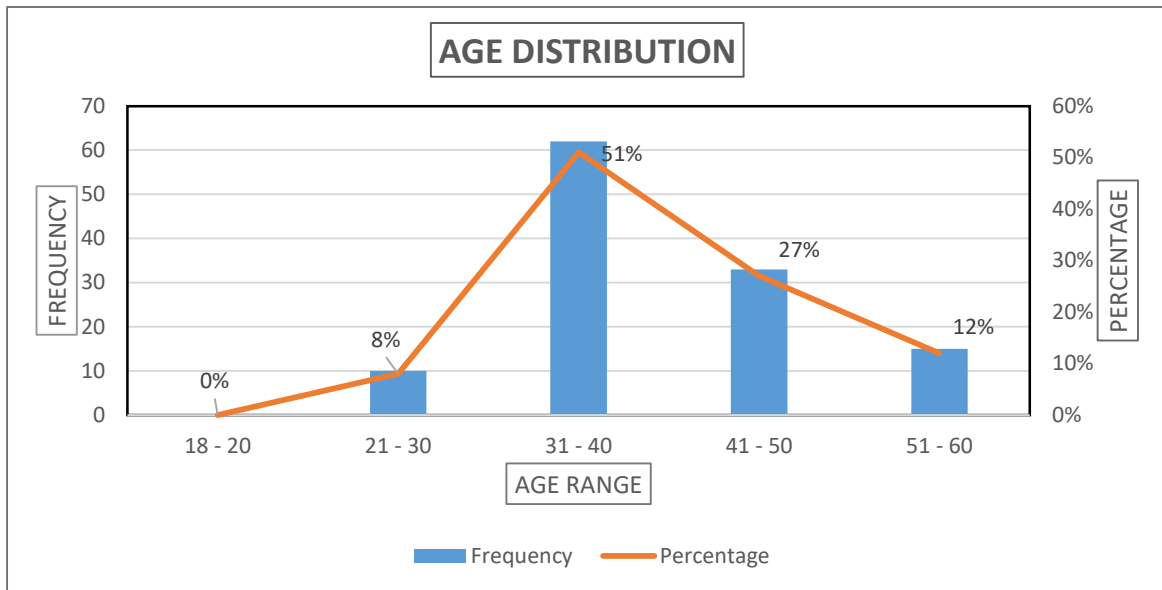


Figure 2: Age distribution

4.2.3 Business experience

The number of years of business experience ranged between less than one year to more than ten years. Of the respondents, 55 had between three and five years of business experience, 40 had between five and nine years of business experience, nine had experience of more than ten years, while eight had between one and three years, and eight had less than one year.

4.3 Personal Factors for Entrepreneurship

In order to determine the necessary personal attributes and business skills for entrepreneurship for SMEs in the Northern Cape province, descriptive statistics in the form of frequency tables were used.

4.3.1 Motivation for starting a business

A full analysis of the results is shown below.

Table 6: Q1: Frequency Analysis: Always wanted to be my own boss (Independence)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	12	9.4	9.6	9.6
	Unsure	21	16.5	16.8	26.4
	Agree	69	54.3	55.2	81.6
	Strongly Agree	23	18.1	18.4	100.0
	Total	125	98.4	100.0	
Total		125	100.0		

From Table 6, it can be seen that 54.3% of the respondents agreed and 18.1% strongly agreed that the motivation behind starting their own business was because they wanted the independence to run their own businesses.

Table 7: Q2: Open Market opportunity

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	6	4.7	4.8	4.8
	Unsure	14	11.0	11.2	16.0
	Agree	64	50.4	51.2	67.2
	Strongly Agree	41	32.3	32.8	100.0
	Total	125	98.4	100.0	
Total		125	100.0		

From Table 6, it can be seen that a total of 82.7% (50.4% agreed and 32.3% strongly agreed) of the respondents agreed that the motivation behind starting their own business was because of the identified business opportunity; hence, the need was created to start their own businesses.

Table 8:Q3. Continue with family tradition

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	17	57.5	13.6	13.6
	Unsure	13	10.2	10.4	24.0
	Agree	73	17.3	58.4	82.4
	Strongly Agree	22	13.4	17.6	100.0
	Total	125	98.4	100.0	
Total		125	100.0		

From Table 8, it can be seen that 57.5% of the respondents disagree with the statement that the motivation for starting their own businesses was based on the fact that they wanted to continue with family tradition.

