

**THE IMPACT OF INSTITUTIONAL CONSTRAINTS, MANAGEMENT
COMPETENCIES, STRATEGIC AND STRUCTURAL CONSTRAINTS ON THE
PERFORMANCE OF BLACK-OWNED SMMEs IN CITY OF TSHWANE
METROPOLITAN MUNICIPALITY**

by

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Submitted in accordance with the requirements for the degree of

MASTER OF COMMERCE

In the subject

Business Management (Finance)

DEPARTMENT OF FINANCE, RISK MANAGEMENT AND BANKING

COLLEGE OF ECONOMIC AND MANAGEMENT SCIENCES

UNIVERSITY OF SOUTH AFRICA

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2020

DECLARATION

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THE IMPACT OF INSTITUTIONAL CONSTRAINTS, MANAGEMENT COMPETENCIES, STRATEGIC AND STRUCTURAL CONSTRAINTS ON THE PERFORMANCE OF BLACK-OWNED SMMEs IN CITY OF TSHWANE METROPOLITAN MUNICIPALITY.

I, Felicity Kgomotso Tlhagale, declare that the dissertation is my own work and that all the sources that I have used or quoted have been indicated and acknowledged by means of complete references.

I further declare that I submitted the dissertation to originality checking software and that it falls within the accepted requirements for originality.

Furthermore, I declare that I have not previously submitted this work, or part of it, for examination at Unisa for another qualification or at any other higher education institution.

Signature

Date

ACKNOWLEDGEMENT

First and foremost, I would like to thank the almighty God for the blessings and for answering my prayers in every trial that has shaped me. I will always praise and adore the Lord for all the days of my life. As stated in Proverb 3:5-6, trust in the Lord with all your heart and lean not on your own understanding, in all your ways acknowledge Him and He will direct your paths. Let all that you do be done in love (1 Corinthians 16:14). I wish to express my profound gratitude and appreciation to:

- My supervisor Dr Charles Nyoka, thank you for the perseverance, practical advice and for teaching me to appreciate learning as an exciting process. Your persistence and people-loving nature are just a few of your qualities that continue to inspire me.
- My statistician and mentor Dr Jeremy Mitonga-Monga for his advice on how to structure my dissertation, the statistical analysis, the presentation of the research results, as well as the best way to report the findings of the research study. Thank you for providing me such a strong foundation in academia. I admire you for your humility, diligence, and unwavering support. You have shown me how to be a more effective human being and for that, I cannot thank you enough.
- The University of South Africa (UNISA) and City of Tshwane, for granting me the ethical clearance certificate to conduct this research.
- The Graduate Development Fellowship (GDF) Programme I am truly thankful, my educational pursuits would not be possible without the financial assistance and research trainings. Thank you for your investment in students like myself and in our education.
- The Department of Finance, Risk Management and Banking I am grateful for the mentorship and colloquium feedback. Your mentorship and

encouragement taught me to be the best version of myself. Thank you for your time, support, encouragement and sharing your experience.

- I am also thankful for the comments I got from the board, committees, and participants of the International Business Conference (IBC) hosted at the Le Meridien Hotel on the beautiful island of Mauritius from 23-26 September 2018.
- Furthermore, I also appreciate the useful comments received from the participants of the 7th International Conference on Financial Services held in Protea hotel by Marriot Durban Edward, South Africa from 9-10 October 2019.
- The fieldworkers, thank you for distributing the questionnaires to the participants.
- The City of Tshwane black-owned SMMEs managers whose participation in this study was precious.
- Finally, I would also want to thank Dr Rosemary Matikiti and Mrs Elizabeth Selahle for providing excellent language and technical editing service.

DEDICATION

This dissertation is dedicated to the people whom my heart aches for the time I spent away from them during my research studies, but our separation was only for a short period.

- To my parents: thank you, for preparing me for the real world and for your valuable advice. You have shown me the ways of life and I am glad you are my parents. Thank you for the extra effort you made, to help me grow. I have learnt to humble myself, develop a passion for learning and to accept that growth is associated with uncomfortable experiences.
- My siblings, nieces, nephews, aunties, uncles, cousins and friends: when I thought I could not do it, you encouraged me. Thank you for the knowledge you have imparted to me, it has been a great asset throughout my career. You will always be in my heart.
- To Xolisile Hlongwa: I salute you for your tenacity of purpose and outstanding guidance qualities. Thank you for your words of encouragement and support, I will remain forever grateful.
- To Mary Hluphekile Mashao: thank you for the mentorship, it was an honour for me to be under your supervision. The time I have spent working under your supervision was a great experience and formed the base of my career. Thank you for the support and for ongoing words of encouragements.

ABSTRACT

The purpose of this research study was to examine the impact of institutional constraints, management competencies, strategic and structural constraints on the performance of black-owned small, medium and micro-sized enterprises (SMMEs) in City of Tshwane Metropolitan Municipality (CTMM). A quantitative survey was conducted using the probability sampling (N=353) of the black-owned SMMEs in CTMM. The Pearson's correlational analysis was used to determine the relationship between institutional constraints, management competencies (as composite sets of human resources, financial resources and information resources), strategic and structural constraints, and the performance of the business (as composite sets of financial growth and organizational growth). The results indicated a negative relationship between the dependent variables and independent variables. The item analysis, dimensionality analysis, confirmatory factor analysis and structural equation modelling were performed to determine the factor structure of all the independent and dependent variables, the results yielded a good fit of all the measurement models. These findings may provide new practical knowledge for the financial and non-financial institutions to consider the position of black-owned SMMEs when they design policies, which add to the theoretical knowledge in the SMMEs sector.

Keywords: SMMEs, CTMM, Institutional constraints, Management competencies, Strategic and Structural constraints, Financial resources, Human resources, Information resources, Financial growth, Organisational growth.

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LIST OF ABBREVIATION AND ACRONYMS

ABSA	Amalgamated Banks of South Africa
AMOS	Analysis of Moment Structures
ARMSCOR	Armaments Corporation of South Africa
BASA	Banking Association of South Africa
BEE	Black Economic Empowerment
BRICS	Brazil, Russia, India, China and South Africa
CBDA	Co-Operate Banks Development Agency
CFA	Confirmatory Factor Analysis
CFI	Comparative Fit Index
CFIs	Co-Operative Financial Institutions
CIPC	Company and Intellectual Property Commission
CMIN (x^2)	Chi-Square
CTMM	City of Tshwane Metropolitan Municipality
CSIR	Council for Scientific and Industrial Research
DBSA	Development Bank of South Africa
(df)	Degree of Freedom
DTI	Department of Trade and Industry
EFA	Exploratory Factor Analysis
ESD	Enterprise and Supplier Development
EU	European Union
FNB	First National Bank
FSC	Financial Service Cooperatives
GDP	Gross Domestic Product
GEM	Global Entrepreneurship Monitor
GEP	Gauteng Enterprise Propeller
HSRC	Human Science Research Council
IBM	International Business Machines
IDC	Industrial Development Corporation

IRBs	Institutional Review Boards
KMO	Kaiser-Meyer-Olkin
LBSC	Local Business Service Centres
MFIs	Micro-Finance Institutions
MRC	Medical Research Council
MOI	Memorandum of Incorporation
(n)	Number
NCR	National Credit Regulator
NDA	National Development Agency
NEF	National Empowerment Fund
NFI	Normed Fit Index
NGO	Non-Governmental Organisation
NYDA	National Youth Development Agency
OECD	Organisation for Economic Cooperation and Development
(p)	Significance Level
(r)	Correlation
RFI	Relative Fit Index
RMSEA	Root-Mean-Square Error of Approximation
RSA	South Africa
SABS	South African Bureau of Standards
SACCOs	Savings and Credit Co-Operatives
SAICA	South African Institute of Chartered Accountants
SAWEN	South African Women Entrepreneurs' Network
SEDA	Small Enterprise Development Agency
SEFA	Small Enterprise Finance Agency
SEM	Structural Equation Modeling
SME	Small and Medium-Sized Enterprise
SMME	Small, Micro and Medium Enterprise
SPSS	Statistical Package for the Social Sciences

SRMR	Standardised Root Mean Square Residual
TIA	Technology Innovation Agency
TLI	Tucker-Lewis Index
UNISA	University of South Africa
USA	United States of America

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CHAPTER 1: SYSTEMATIC OUTLINE OF THE RESEARCH

This chapter focuses on the background and orientation, the problem statement, objectives and research questions, followed by the definition of SMMEs, demarcation of the research study and significance of the research study. The research design and methodology, population and sampling, research instruments and data collection are explained thereafter. Lastly, the chapter briefly described the data analysis techniques employed together with the ethical consideration procedures followed.