Table 9 :Q4: Wanted to create employment for self

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	6	4.7	4.8	4.8
	Unsure	14	11.0	11.2	16.0
	Agree	65	51.2	52.0	68.0
	Strongly Agree	40	31.5	32.0	100.0
	Total	125	98.4	100.0	
Total		125	100.0		

From Table 9, it is evident that 51.2% and 31.5% agreed and strongly agreed respectively, that the need to create employment for themselves was the main reason for starting their own businesses.

Table 10:Q5: Create legacy for the family

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	2	1.6	1.6	1.6
	Unsure	23	18.1	18.4	20.0
	Agree	56	44.1	44.8	64.8
	Strongly Agree	44	34.6	35.2	100.0
	Total	125	98.4	100.0	
Total		127	100.0		

From Table 10, the majority, 44.1% of the respondents agreed and 34.6% strongly agreed with the statement that the motivation for starting their own businesses was based on the fact that they wanted to create a legacy for their families.

Table 11: Q6: Dissatisfaction with previous jobs

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	3	2.4	2.4	2.4
	Unsure	11	8.7	8.9	11.3
	Agree	68	53.5	54.8	66.1
	Strongly Agree	42	33.1	33.9	100.0
	Total	124	97.6	100.0	
Total		127	100.0		

From Table 11, it can be seen that 53.5% of the respondents agree, and 33.1% strongly agree with the statement that the motivation for starting their own businesses was based on the fact that they were not satisfied with their previous jobs

Table 12 :Q7:Lost previous job

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	11	8.7	8.8	8.8
	Unsure	26	20.5	20.8	29.6
	Agree	57	44.9	45.6	75.2
	Strongly Agree	31	24.4	24.8	100.0

Total	125	98.4	100.0
Total	125	100.0	

From Table 12, it is evident that 44.9% of the respondents agree, and 24.4% strongly agree with the statement that the motivation for starting their own businesses was based on the fact that they had lost their previous jobs.

Table 13:Q8:Wanted to develop previous experience / hobby into the business

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	24	18.9	19.2	19.2
	Unsure	26	20.5	20.8	40.0
	Agree	58	45.7	46.4	86.4
	Strongly Agree	17	13.4	13.6	100.0
	Total	125	98.4	100.0	
Total		125	100.0		

From Table 13, it can be seen that 45.7% of the respondents agree, and 13.4 % strongly agree with the statement that the motivation for starting their own businesses was based on the fact that they wanted to develop previous experience into the business.

Table 14:Q9: Gain recognition

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	2	1.6	1.6	1.6
	Unsure	4	3.1	3.2	4.8
	Agree	90	70.9	72.0	76.8
	Strongly Agree	29	22.8	23.2	100.0
	Total	125	98.4	100.0	
Total		125	100.0		

From Table 14, the large majority, 70.9% of the respondents agree, and 22.8% strongly agree with the statement that the motivation for starting their own businesses was based on the fact that they wanted to gain recognition in society and have a sense of achievement.

Table 15:Q10: Advice to venture into business rather than employment

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	5	3.9	4.0	4.0
	Unsure	9	7.1	7.2	11.2
	Agree	77	60.6	61.6	72.8
	Strongly Agree	34	26.8	27.2	100.0
	Total	125	98.4	100.0	
Total		125	100.0		

From Table 15, it is clear that 60.6% of the respondents agree, and 26.8% strongly agree with the statement that the motivation for starting their own businesses was based on advice to venture into business rather than to be fully employed.

4.3.2 Managerial skill

The managerial skills variables included the academic competences. Question 11 from the questionnaire was used to obtain data on the managerial competences variables. As shown in Table 16, managerial skills such as financial literacy, marketing and human resource management reflect percentages of 25.4, 32.5 and 28.6, respectively. It is apparent from Table 16 that the business owners believed that these managerial skills are critical for the success of SMEs.

Table 16: Managerial skill

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Human Resource	36	28.6	28.8	28.8
	Finance (cash flow, pricing and costing)	32	25.4	25.6	54.4
	Marketing	41	32.5	32.8	87.2
	IT(Computer)	16	13.5	12.8	100.0
	Total	125	99.2	100.0	
Total		125	100.0		

4.3.3 Educational background of the owner

The educational background statistics revealed that 44% of the owners have matric; 23.2% have no formal schooling; 15.2% have diplomas; 10.4% have a technical qualification; and lastly, 7.2% have a degree qualification.

Table 17 :Educational background

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	No formal schooling	29	23.2	23.2	23.2
	Matric	55	44.0	44.0	67.2
	Technical qualification	13	10.4	10.4	77.6
	Diploma	19	15.2	15.2	92.8
	Degree	9	7.2	7.2	100.0
	Total	125	100.0	100.0	

4.4 Economic Factors Necessary for SMEs to Thrive

This section investigates the economic factors that are necessary for the SMEs in the Northern Cape. A number of external factors have been identified from the literature review as the contributors to business success. A summary of key findings is discussed below.

4.4.1. Main source of financial resources

From the descriptive statistics shown below, it was deduced that 33.6% of the respondents obtained their start-up capital from commercial banks, 20% from government agencies, while 28.8% indicated that they obtained a loan from family and friends, and 17.6% of the business owners used their own capital to start their businesses.

Table 18: Source of capital

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Used own capital	22	17.6	17.6	17.6
	Loan from family and friends	36	28.8	28.8	46.4
	Agency loan/grand	25	20.0	20.0	
	Loan from commercial banks	42	33.6	53.6	100.0
	Total	125	100.0	100.0	

4.4.2. Awareness of government support institutions

Item 19 in Section D of the questionnaire was used to obtain data on the government agencies awareness variable. The question was further broken down to determine whether any of the respondents had used government support institutions before and also to obtain data on how they got to know about the existence of these agencies. The following are the key findings

- Of the business owners, 70% are aware of the agencies but they did not understand how they operate, and 20% have been assisted by these government support institutions.
- Of the 20% who have been assisted by the government support institutions (SEDA, SEFA, NYDA, NEF, IDC), they indicated that the main form of help was advice or information on how to run their respective businesses.
-
- Concerning the business owners who have utilised the services of the government support institutions, 55% have been made aware of the existence of the agencies through the internet and 30% gained information from friends.

4.4.3. Location of business

With regard to the location of the business, Table 19 shows that a greater proportion of the firms (59.5%) were located in semi-rural areas, followed by the suburban areas, with 24.6%. A small proportion of the firms (15.1%) was located in urban areas.

Table 19: Business location

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Semi-rural	75	59.5	60.0	60.0
	Urban	19	15.1	15.2	75.2
	Suburb	31	24.6	24.8	100.0
	Total	125	99.2	100.0	
Total		125	100.0		

4.4.4 Condition of the infrastructure

Question 25 of the questionnaire was used to obtain data for the condition of the infrastructure variable. Of the firms, 71.2% confirmed that the state of the infrastructure was poor, while only 12.8% and 16% regarded the condition of the infrastructure as good and fair, respectively.

Table 20: Condition of the infrastructure

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Good	16	12.8	12.8	12.8
	Fair	20	16.0	16.0	28.8
	Poor	89	71.2	71.2	100.0
	Total	125	100.0	100.0	

This is an indication that the condition of the infrastructure is unreliable

4.5 Government Support Agencies

A number of government support institutions operate in the areas, including IDC, SEFA, NYDA, and SEDA. The interviews carried out by the agencies in the province were aimed at understanding the extent of support that the SMEs in the Northern Cape province get in order to sustain and develop their businesses. The other aim was to reveal the underlying opportunities that SMEs in the province can utilise for them to grow their businesses from the perspectives of the agencies. The three themes are outlined as follows:

- How do the agencies reach their target market?
- How can agencies ensure the success of SMEs in their respective portfolios?
- What can be done to ensure that SMEs in the province increase the GDP contribution for the nation as a whole?

4.6 Core Themes Analysed

The abovementioned three themes were discussed in detail with respect to the research findings.

4.6.1 Reaching the target market

SEDA

When asked how they reach their target market, the following direct quote from the representative of the agency in the province was taken note of:

‘We have a number of programs that we run to ensure that we support and empower small business owners with the necessary skills to enable them to upgrade their businesses to greater heights. For example, we offer entrepreneurial training courses to small business owners that include financial management, business writing skills, etc.’

IDC

The following was the response on how the agency reaches out to their target market:

'We do monthly road shows to raise awareness and we mostly deal with Macro businesses that fund for them to expand their business thereby creating jobs'.