1.1 BACKGROUND AND ORIENTATION

The issue of institutional constraints, management competencies, strategic and structural constraints on the performance of small, medium and micro-sized enterprises (SMMEs) has been topical over the past years, the world over. Fatoki (2012a: 21) briefly outlined the failure rate of new SMMEs in South Africa as one of the highest in the world. The institutional constraints are represented by regulations of the country in terms of the SMMEs performance and the perceptions of SMMEs owners regarding the financial and non-financial institutions. The aspect of management competencies consists of the human, financial and information resources that the SMMEs owners can acquire or unable to acquire and the relevant resources that enhance the performance of the business. The performance of the business is measured in terms of the financial and organisational growth of the business. The inability of SMMEs owners to exploit opportunities in the market, poor infrastructure and lack of service delivery from the government contribute to the strategic and structural constraints of the SMMEs to perform well. At international level, a research conducted by organisation for economic cooperation and development (OECD, 2015) in Turkey revealed management experience obstacles that controlled the shortage of finance as the main cause of economic effect to the SMMEs sector.

The global entrepreneurship monitor (GEM, 2016) presented a report of SMMEs in South Africa; and the report revealed that SMMEs contributed 36% in 2015 to the gross domestic product (GDP). Since South Africa does not have a clear database

that shows the precise contribution of black-owned SMMEs to the GDP of the country, the above statement generalised the statistics in South Africa and does not precisely indicate data for black-owned SMMEs. Table 1.1 depict the number of jobs generated by SMMEs, formal and informal SMMEs in South Africa during the third quarter of 2018.

Table 1.1: *Number of formal and informal SMMEs*

Key indicators	Total
Number of formal SMMEs	734 023
Number of informal SMMEs	1 756 314
% of black owned formal SMMEs	75.1

Source: SEDA (2018:2)

The inability of black-owned SMMEs to access financial and non-financial support has an impact on the economic growth of South Africa as the black population aggregate to 75% of formal SMMEs, initiated by the Small Enterprise Development Agency (SEDA, 2018). Mandishaya, Inderpal and Karodia (2015) justified the SMMEs sector as a dynamic role of driving the country's economy through creating more employment opportunities, generating higher production volumes, introducing innovation and entrepreneurship skills. The key aspect discussed by the organisation for economic cooperation development stated that it is primarily the responsibility of the government world over to ensure that the SMMEs perform well, as the governments endures the burden to assess the extent of SMMEs financing requirements and eliminating the gaps with relevant stakeholders such as banks and financial institutions (OECD, 2015).

So many factors worked against the black population during pre-1994 era. Patel and Graham (2012) discovered from a review of literature that South Africa had a long history of economic exclusion of most of the population during the pre-1994 era. Preisendoerfer, Bitz and Bezuidenhout (2014) study found numerous factors that influenced the black population in South Africa to have a low participation rate in entrepreneurial activities and a low level of entrepreneurial ambitions during Pre-1994 era. The White Paper (1995:13) on national strategy for the development and promotion of small business in South Africa published by the Department of Trade and

Industry (DTI), debated several issues that hindered the growth of black-owned SMMEs in South Africa during the pre-1994 era.

Coetzee, Visagie and Ukpere (2012:1), indicated that there has been a continuous debate about the dynamic socio-political and economic environment of business in South Africa. An instance of this consequence was the absence of entrepreneurial education and caution for black population to start businesses and acquire a culture of entrepreneurship (White Paper, 1995).

In line with the South African history, it has become more important and critical in the context of a developing country like South Africa, which has a peculiar history to examine challenges black-owned SMMEs face to manage their businesses. Based on the findings of Fatoki (2012), non-availability of external finance is one of the primary causes of SMMEs failure. However, Iyortsuun (2017) stated SMMEs sector as an instrument of economic development and are faced with size-related challenges.

Oyelana and Adu (2015:8) also mentioned that lack of finance, lack of managerial skills as well as training are some of the challenges and constraints faced by most African countries in the operations of SMMEs. García-Pabón and Klima (2017) concluded that owning a small business is a formal task for SMMEs, as it requires start-up and operating capital, market knowledge, potentially to navigate the state rules and regulations governing the business, additional tasks and responsibilities.

As identified by Fatoki (2012:121) inaccessibility to debt finance is the main cause of SMMEs failure and contribute to the poor performance of SMMEs in South Africa. Cant, Erdis and Sepharo (2014) argued that the challenges of access to finance and poor knowledge of available formal financial institutions minimise the rate of black-owned SMMEs to participate in the formal sector.

Similarly, Islam, Khan, Obaidullar and Alan (2011) stated that SMMEs characteristics, the original of enterprise, duration, size of enterprise, and capital sources demonstrate a significant role in the success of a business. The research purposes to investigate the impact of institutional constraints, management competencies, strategic and

structural constraints on the performance of black-owned SMMEs in City of Tshwane Metropolitan Municipality.

1.2 PROBLEM STATEMENT

The failure of SMMEs is a well-documented phenomenon. It has created an urgent need for an investigation on to the common causes of failures in South Africa. A report released by The Department of Trade and Industry (DTI) on South African SMMEs in 2014 confirmed a high failure rate amongst SMMEs in the first two to five years of trading, ranging from 62% to 80% (DTI, 2014). A research conducted by Worku (2013) in City of Tshwane Metropolitan Municipality (CTMM) found that 40% of SMMEs fail within the first three years.

A number of researchers in South Africa have conducted studies on the possible causes of SMMEs failures. Matchaba-hove, Farrington and Sharp (2015) reported that the high failure rate among SMMEs in South Africa has created an urgent need to identify strategies that will improve the levels of performance. Mohammed and Obeleagu-Nzelibe (2014) maintains that difficulties in obtaining funds from financial institutions and the government contributes as the external factor to the SMMEs failure rate. The Banking Association of South Africa (BASA) transformation report found the funding of black-owned SMMEs declining by 5% every single year (BASA, 2019).

In another study conducted by Ladzani and Netshwera (2009), it was revealed that 80% of the SMMEs owners perceived finance to be inaccessible. In Nelspruit Mpumalanga province, a study conducted by Aigabavboa and Thwala (2014) found that black-owned SMMEs Construction Company lack access to work opportunities, financial management and technical skills. However, Amadhila and Ikhile (2016) viewed lack of collateral, inadequate capital and bureaucracy as the main constraints preventing SMMEs from accessing finance from formal financial institutions.

Most of the studies carried out to date seem to have focused on SMMEs in general and failed to address the barriers black-owned SMMEs face in a complex and politically sensitive country like South Africa. The previous studies showed that factors that causes SMME failure are multiple, the purpose of this study is to investigate the

impact of institutional constraints, management competencies, strategic and structural constraints on the performance of black-owned SMMEs.

1.3 RESEARCH OBJECTIVES

1.3.1 Research objectives in terms of the literature review

- 1) To conceptualise the institutional constraints.
- 2) To conceptualise the strategic and structural constraints.
- 3) To conceptualise the management competencies.
- 4) To conceptualise the performance of black-owned SMMEs.
- 5) To discuss the empirical relationship between institutional constraints, strategic and structural constraints, management competencies and performance of black-owned SMMEs.