SEFA

This was the response from SEFA:

'We mostly depend on referrals from SEDA. In actual fact, SEDA gets the word out there on our behalf. Currently, we are short staffed and we do not have enough resources to create the awareness'.

NYDA

NYDA responded:

'We work with SEDA and create awareness through different social media platforms to reach our target market'.

4.6.2 How agencies ensure success of SMEs in the province

SEDA

'We partner with the Department of Small Business Development in conducting various programs to rollout incubation centres in townships and rural areas to provide youth-driven start-ups and SMEs with financial and technical advice on their business journeys'.

IDC

'It is very crucial at this stage that we fully engage all the stakeholders, amongst them being the small enterprises, in order to create a successful value chain through procurement localisation. Big corporates must give preference to the opportunities of local small enterprises'.

NYDA

'We mainly focus on youth development programs funding. Just for your own information, South African young people constitute 36.2 percent of the country's population and, as such, we believe if we promote entrepreneurship in our youth we eradicate the high unemployment rate in the country. We run a Business Management Training, which is aimed at creating a conducive environment for young entrepreneurs to access relevant entrepreneurship skills, knowledge and attitudes for their business.'

4.6.3 What can be done to ensure that SMEs increase their GDP contribution?

SEDA

When asked how to ensure SMEs increase their GDP contribution, this was the response:

'Us as SEDA have a mandate to ensure continuous investment in expanding the small business incubation programmes. This, I guess, will go a long way in stimulating economic activities, employment creation and advancement in broad-based empowerment. It is very crucial that an organisation continues to align with government priorities by providing programs that ensure increased access to employment and entrepreneurship. We need to continue providing coaching, incubation and intensive support to SMEs in the province.'

SEFA

'We have laid out some plans in our revised 2020/2025 Strategic Plan, which are aimed at growing small businesses' contribution to the Gross Domestic Product from 35% to 50% by 2024. We are aiming to provide blended finance instruments, establish incubation centres. We also aim to provide loan and credit facilities to SMEs and co-operative enterprises.'

IDC

'We have continuously been involved in providing funding to SMEs by using different forms of instruments such as debt, equity, guarantees, etc. We have also flexed up the repayment conditions by allowing a grace period of repayment of the debt. This is to allow the small enterprises to grow and develop their operations, hence resulting in GDP contribution increase'.

4.7 Conclusion

In this chapter, a detailed analysis of the research findings was presented. The research findings revealed a number of underlying opportunities that, if implemented, would result in a complete positive turnaround for small enterprises in the Northern Cape province of South Africa. Of interest was that there is a possibility of improving the business relationship between the local SMEs and the government support agencies in the Northern Cape province. It could be deduced from the analysis of the research data that the agencies in the provinces are not very popular and also that the critical success factors are necessary for small businesses to thrive. The critical success factors that can enable growth and development have been identified.

Chapter five summarises the study by presenting the conclusions together with recommendations on the personal attributes and business skills for entrepreneurship.

CHAPTER 5: RECOMMENDATIONS AND CONCLUSIONS

The primary objective of the research was to identify success factors that influence the development of SMEs in the Northern Cape province. A mixed-research methodology incorporating both quantitative and qualitative approaches was utilised in order to achieve the primary objective of the study. This chapter will provide an overview of how the secondary objectives were reached and make recommendations on the best business skills that promotes entrepreneurship.

5.1 Findings from the Study

5.1.1 Findings from the literature review

In Chapter 2, the following success factors for SMEs were found.

5.1.1.1 Success factors for SMEs

It has been revealed from previous research that success factors for SMEs can impact positively on the growth and development of the local SMEs in the Northern Cape province. A number of success factors that range from technical, entrepreneurial, environmental and political are among the most critical factors that have been identified from previous research studies.

Several research studies have been conducted on similar topics across the world. Obaji, et al. (2018) found that innovation, financial management, management skill and government policies are the success factors for SMEs.

In their research on 'success factors affecting SME in Thailand', Chittithaworn et al. (2010) identified SME characteristics, customers and markets, the way of doing business and cooperation, resources and finance, and the external environment as having a significant positive effect on the business success of SMEs.

In South Africa, the government has instituted various forms of support for SMEs by establishing agencies through different departments. However, the literature gathered as well as the results from the research study have revealed that the setup of these

agencies has proven to be problematic as the effectiveness of the funding of small businesses is inefficient.

5.1.2 Findings from the primary research

The interviews with the representatives from the agencies as well as with the small business owners in the Northern Cape province gave more insight that aligned well with the findings from the literature review. The key findings are based on the following main problems and sub-problems, which were the reasons that this research study was carried out.

5.1.2.1 Main problem

The inability of SMEs to grow and stay in business for a long period is a problem as it makes it difficult for them to contribute to the GDP of the province and that of the country.

Many businesses fail within the first two to three years of establishment and this fact is no different for the NC. The NC only has a SME contribution of 0.9% – 1% in the country and an overall 2% contribution to the GDP. If SME in the province cannot stay in business for longer this will just bring the percentage further down or the province will end up not contributing to the country's GDP at all.

The province is the biggest in the landscape but with the smallest population. It is rural in nature, therefore making it difficult to run a successful business.

5.1.2.2 Sub-problems

The first sub-problem: Lack of government support (financial and business support) or lack of knowledge about government support makes it difficult for SMEs to succeed in the province.

The second sub-problem: The economic factors (e.g. environmental and governmental policies) make it difficult to run SMEs in the province.

The third sub-problem: The SMEs in the province do not have the necessary personal attributes and business skills for entrepreneurship.

5.1.2.3 Responses to main and sub-problems

Lack of government support

When asked about the awareness of government support institution, 70% of the business owners were aware of the agencies but they did not understand how they operate; however, 20% have been assisted by these government support institutions. The 20% who have been assisted by the government support institutions (SEDA, SEFA, NYDA, NEF, IDC) indicated that the main form of help was through advice or information about how to run their respective businesses. With regard to the business owners who have utilised the services of the government support institutions, 55% have been made aware of the existence of the agencies through the internet, and 30% received information from friends. This information aligned well with literature review, where the report by DEDaT (2016), stated that the respondents believed that support from these agencies was not sufficient. Problems range from not getting support to apply for funding, to insufficient information or feedback.

This can be evidenced in the results regarding the sources of start-up capital for their businesses. It was deduced that the 33.6% of the business owners obtained their start-up capital from commercial banks, while 28.8% indicated that they obtained a loan from family and friends, and 17.6% of the business owners used their own capital to start their businesses. Only 20% was funded by government agencies.

Business location

One of the crucial findings that emerged from the research study is that the location of the business is an important factor in the success of SMEs in the Northern Cape province. Findings from the quantitative phase showed that the majority of small businesses in the Northern Cape province (59.5%) are located in semi-rural areas, followed by suburban areas with 24.6%. A small proportion of the firms (15.1%) were located in urban areas.

The province is the biggest in the landscape but with the smallest population. It is rural in nature and therefore making it difficult to run a successful business.

In support of the above, Saunders et al. (2014) noted that market potential and growth opportunities are influenced by the location of the company. A business that operates close to potential buyers and suppliers has created an enabling environment in its geographical location and is ready to take advantage of growth opportunities in the local market.

Delmar and Wiklund (2008), cited by Olawale and Garwe (2010), suggest that the business environment has a significant impact on the growth of a new small business. The business environment can be defined as those variables both inside and outside of the organisation that may influence the continued and successful existence of the organisation (Smit, et al., 2007, cited by Olawale & Garwe, 2010).

Infrastructure

When asked about the condition of the infrastructure, 71.2% of the firms confirmed that the state of the infrastructure was poor and only 12.8% and 16% respectively, regarded the condition of the infrastructure as good and fair.

Infrastructure could be an essential physical and hierarchical structure that's required for the operation of a society or enterprise or the administrations and facilities necessary for an economy to operate. Quality of infrastructure may be an overwhelming challenge for most creating nations, and South Africa is no distinctive. The quality of infrastructure in a nation can incredibly influence the development prospects for SMEs

Personal attributes and business skills for entrepreneurship

When asked about the motivation to start a business, the majority of the small business owners responded more about pull factors than push factors (independence:54.3%; gaining recognition:70.9%; employment creation for self: 51. 2%).Push factors are 'forcing' individuals to engage in self-employment, whereas a more favourable condition is created by 'pull' factors, meaning that voluntary engagement evolves from opportunities in the market environment. Nieman and Nieuwenhuizen (2009) show the contents of these factors In Table 3.