1.3.2 Research objectives in terms of the empirical study

- 1) To determine the factorial structure of the instrument.
- 2) To determine the relationship between the institutional constraints, strategic and structural constraints, the management competencies and the performance of black-owned SMMEs in CTMM.
- 3) To determine if the data fit the model by the mean of the structural equation modelling.
- 4) To provide the recommendations for future research.

1.4 RESEARCH QUESTIONS

- 1) How literature conceptualise the institutional constraints, strategic and structural constraints and management competencies?
- 2) How literature conceptualise the performance of black-owned SMMEs?
- 3) What is the relationship between the institutional constraints, strategic and structural constraints, management competencies and performance of black-owned SMMEs in CTMM?

- 4) Is there a good-fit between the institutional constraints, strategic and structural constraints, management competencies and performance of black-owned SMMEs in CTMM?

1.5 DEFINITION OF SMMEs

Historically, the term small, medium and micro-sized enterprises (SMMEs) lacked rigorous definition, and the exact usage varied between countries, authors, methodologist, statisticians, economist and institution. Despite its common usage, SMMEs is used in different disciplines, therefore there is no general consistency accepted definitions for SMMEs (Boadi, Dana, Mertens and Mensah, 2017). Widely varying definition of SMMEs have emerged as every country has its own definition in economics or using the statistical numbers (Mahembe, Chiumya and Mbewe, 2011). A superficial examination of the SMMEs definitions suggest a substantial lack of agreement, but all possess common elements (Wackerley, Mendenhall and Scheaffer; 2008:2).

Since the definition of SMMEs varies amongst the researchers, it is important to clarify how the term SMMEs will be used in this research study. For the purpose of this study, the definition of SMMEs will be adopted using the National Small Business Amendment (NSBA) Act 26 of 2003 in South Africa, which offered an official definition of small business, which covered all sectors of the economy as well as all types of enterprises, and consisted of qualitative and quantitative criteria (NSBA, 2003).

In terms of the qualitative criteria, which relate to the ownership structure of the business, it must:

- be a separate and distinct business entity
- not be part of a group of companies
- include any subsidiaries and branches when measuring the size
- be managed by its owner
- be a natural person, sole proprietorship, partnership or a legal person, such as a close corporation or company.

This research study defines the SMMEs using the following four legal forms in Table 1.2 of small business in South Africa (Nieman and Nieuwenhuizen, 2017).

Table 1.2: *Small business in South Africa*

Legal forms	Number of owner(s)	Requirements
Sole proprietorship	One	The risk of the business is extended to all the owner's assets, both business and personal.
Partnership	Two or more people, not more than 20 partners	The partners must share a common purpose of financial gain.
Close corporation	At least one member, not exceeding 10.	A close corporation is obliged to keep proper accounting records and prepare an annual financial statement.

Note: A company is incorporated by the adoption of a Memorandum of Incorporation (Mol), which is the sole governing document of the company.

Source: Own compilation

The quantitative criteria of the research study classified businesses into micro, very small, small and medium, using the following guidelines in respect of different sectors of the economy:

- total full-time paid employees
- total annual turnover
- total gross asset value (excluding fixed property)

Table 1.3 depicts broad definitions of SMMEs in South Africa.

Table 1.3: *Broad definitions of SMMEs in South Africa*

Enterprise size	Number of employees	Annual turnover (SA. Rand)	Gross assets, excluding fixed property
Medium	< 100 to 200, depending on industry	< R4 million to R50m depending upon industry	< R2 m to R18m depending on industry
Small	< 50	< R2m to R25m depending on the industry	< R2m to R4.5m depending on Industry
Very small	< 10 to 20 depending on Industry	< R200 000 to R500 000 depending on industry	< R150 000 to R500 000 depending on Industry
Micro	< 5	< R150 000	< R100 000

Source: National Credit Regulator (2011:25)

1.6 GEOGRAPHICAL POSITION OF THE RESEARCH STUDY

Figure 1.1 below depicts the geographical location of the City of Tshwane Metropolitan Municipality (CTMM) in South Africa.

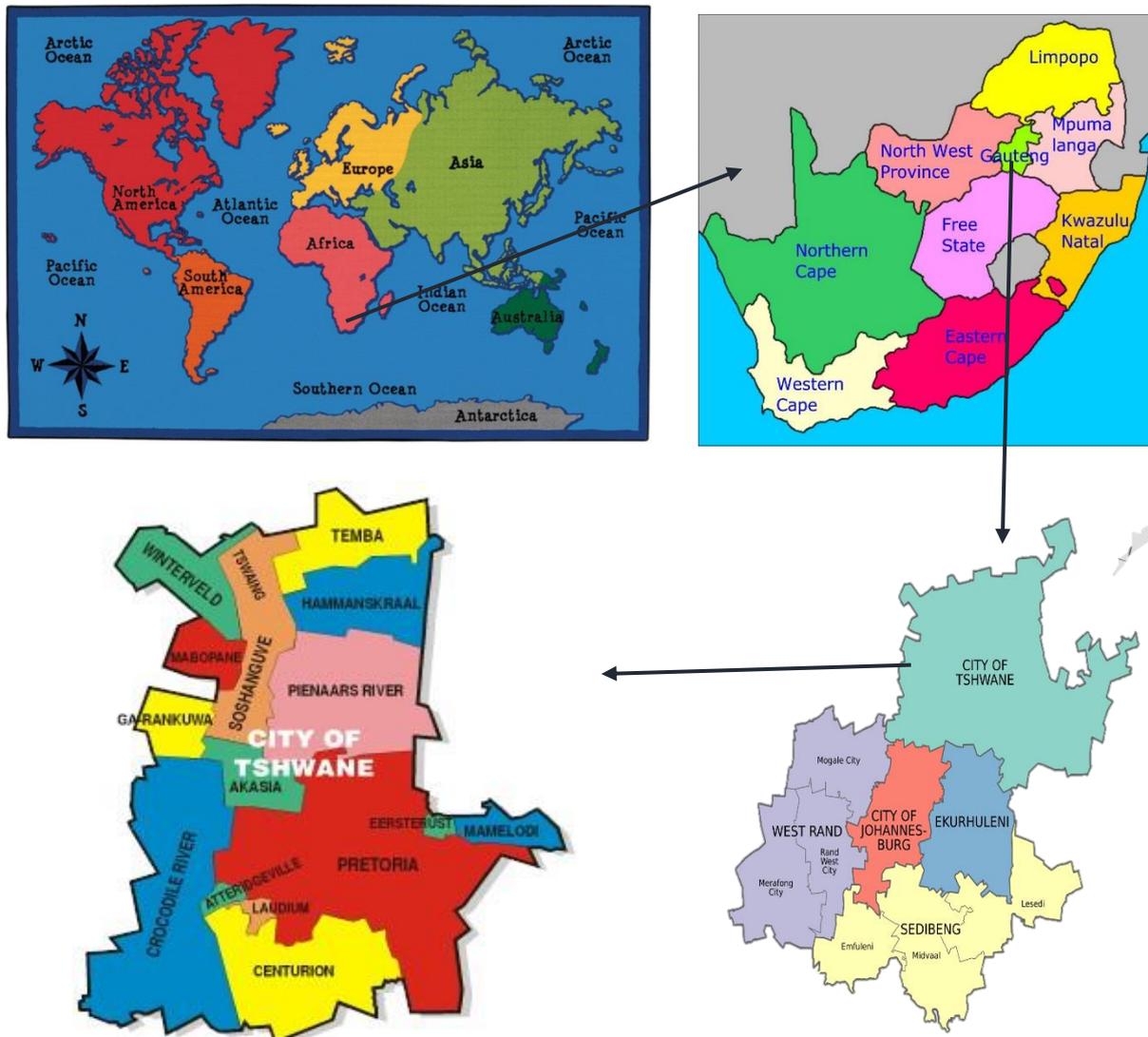


Figure 1.1: Geographical location of the City of Tshwane Metropolitan Municipality
Source: Own compilation

The main reason for selecting City of Tshwane as the delineation of the research study was influenced by the following factors (Tshwane at glance, 2014):

- The City of Tshwane is the third largest Metropolitan Municipality in the world, in terms of land area, after New York in the North America and Tokyo in Asia.