The success and growth of small and medium enterprises in South Africa largely depend on the human capital of their owner-manager. Entrepreneurship research has shown that most successful entrepreneurs share a common personality trait. Many scholars and organisations have concluded that the performance and growth potential of small and medium-sized businesses is primarily due to the characteristics that the entrepreneur possesses (Leboa, 2017).

Managerial skills

The quantitative phase of the research revealed that managerial skills such as financial literacy (25.4%), marketing (32.5%) and human resource management (28.6%) are critical for the success of SMEs. This is possibly unsurprising as this response is extensively supported in the literature. Managerial competencies are very important for the survival and growth of new SMEs, lack of managerial experience and skills are the main reasons that new firms fail.

According to Fuller-Love (2006), management development can be seen as improving the skills of managers concerning finance, marketing, human resources, strategy, planning and operational management. The softer management skills relate to communication, decision making and team building. Management skills refer to the ability to develop and effect good business plans, to obtain and employ resources effectively, to balance obligations with business demands, and to keep records accurately.

5.2 Conclusions from Primary Research

The primary research revealed that local SMEs in the Northern Cape province of South Africa are immune to some experiences or challenges that other SMEs face. However, the research also confirmed similar success factors that were indicated in the literature review from previous research on the same subject. Despite the experiences of the local SMEs that may be hindering their growth, the research reviewed a number of business improvement opportunities that, when fully adopted and implemented, may result in mutual benefit between the local SMEs and the government support agencies.

5.3 Challenges Faced

- Owing to the Covid 19 pandemic and lockdown that was in place for most of the year, the timeline of the research was delayed.
- Some of the business on the database and those given through snowball referral, were no longer operational once some of the restrictions were lifted.
- Most business owners did not show an interest in participating in the survey owing to the stress and pressure that businesses are currently in.
- Constant follow up had to be done after the questionnaires were emailed. In some cases other means (collection where possible) had to be put in place to get questionnaires back.
- Agencies could not give some of the information because of confidentiality policies and, in some instances, officials who could authorise the information to be released were not available.

5.4 Recommendations

Based on the findings of the research, the growth and development of local SMEs in the Northern Cape is inevitable. The following recommendations are put forward:

- The identified success factors for small businesses in the Northern Cape province to thrive include the personal attributes such as employment creation for self, education, recognition gain, managerial skills, economic factors (like environment and location) and government support. It has also been revealed that every small business owner needs a set of attributes which were constantly mentioned in the literature review such as finance, marketing, human resources, strategy, planning and operational management. These managerial skills are equally important to the success of local SMEs in the Northern Cape province of South Africa.
- It emerged from the quantitative phase of the research that the majority of the small business owners know about the existence of government support agencies but they do not know exactly what they do. It is crucial that the agencies in the province intensify their awareness campaigns exclusively for the rural and semi-rural areas

in order to for them to help the small businesses in these areas to understand the reason for their existence, thereby ensuring that the necessary help is rendered to them.

- Environment was highlighted as a very important factor by most businesses and as the majority of these businesses are in semi-rural and rural areas, it is recommended that each municipality must have a business hub / village where the majority of businesses can be in one area for easy access and convenience.
- Increased monitoring and evaluation is recommended. Once funding has been provided, regular site visits to SMEs must be conducted in order to monitor their growth trajectories, check how many of them have ceased operating, what challenges they encounter, and how they can be assisted.
- Set up satellite offices for government agencies in remote areas in an effort to be more accessible to SMEs and to maximise the extension of departmental support programs.
- The different government agencies must hold roadshows together so that it and clear up confusion about their different roles. In this way, they become more visible and accessible to the people (those already in business and those aspiring to get into business).
- The SMEs in the province should form a forum that holds conferences regularly, so that they can share experiences, knowledge and learn from each other.

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Annexure A: Semi-structured interview

SECTION A: Background Information

- 1. Name of the institution:
- 2. Date of establishment:
- 3. Mandate of institution:
- 4. Target market (gender, age and industry):
- 5. Product offered (loan, grand, support etc)

SECTION B: Questions

6. How do you reach your target market?

.....

7. Do you have a specific target of SME you should assist per annum?

.....

8. If yes for the above question, in the past 2 years have you been able to meet those target?

.....

9. How do you keep track and ensure success of SMEs you have involved with?

.....

10. What are the everyday issues you get from SME who use your service?

.....

11. How many office do you have in the province and where are they located?

.....

11.1. How do you ensure that people in areas without offices are aware and able to reach you?

.....