- The City of Tshwane Metropolitan Municipality (also known as the City of Tshwane) is the metropolitan municipality that forms the local government of northern Gauteng Province, South Africa.
- In terms of the size Gauteng is the smallest of the nine provinces in South Africa, home to 8 million people and responsible for over 40% of the country's gross domestic products.
- Sports, art and culture, research and development, industry, learning and the business of running the nation are all captured in the daily lives of the city's 3.1 million residents.
- The City of Tshwane's key economic sectors are government, social and personal services, finance and business services, motor industry, wholesale and retail trade and manufacturing.
- The City of Tshwane is the administrative chair of the South African government and birthplace of South African democracy with all presidents inaugurated at the Union building.

1.7 JUSTIFICATION OF THE RESEARCH STUDY

It is fair assumption that CTMM will represent the entire population and there is a high probability that SMMEs will benefit from the research study through various methods presented on how to manage businesses and possible ways of accessing finance and non-financial supports from different institutions. There is no specific guideline relating to the measure of contribution, researchers should contribute.

In achieving the objectives of the study on the theoretical level, the study expects to add to the body of knowledge and support black-owned SMMEs to generate ways of eliminating the obstacles of institutional constraints, strategic and structural constraints by enhancing the management competencies of SMMEs owners. In addition, on the practical level the study will make suggestions for steps to improve the likelihood of success and continued sustainable ability, as a way of influencing the South African economy by guiding the policy makers as they formulate policies to review the position of black-owned SMMEs in the government, financial institution and banks. The section below explains the research design and methodology adopted by the research study.

1.8 RESEARCH DESIGN AND METHODOLOGY

The term research denotes the situations in which the researcher search for new knowledge that will benefit the society in general by answering the research questions (Parahoo, 2014). However, it is a concept that is not difficult to define precisely. In lieu of the research conducted, it is a commonly used notion in accounting sciences; agriculture and environmental sciences; economic and financial sciences; education and human sciences; graduate school of business leadership and law; science, engineering and technology.

The research design is the blueprint for fulfilling objectives and answering questions (Cooper and Schindler, 2014:82). According to Wingard et al. (2012:645), generally research methodology is defined as a creative process and deliberate investigation undertaken with the prospect of gaining new scientific or technical knowledge and understanding.

Creswell and Creswell (2018) classified the research designs into three categories, a true experimental design in which participants randomly consigned to experimental and control groups; quasi-experimental design confirm the internal validity of a research study and is not a practical technique; and non-experimental designs which deal with the descriptive and correlational designs of the research study using approaches such as case studies, naturalistic observation, surveys, and focus group. The research followed the non-experimental design, with the emphasis on direct, systematic and survey technique.

1.8.1 Research Approach

A quantitative research approach yields the best results and generalise the research findings (Leedy and Ormrod, 2016). The quantitative method allowed the researcher to encompass the process of collecting, analysing, interpreting, and writing the results of the study (Creswell and Creswell, 2018). The research study followed the quantitative research approach, which involved the use of survey questionnaire for data collection.

1.8.2 Population and Sampling

The research followed a random sampling as a statistical experiment involving the observation of a sample selected from a larger body of data, existing or conceptual, called a population (Wackerly, Mendenhall and Scheaffer, 2008:77). The population of the study consisted of 925 black-owned SMMEs registered in the CTMM database (City of Tshwane, 2017).

However, 544 black-owned SMMEs were considered a reasonable sample size of the research study, which is the moderate size calculated using Raosoft sample size calculator with 5% margin error, 95% confidence level and 50% response distribution (Raosoft, 2017). In accordance with Fowler (2014), guideline of designing the sampling size of the survey research that results in a truly representative sample, result in a small sampling error, the context of funds available for the research study, the systematic bias been controlled in an enhanced way and the sample study that is practical, in general, for the universe with a reasonable level of confidence.

1.8.3 Research Instruments

A survey design provides a quantitative description of trends, attitudes, and opinions of a population, or tests for associations among variables of a population, by studying a sample of that population (Creswell and Creswell, 2018:242). The same authors stated that a survey design is significant to the researchers as it permits them to answer three type of questions, descriptive questions, questions about the relationships between variables and questions about predictive relationships between variables over time.

In the case of a quantitative survey, structured questionnaires and schedules are preferred whereas in the case of qualitative research, semi-structured questionnaires or discussion guidelines are preferred (Fowler, 2014). The research study adapted Agbenyegah (2013) questionnaires to address the research objectives and questions.

In survey research, frequently the standard data collection tool is the questionnaire and the measurement obtained are the participants' answers to survey questions (Creswell and Creswell, 2018). The study followed the closed structured questionnaire with the existing measurement scales designed in nature such as continuous and categorical scales.

The questionnaire consisted of several questions printed and typed in a definite order on a set of forms (Fowler, 2014). The design of the research instruments is determined by various factors such as the research problem, type of survey design and nature of information that is required (Parahoo, 2014). Questionnaires provide an excellent means of collecting large-scale quantitative data (Fowler, 2014). The main advantages of using this method is that it increases the overall rate of response and saves time. A self-designed questionnaire was pre-tested amongst black-owned SMMEs and academic experts to ensure that the respondents evaluate and make adjustment on the questionnaire before implementing the strategy to the actual sample size of the research study. A pilot study is a process required to test how well the participants will be able to understand the survey questionnaires of the research piloted (Edutel, 2012).

The self-designed questionnaire was tested on a smaller scale of five academic experts within the college of economic and financial sciences at University of South Africa (UNISA) and fifteen black-owned SMMEs in City of Tshwane Metropolitan Municipality (CTMM). The data obtained through pre-testing and pilot testing was used to develop the final questionnaire (Burns et al., 2008). The respondents of the pilot testing were not selected as the representative of authenticated research findings. To ensure that the questionnaire instrument is reliable, the construct validity of a questionnaire as the degree of measuring instrument measured what it is intended to measure (Du Plooy, 2009:135). Face validity and content validity validated and addressed the issues that were frequently reported in the literature review (Parahoo, 2014). Stability reliability managed the extent to which frequent administrative of the questionnaire at different points in time provided the same results (Du Plooy, 2009:132).

1.9 DATA COLLECTION

Application to get the ethical clearance certificate from the university of South Africa (UNISA) ethics review committee and City of Tshwane Metropolitan Municipality was followed according to the UNISA rules and procedures. The ethical clearance from the UNISA High degree ethics committee was approved with the permission from the City of Tshwane Metropolitan Municipality (CTMM). The questionnaire was compiled using the literature review together with the modification of Agbenyegah (2013) questionnaires and was presented in a form of a booklet. The questionnaire included the cover letter explaining the purpose of the research study, informed consent letter for the participation in the research study, confidentiality agreement letters of the field workers and statistician.

1.10 DATA ANALYSIS

The data was captured onto Microsoft excel, disseminated and analysed using the Statistical Package for the Social Science (SPSS) version 25 for Windows. Firstly, descriptive statistics were computed to measure the frequency, mean and standard deviations. In the second stage item analysis and exploratory factor analysis were performed to determine the validity and reliability of the instruments. Correlations was used to determine the relationship between the dependent variables (financial growth and organizational growth) and independent variable (institutional constraints, strategic and structural constraints, management competencies variable such as financial resources, human resources and information resources) in the third stage. Finally, the structural equation modeling was performed to determine the influence of independent variables on the dependent variables. The next section focuses on chapter layout.

1.11 CHAPTER LAYOUT

The chapter outline of the study is as follows:

CHAPTER 1: SYSTEMATIC OUTLINE OF THE RESEARCH

This chapter focused on the background and orientation of the study, the problem statement, research objectives, research questions, followed by the definition of SMMEs, demarcation of the research study, justification of the research study, research design and methodology, research approach, population and sampling, the sample, elements, research instruments, data collection and data analysis.