12. What type of business (sector/industry) do you see most entrepreneur entering in and what other sector do you think has more potential but not really entered to in the province?

.....

13. What do you think separate successful from unsuccessful entrepreneurs in the province? (success factors)

.....

14. What is your relationship with other government agencies which offer similar services?
(collaborations, sharing office space etc.)

.....

15. The NC is the lowest contributing province to GDP due to its population, what do you think can be
done to improve this especially looking at the fact that is the biggest province by size?

.....

Annexure B: Questionnaires

1. Respondent number	For office use only																																				
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SECTION A: DEMOGRAPHIC AND BUSINESS INFORMATION																																					
(Please mark the appropriate box with an X or click once to check or un-check a box)																																					
2. What age group do you fall under?																																					
X																																					
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41 – 50 years	4	<input type="checkbox"/>																																			
51 - 65 years	5	<input type="checkbox"/>																																			
3. Gender																																					
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Male	1	<input checked="" type="checkbox"/>																																			
Female	2	<input type="checkbox"/>																																			
Prefer not to answer	3	<input type="checkbox"/>																																			
4. What is the nature of the business industry?																																					
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<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 70%;">Agriculture</td> <td style="width: 10%; text-align: center;">1</td> <td style="width: 20%; text-align: center;"><input checked="" type="checkbox"/></td> </tr> <tr> <td>Beauty service</td> <td style="text-align: center;">2</td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> <tr> <td>Construction</td> <td style="text-align: center;">3</td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> <tr> <td>Manufacturing</td> <td style="text-align: center;">4</td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> <tr> <td>Mining</td> <td style="text-align: center;">5</td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> <tr> <td>Food and retail</td> <td style="text-align: center;">6</td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> <tr> <td>Clothing</td> <td style="text-align: center;">7</td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> <tr> <td>Hospitality</td> <td style="text-align: center;">8</td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> <tr> <td>Finance and business service</td> <td style="text-align: center;">9</td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> <tr> <td>Tourism and Transport</td> <td style="text-align: center;">10</td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> <tr> <td>Technology</td> <td style="text-align: center;">11</td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> <tr> <td>Other (please specify below)</td> <td style="text-align: center;">12</td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> </table>	Agriculture	1	<input checked="" type="checkbox"/>	Beauty service	2	<input type="checkbox"/>	Construction	3	<input type="checkbox"/>	Manufacturing	4	<input type="checkbox"/>	Mining	5	<input type="checkbox"/>	Food and retail	6	<input type="checkbox"/>	Clothing	7	<input type="checkbox"/>	Hospitality	8	<input type="checkbox"/>	Finance and business service	9	<input type="checkbox"/>	Tourism and Transport	10	<input type="checkbox"/>	Technology	11	<input type="checkbox"/>	Other (please specify below)	12	<input type="checkbox"/>	V4 <input style="width: 40px; height: 20px;" type="checkbox"/>
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Technology	11	<input type="checkbox"/>																																			
Other (please specify below)	12	<input type="checkbox"/>																																			
Specify -----																																					

5. How long has the business been operational?

X

< 1year	1	
1 – 3 years	2	
3 – 5 years	3	
5 – 9 years	4	
>10 years	5	

V5



6. How many permanent employees does the business **currently** have?

Owners only	1	
<10 employees	2	
10 – 19 employees	3	
20 – 49 employees	4	
50 – 99 employees	5	
100 – 200 employees	6	
>200 employees	7	

V6



7. What is the **current** turnover of the business per annum?

>500 000	1	
501 – 1m	2	
1 – 5 m	3	
5 – 10 m	4	
>10 m	5	

V7



8. Which municipality under the different district does your business operate under?

France Baard	X	John Taole	X	ZF Mgcwawu	X	Namakwa	X	Pixley Ka Seme	X
Sol Plaatjie		Joe Morolong		Dawid Kruiper		Richers-veld		Siyancuma	
Magareng		Gamagara		Kai !Garib		Nama Khoi		Siyathemba	
Phokwane		Ga-Segonyana		!Kheis		Khai-Ma		Thembe-lihle	
Dikgatlong				Tsantsabane		Hantam		Kareeberg	
				Kgatelopele		Karoo Hoogland		Renosterberg	
								Umsobomvu	
								Ubuntu	
								Emthanjeni	

V8



SECTION B: PERSONAL FACTORS

9. To what extent do you agree or disagree that the following statements describes your motivation for starting a business?