CHAPTER 2: LITERATURE REVIEW

This chapter comprises of a comprehensive overview of the theoretical framework, South African institutional constraints, and management competencies, strategic and structural constraints on the performance of the business. The chapter discusses empirical studies on the effect of institutional constraints, management competencies, strategic and structural constraints on the performance of the business.

CHAPTER 3: RESEARCH METHODOLOGY

This chapter provides a comprehensive picture of issues relating to the research methodology. It further describes the research design, reliability and validation of the questionnaire, data collection and procedures, data analysis and ethical considerations of the study.

CHAPTER 4: RESULTS AND DISCUSSION

This research chapter focuses on the investigation and interpretation of the data collection. This chapter reported the research results of this study and compared them with literature findings. It also discussed the validity and reliability of the data. It further analysed and interpreted the descriptive statistics, item analysis, dimensionality

analysis, correlational analysis, confirmatory factor analysis and structural equation modelling.

CHAPTER 5: CONCLUSIONS, LIMITATIONS AND RECOMMENDATIONS

This chapter present the conclusions, limitations together with recommendations and directions for future research.

1.12 CHAPTER SUMMARY

In this chapter the background and orientation for the study, problem statement, objectives and research questions, the definition of SMMEs, demarcation of the research study and significance of the research study were discussed. The research design and methodology, population and sampling, research instruments and data collection are explained. Lastly, the chapter briefly described the data analysis techniques employed together with the ethical consideration procedures followed. In the following chapter, the literature review will be presented and the literature review research objectives 1 to 5 will be discussed.

CHAPTER 2: LITERATURE REVIEW

This chapter addresses South African context of black-owned SMMEs in the pre and post 1994 era, theoretical framework, institutional constraints, conceptualisation of strategic structural and constraints, management competencies, performance of the business and relevant empirical studies among variables.

2.1 SOUTH AFRICAN CONTEXT OF BLACK-OWNED SMMEs

Since the democratic transition of 1994, the promotion of the small, medium and micro enterprise (SMMEs) economy has been a core focus of South African government policy (Rogerson, 2013:133). Initially the White Paper (1995) established the black advancement in the enterprise sector as a key factor in all spheres of the strategy with special emphasis that cascades on other disregarded or disadvantaged groups.

Beforehand, research investigating the factors associated with black-owned SMMEs has neglected the main issues of the government legislation as one of its main tools to provide black-owned SMMEs with scarce resources and economic opportunities (Freeman, 2008). Although the division of resources in pre-1994 Era had a drastic effect on lack of access to finance in post-1994 Era for majority of black-owned SMMEs. Woodward, Rolfe and Ligthelm (2014) maintained that the South African government has tried to strengthen the growth strategy of black-owned SMMEs in Post-1994 Era.

Wingfield and Taylor (2016), reviewed the problem of various respondents that were consistent as moving into entrepreneurship as explicitly been racialized. Dzansi and Arko-Achemfuor (2016) disagree with other scholars, as a realistic approach to tackle the issue was that SMMEs have different outcomes based on ethnicity. Byrnes and Henricks (2014) expressed the view that there is uncertainty about the perceived disadvantaged of black-owned SMMEs in South Africa as other researchers have provided another justification, one that identifies the persistence of inequality and holds the government responsible. The following section gives details to the educational structure in South Africa.

2.1.1 A historical review of education in South Africa

The majority of SMMEs owners had secondary education, and a substantial number had a tertiary education, while only a small number had no schooling (SEDA, 2017). According to the banking association of South Africa report, in 2019, few black South Africans were enrolled in pre-primary schooling, fewer had a post-school qualification and the quality of secondary schooling in many cases is poor (BASA, 2019:222). A growing body of literature has examined the perceptions of high school educators in South Africa with respect to the cause and effects of skills shortage in South Africa (Mateus, Iwu and Allen-Ile, 2014). Furthermore, the same authors found the schooling structure as an alternative factor to blame for skills shortage in South Africa that included the migration of skilled professionals to other parts of the world before and during 1994.

Abbasi, Ali and Bibi (2018) found key proficiency gaps in the listening, problem solving, communication, leadership, interpersonal, analytical, self-management, numeracy, and critical thinking. Seabela and Fatoki (2014) investigated the entrepreneurial competencies of the non-business university students in South Africa and found that non-business students are above average in certain business competencies such as:

2.1.1.1 Interpersonal skills

The study found that interpersonal influential skills are desired to be used for the diverse growth in students (Hussain and Hassan, 2016). Beenen and Pichler (2016) proposed the five-core managerial interpersonal skills that sequentially formed upon one another such as self-management, communication, supporting, motivation and managing conflict.

2.1.1.2 The desire to succeed

Katundu and Gabagambi (2016) found that inappropriate teaching methods, lack of business experience, deficiencies in the university programmes, commitment on extended families and bureaucratic tendencies contributed greatly in hindering the success of the emerging business. The findings also indicated that managerial

identification and a desire to succeed are linked to organisational and professional information sharing content on social media (Van Zoonen and Treem, 2019).

2.1.1.3 Oral communication skill

Yoke et al. (2018) asserted that managers have complained that graduates lacked oral skills and make multiple grammatical errors in interviews even with excellent academic records. Ortiz, Region-Sebest and MacDermott (2016:317) found that managers ranked proper grammar use, team communication, ability to engage in conversation, meeting participation, and ability to speak well using the telephone as the most valued oral competencies for new appoints and they believed that this is an important factor in business success. There is a collaboration between learning techniques and learning facilities on oral communication skills (Aulia, Suwatno and Santoso, 2018:214).

2.1.1.4 Ability to use technology

Schindler, Gary, Osama and Craig (2017), found the use of digital technologies such as the smartphones and computers as the most viable everyday life effective technology. The digital technology tools used by students for university and social activities were rather limited, the most popular tools that the respondents used daily included laptop computers, Internet website, Google, MP3, Facebook and mobile phone (Lai and Hong, 2015:736).

2.1.1.5 Written communication skill

Proficiency in written communication is an important skill to have in any career (Kowalewski and Halasz, 2019:100). The same authors detailed that the colleges and universities have to assess the core curriculum and outcomes, integrating new creativities into the curricula and courses to advance the written communication skills of the students. Unsuccessful and poor written communication in the workplaces lead to misinterpretation, incompetence, and time wastage, thereby adversely affecting problem resolution (Sysova, 2017:3).

2.1.1.6 *Relationship building*

Diaz and Mandernach (2017) found important abilities such as persistence, capability, ability to complete the task, responsiveness, and individuality to build solid relationships and fruitful teamwork. The individual communicative behaviour facilitated and hindered the relationship improvement and maintenance (Omillion-Hodges and Baker, 2017).

2.1.1.7 *Networking*

Networking is simply the exchange of information with others by creating a long-term beneficial relationship (Schindler *et al*, 2016). Findings from previous studies show that generating and obtaining new ideas for work by participating in networking discussions and finding solutions for work-related problems as the key sources of value (Mantymaki and Riemer, 2016:1042).

2.1.1.8 *Passion for work and commitment*

Passion is normally acknowledged as one of the most important elements of success at work (Vallerand and Houliort, 2019). The findings from other researchers inferred that the experience and skill of enterprise educator influenced entrepreneurship students' commitment to learning mostly in writing realistic and feasible business plans (Olokundun, Ibidunni, Peter, Amaihian and Ogbari, 2017). The results similarly indicated that non-business students are below average in understanding passion for work and commitment (Seabela and Fatoki, 2014).

2.1.1.9 *The markets*

The market is a social structure for the exchange of owner's rights, in which offers are valued and evaluated, and in which individuals or organisations compete with one another (Aspers, 2011). According to Nieman and Nieuwenhuizen (2017:377), rapid technological change and the increasingly global nature of competition strengthened the South African businesses to distribute the products more widely and quickly, to manage the environmental change, to ensure profitability and to reduce costs.

2.1.1.10 Budgeting operations

The objective of the growth and operation of a budgeting structure is to create a mechanism for the competent organisation of the activity management of an organisation and its structural units by planning, controlling incomes and expenses, and analysing economic and financial indicators (Rogulenko, Ponomareva, Bodiaco, Mironenko and Zelenov, 2016). The recognition of complex aims involves a suitable approach to the budgeting process (Savic, Vasiljevic and Popovic, 2016).

2.1.1.11 Idea generation

Fatoki (2013:140) postulates that education provides the knowledge base and analytical and problem-solving skills to effectively deal with the demands of entrepreneurship. The lack of entrepreneurial skills in SMMEs resulted in the high rate of failure as the entrepreneurial skills consisted of creativity, innovation, cooperation and building alliances (Masocha, Buso and Fatoki, 2017:130).

2.1.1.12 Opportunity recognition

Klyver, Hunter and Watne (2012) found that social networks affect the opportunity of recognition, business intention, and business orientation, the decision to become the SMMEs owner and develop the business. Katundu and Gabagambi (2016) concur with other researchers that the contribution factors to hindering business growth include the lack of social networking, limited access to capital, insufficient information on SMMEs opportunities, lack of government support and fear of risk associated with owning an SMME.

2.1.1.13 Business plan preparation

The business plan is a written document that describe, examine the business, and provide a detailed projection of the financial aspects (Nieman and Nieuwenhuizen, 2017). Business plan is an important tool for the successful management of a new business as well as providing important information for different stakeholders (OECD 2015).

2.1.1.14 Knowledge of the source of finance

Hussain, Salia and Karim (2018:985) found financial literacy as an interconnecting resource that mitigates information asymmetry and collateral deficit when evaluating loan applications; hence, financial literacy should be part of school curriculum. There are uncertainties that access to finance is an increasingly major barrier to business growth (Lee, Sameen and Cowling, 2015).

The subject of causes and failures of SMMEs is not a new issue at all. Various theories and arguments have been put forward at both national and international levels. The purpose of the literature review carried out is to increase understanding of the research topic, to inform a research plan and for systematic review (Parahoo, 2014).

2.2 THEORETICAL FRAMEWORK

A theory is a set of systematically interrelated concepts, definitions, and propositions advanced to explain and predict phenomena (Cooper and Schindler, 2014:62). It is convenience, similar of other theories which extent with the capability to support the understanding of the nature and solving problems in the real world (Wackerley et al., 2008:14). The framework perspective has been value in teaching, research, managerial practice and building on existing knowledge in the field to develop a systematic overview of the critical frameworks that explain and predict the SMMEs activities (Kuratko, Morris and Schindehutte, 2015). The resource-based view and institutional theory served as the grounding theories of the research study.

2.2.1 Resource-Based Theory

Barney (1991) developed the fundamental theory of the resource-based view (RBV), the theory has been kept as a managerial framework used to determine the strategic resources the SMMEs exploit to achieve sustainable competitive advantage. Chipunza and Chipunza (2014) infer that acquiring relevant resources for survival and growth continues to be a challenge for SMMEs in the developing world context.

The SMMEs resources consists of assets, competencies, organizational processes, SMMEs characteristics, information and knowledge controlled by the SMMEs owners to enable the business to perceive and implement plans that improve the productivity and success of the business (Barney, 1991). There has been practically disagreement concerning the SMMEs that lack resources capable of providing competitive advantage, leading to the acquisition of business with new sets of competencies (Nieman and Nieuwenhuizen, 2017).

Acheampong and Hinson (2018) mentioned that for SMMEs in today's competitive business environment, market resources and technological resources are crucial. Hyder and Lussier (2015) implies that SMMEs owners need to understand the risks of failure and acquire the variable resources to improve the possibility of success. The resources of the SMMEs are explained in the following sub-sections:

2.2.1.1 Human resources

The human resource concept is an investment in knowledge, skills, and capacities to enhance the productive capacity of the business (Njoroge and Gathungu, 2013). Human resource comprises of the people and the efforts, skills, trainings, knowledge and understandings of the organisation development and culture, recruiting and hiring of employees, performance management, compensation and benefits contributing to the success of the business. To improve the human resource efforts, SMMEs owners need to provide training and education to staff (Chimucheka, 2013:793).

Coetzee, Visagie and Ukpere, (2012) posit that numerous managers are unable to change attitudes and behaviour to fit changing requirements of the organisation whether it is small, medium or large. Nieman and Nieuwenhuizen (2017:329) postulate that with the authentic attitude, SMMEs owners can attain positive outcomes whereas a negative attitude can definitely lead to the failure of SMMEs.

2.2.1.2 Physical resources

The availability of physical resources is one of the key principles to measure the competence of the SMMEs performance (Sari et al., 2015). Physical resources

comprise of fixed assets, such as building equipment, raw materials used to create the business products and general suppliers used in the operation of the business. The SMMEs physical resources are its key basis of advantage; in particular, the physical resources are concurrently valuable, rare, and challenging to substitute (Barney, 1991).

2.2.1.3 *Information resources*

Information resources comprises, specifically of the prospective business external environment, accounting and financial information, human resource information, marketing information and quality control information that bears on the internal working of the business. A study conducted by Njoroge and Gathungu (2013) showed several obstacles such as lack of training on financial management, quality control information and marketing preventing the SMMEs from developing beyond the first stage of enterprise development stage and fail within the first five years of operation.

Conferring to Fatoki (2014:153), low levels of financial literacy can prevent SMMEs from understanding and assessing financial products from financial institutions. Recently, more attention has focused on the provision of financial institutions to fund SMMEs that demonstrated skills in financial management, marketing and technology upgrading (Beyers and Ndou, 2016).

2.2.1.4 *Financial resources*

Financial resources arise from sales of goods and services, capital funding and bank loans. Wingfield and Taylor (2016) conducted a research on black Americans and numerous SMMEs owners listed capital as the most needed resource.

Initially the SMMEs financing in most cases originated from internally generated funds, supplemented by borrowings from family and friends as well as informal sources and moneylenders (Kasseeah and Thoplan, 2012). The deposits mobilisation, financial sector depth, and size of banking sector influenced the banking sector in channelling funds to SMMEs (Adeyeye, Azeez and Aluko, 2016). Altin, Kizildag and Bufquin (2018) found that SMMEs credit quality and efficiency in loan repayments depend on

the demographic profiles such as race, gender and education level influencing the SMMEs future loan applications.

Based on the findings of Factchamps (2013), it can be argued that the lack of collateral security is not the reason why the disadvantaged frequently fails to secure the loans as the lack of income also emerged as a contributing factor to credit constraints for most SMMEs owners. Fatoki (2013:140) found that new SMMEs enormously depend on internal finance such as contribution from the owners, family, and friends.

Using the resource based-view, research study emphasis on management competencies on the ability to influence the performance of the business, in an effort to identify the four types of resources that prospective SMMEs owner’s combine to build a business (Nieman and Nieuwenhuizen, 2017). Figure 2.1 depict the resource ‘onion’, developed by the researcher.