	Strongly disagree	Disagree	Unsure	Agree	Strongly Agree
a) Always wanted to be my own boss (independence)					
(b) Saw an opportunity for open market					
(c) Wanted to continue a family tradition					
(d) Don't have industry work experience, wanted to create employment for self					
(e) Wanted to create a legacy for family (wealth)					
(f) Was dissatisfied with previous job					
(g) Had been made redundant (lost previous job)					
(h) Wanted to develop previous experience / hobby into a business					
(i) Thought I would get more respect working for myself (recognition)					
(j) Was advised to go into business rather than employment					

- V9
- V10
- V11
- V12
- V13
- V14
- V15
- V16
- V17
- V18

10. What is the highest educational background for the owners

X

No formal Schooling	1	
Matric (std 10)	2	
Technical qualification (N6/artisian)	3	
Diploma	4	
Degree	5	
Postgraduate	6	

- V19

SECTION C: Managerial Skill

11. What is your level of skill in the following functions?

	Poor	Moderate	Advanced
(a) Human Resource			
(b) Finance (cash flow, pricing and costing)			
(c) Logistics			
(d) Marketing			
(e) IT (Computer)			
(f) Quality			
(g) Operations Management			

V20
V21
V22
V23
V24
V25
V26



12. How did you gain your knowledge and experience of the product/service?

X

Previously worked in the industry	1	
Have formal qualification on product/service	2	
Read up/ did own research about product/service	3	
Product/service has always been family business	4	

V27



13. How will you rate your knowledge of the product/service

X

Very High	1	
High	2	
Fair	3	
Low	4	
Very low	5	

V28



14. How do you get your product/service known to market?

	Always	Often	Sometimes	Seldom	Never
Formal advertising					
Word of mouth					
Go in to community to sell product					
High demand product that customers are always looking for					

V29



V30



V31



V32







V33



15. How do you keep your customer coming back?

	Always	Often	Sometimes	Seldom	Never

I give credit					
I give discount					
I have a loyalty reward plan					
The quality of my product speaks for itself					

V34 
V35 
V36 
V37 

16. How would you describe the market you operate in?

X

Many competitors with fixed prices	1	
Few competitors that are highly competitive	2	
Few competitors with variable prices	3	
Not sure	4	

V38 

17 What is the skill level for the majority of the employees who works in the business?

X

Unskilled	1	
Semi-Skilled	2	
Technical	3	
Professionally qualified	4	

V39 

SECTION D: ECONOMICAL FACTORS

18. What was the “main source” (tick the one were biggest capital was accessed) of capital you use in starting the business?

X

Used own capital	1	
Loan from family and friends	2	
Loan/grand from government agency	3	
Loan from commercial bank	4	
Other (specify below)	5	

V40 

Specify.....

19. Are you aware of the following government agencies?

	Used if before	Aware but don't understand how it works	Aware and understand how it works	Not aware (never heard off)
SEDA				
SEFA				
NYDA				
NEF				
IDC				
TIA				

V41



20. For the agencies that you have used before (if any), what did you use it for?

	Loan	Grand	Business Support	Advice/information	None
SEDA					
SEFA					
NYDA					
NEF					
IDC					
TIA					

V42



21. For the agencies you are aware off, how did you get to know about them?

	Internet	Agency Campaign	Information from friend	Local office	Not aware of agency
SEDA					
SEFA					
NYDA					
NEF					
IDC					
TIA					

V43



V44



V45



V46



V47



V48



22. Where does your business operate from?

		X
Family house	1	
Street (informal structure)	2	
Office set up in house/yard	3	
Town	4	
Office park	5	
Industrial park	6	
SMME Village	7	
Other (specify below	8	

V49



Specify.....

23. What type of area is your location?

X

Rural (village)	1	
Semi-rural	2	
Urban	3	
Suburb	4	

V50



24. Do u think your business location makes an impact on your business performance?

X

Huge impact	1	
Impact to some extend	2	
It doesn't make much of a difference	3	
No impact at all (can operate anywhere and get same results)	4	

V51



25. What is the conditions of the infrastructure (roads and buildings)?

X

Excellent	1	
Good	2	
Fair	3	
Poor	4	

V52



THANK YOU VERY MUCH FOR YOUR PARTICIPATION

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