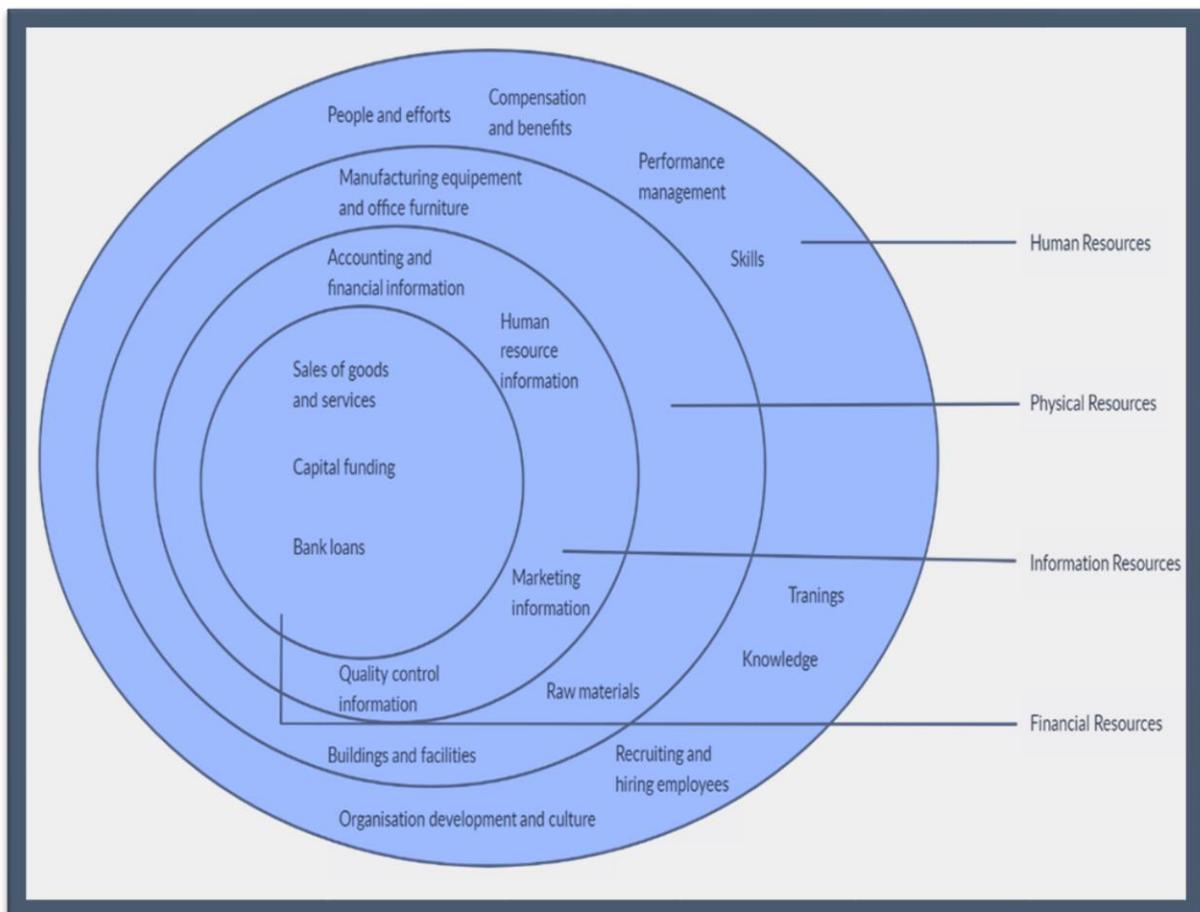


Figure 2.1: Resource ‘onion’
Source: Own compilation

2.2.2 Institutional Theory

Scott (2004) has documented the institutional theory, which is a theory on the narrower and resistant characteristics of social structure. The theory imitates the processes by which government structures, systems, rules, norms, and procedures, developed authoritative techniques for social behaviour (Scott, 2004). The current policy directions recognised that the national government has a limited capacity to implement SMMEs improvement and build competitive black-owned SMMEs by itself, which has prompted support from private sector initiatives (Rogerson, 2013).

Government policy on South African SMMEs development has been originally approved by the White Paper (White Paper, 1995). The Integrated Small Business Development Strategy provided an action plan with the focus on increasing financial and non-financial institutions support, creating a demand for the products and services provided by the SMMEs and decreasing governing constraints (White Paper, 1995). Fatoki and Chiliya (2012:13) contend that the South African government is currently facing major challenges in the provision of sustainable jobs and alleviation of poverty in the country.

Antoni and Umejese (2014) maintains that a note of caution has been due since the government failed to consider that millions of South Africans continue to be unemployed and underemployed, the government has no option, however to provide the complete consideration to the task of job creation, generating sustainable and equitable growth by supporting the SMMEs sector. Figure 2.2 shows the modified South African national SMME support strategy (Nieman and Nieuwenhuizen, 2017).

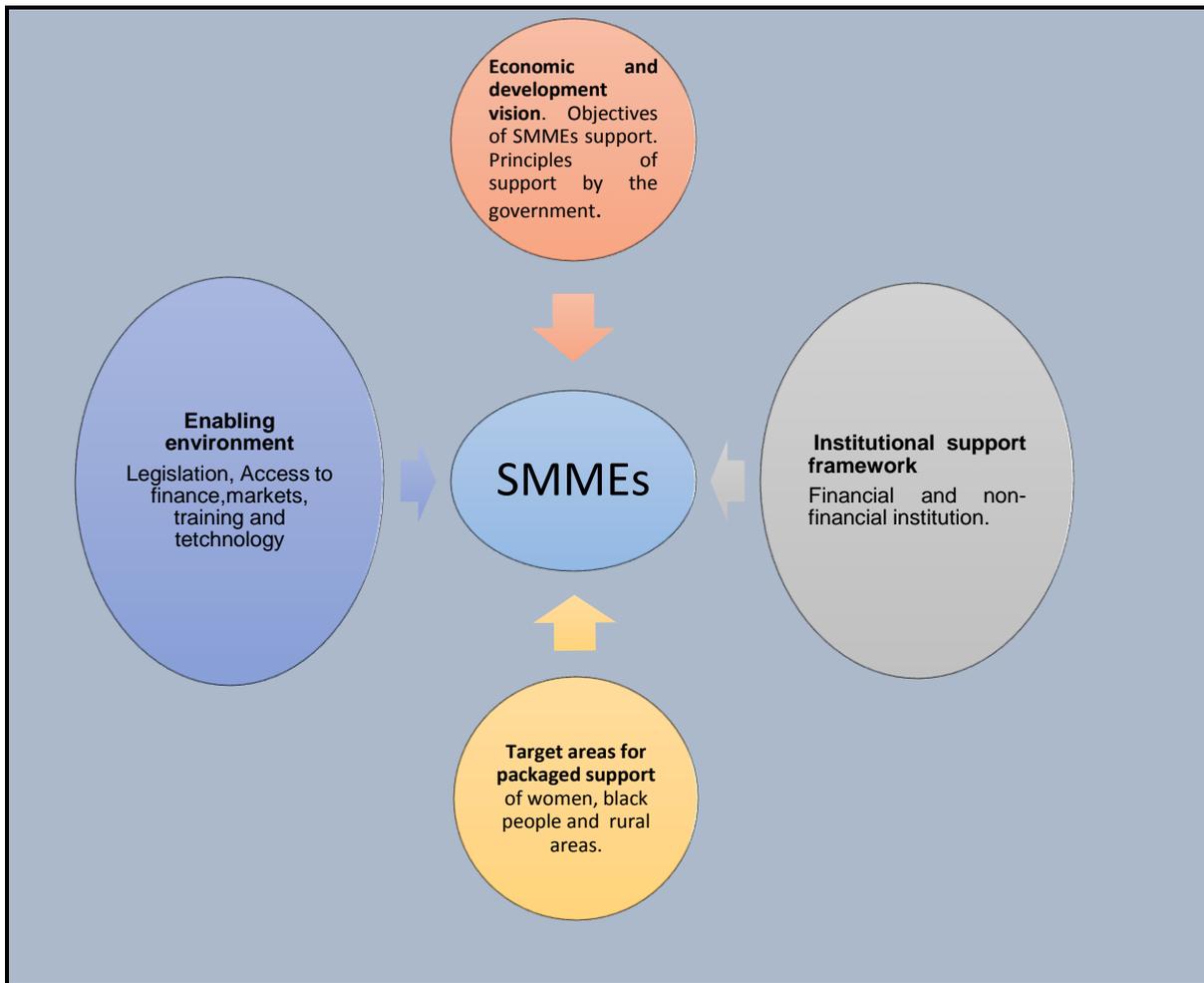


Figure 2.2: Modified South African national SMME support strategy
 Source: Nieman and Nieuwenhuizen (2017)

The following sub-sections give an overview of the South African national government in developing an enabling SMMEs sector:

2.2.2.1 Economic and development vision

According to Amadi-Echendu, Philips, Chodokufa and Visser (2016), entrepreneurship and SMMEs development are the solution to end unemployment in South Africa. Jahur and Quadir (2012) assert that SMMEs are the main factor contributing to the economic development in the form of employment, supply of products and services by using indigenous technologies, social entrepreneurship, and income generating activities. Masondo (2018) dispute that the South African government has subsequently failed to provide appropriate institutional capacity to discipline SMMEs.

Conferring to Rogerson (2013:141), improving the position of black-owned SMMEs and getting them into the mainstream economy has been one of the most difficult policy challenges of the post-apartheid period in South Africa. Despite the significant importance of SMMEs in contributing to the economic growth, SMMEs in South Africa face numerous challenges that inhibit the business growth. For instance, other researchers have found SMMEs facing problems in getting access to funding due to the peculiar characteristics such as small size of the business, lacking credit histories, lacking adequate information and high-risk perceptions (Mazanai and Fatoki, 2012).

2.2.2.2 Institutional support framework

Rogerson (2004) reviewed literature from 1994-2003 period on the impact of the South African government's SMMEs programmes. The evidence presented in the research found that since 1994, black-owned SMMEs have been confronted with dual challenges of reintegration into the global economy, as well as positioning themselves to understand the high expectations associated with the new democratic order. Deborah, Wilhelmina, Oyelana and Ibrahim (2015) highlighted on the government responsibility to intervene in instances where SMMEs activity remained hampered. Bogopane (2013) held the view that the Black Economic Empowerment (BEE) has been identified by the current South African government, as one of the key areas that required to be tackled in order to address and redress the past inequalities and inequities inherited from the past government. Patel and Graham (2012) challenges the perceptions of BEE as a major disadvantage that it is nothing more than a tool for the wealthy to access further wealth and has limited potential to address the economic exclusion of the most marginalized black population.

Okeahalam (2008) holds the view that, the levels of access to finance in South Africa remains the results of economic history and political circumstances. The outcomes offer support to the conceptual premise that the two main issues relating to the growth and development of SMMEs in South Africa, it has been the lack of financial management skills and lack of access to finance (Kasseeah and Thoplan, 2012; Beyers and Ndou, 2016). Calice, Chando and Sekioua (2012) found government programs lacking consistency and SMMEs were perceived insufficient in supporting the growth of the market.

2.2.2.3 *Target areas for packaged support*

Deborah et al. (2015) holds the view that women do not take important factors for the success of the businesses into consideration and the operation of women SMMEs not extensively understood. Garwe and Fatoki (2012) argue that most studies have failed to provide the fact that there are fewer female owned than male owned SMMEs and that the former fail more often than the latter, suggested that women do not have equal access to external capital.

There has been numerous disagreements concerning the actual number of black women in the rural areas who engaged in SMMEs activities to make a living and getting start-up capital remained a major problem for the emerging and potential black women entrepreneurs (Arko-Achemfuor, 2012). Brooks (1983) found reasonable evidence of why black women were motivated to start business, as women were disadvantaged by the wage economy, the majority of black women were motivated to be independent from male-controlled employing organisations.

For many years, researchers and government have neglected the phenomenon of black women SMMEs to address the issue of inequality. The corporations, banks and financial institution contributed as the important role in shaping the contours of the global gender equality agenda amongst the SMMEs sectors (Roberts, 2015). Hikido (2017) carried out several investigations into the entrepreneurial of black women and interracial social capital in Cape Town Township. The same author reported that SMMEs owners developed connections to acquire social, economic, cultural, and symbolic forms of capital that have been systemically deprived from them as black South African women. Lee and Cowling (2014) disagree with other scholars as their research found the support for SMMEs been provided distinctly for urban and rural regions based on the barriers to business growth differing geographically.

2.2.2.4 *Enabling environment*

The black-owned SMMEs have gained abundant attention worldwide due to the challenges such as deregulation, new technology, economic pressures, political pressures, increasing globalisation and competition (Griffy-Brown and Chun, 2007). According to Cant and Wiid (2013), inflation and interest rates, crime and unemployment, low demand for products, the incorrect pricing strategies implemented, and the location of the business were the major problem experienced by SMMEs.

The international report maintained that the lack of appropriate forms of finance has been a long-term obstacle for SMMEs, with inconsistent severity of financing constraints across the countries (OECD, 2015). Several lines of evidence suggest that liquidity constraints, poor credit quality and access to capital determined the survival of the business, which remained critical for SMMEs owners to overcome the barriers (Altin et al., 2018).

Beyers (2015) underlines that SMMEs in the Limpopo Province currently experience the worst liquidity crisis in decades since they have been classified as credit risky by financial institutions. The issues emerging from the results related specifically to financial institutions, includes that it is difficult to find a well-intentioned and profitable SMMEs customer to finance (Boadi et al., 2017). As indicated by Smit and Fatoki (2012), banks do not offer new SMMEs with the loans as they lack a collateral security in most developing countries and trade credit is not available due to the inefficiency of the legal system that promotes unethical behaviour.

For instance, in South Africa, a study conducted by Smit and Fatoki (2012) found that commercial banks and other trade creditors have rejected to fund most new SMMEs. These results are not in line with other studies which have mentioned that the greatest challenge financial institutions and South African commercial banks face has been the security of efficient balance between the risks sustained by financing activities and maximizing shareholder value on the form of profits (Mutezo, 2013:162). Atawodi and Ojeka (2012) argue that the government might lower levied percentage tax for SMMEs to allow enough funds for business development and improved likelihoods of survival

in a competitive market. Since the Institutional theory has been explained, the next section deals with the institutional constraints.

2.3 CONCEPTUALISATION OF INSTITUTIONAL CONSTRAINTS

The institutional constraints refer to the limitation aspects that prevent the SMMEs owners from sourcing financial and non-financial support provided by different institutions. Rogerson (2004), pointed out that the existing government SMMEs programmes remain biased towards the group of medium and small-sized enterprises and, largely, have outwitted micro enterprises and the informal economy. Most studies to date remain unclear as to what extent does the government support black-owned SMMEs and recent researches seem to deal with SMMEs in depth also neglecting the focus area of black-owned SMMEs. However, the government policies had numerous serious disadvantages as it has become increasingly evident that the policy environment limited the development prospects of the black-owned SMMEs (Moodley, 1995).

It is apparent that the government has positioned policies and institutions in place with the aim of improving SMMEs' access to finance; however, the success has been minimal (Beyers and Ndou, 2016). Based on Fatoki (2013:141), it is clear that most SMMEs owners are not aware of government efforts designed to support them. Hutchinson and De Beer (2013) agree with other scholars as the limiting external business factor that comprised of inadequate knowledge in terms of the institutional and supportive environment.

There is no general agreement on the extent of use of formal financial services by the black community in South Africa (Moore and Schoombee, 1995). Several possible explanations emerge on disagreement about the proper degree of regulation and deregulation, in the South African financial and non-financial institutions that supports the SMMEs in general. Various techniques for dealing with resistance to change exist with no approach to managing transformation has been successful (Coetzee, Visagie and Ukpere2012:1).

However, Alonso-Almeida and Llach (2013) stated that the critical issue is to address certain communication between SMMEs and public authorities for the adaptation of existing policies and programs to a changing environment. According to Fatoki (2013:141) researchers have a duty to advance awareness of government agencies that assist SMMEs to obtain finance through sustained advertisement in print and electronic media. Machirori and Fatoki (2013b:102) expressed the view that SMMEs need to maintain the relationships with government agencies, using accountants and consultants as well as attending seminars, to gain legitimacy and advice to improve the access to debt finance. Table 2.1 depict the financial institutions that the black-owned SMMEs can access finance from.

Table 2.1: *Financial institutions*

Institution	Key objective	Instituted
National Youth Development Agency (NYDA)	The NYDA no longer offers loan finance to young entrepreneurs; instead, grant finance in the form of micro-finance grants for survivalist youth entrepreneurship and cooperative grants for greater participation of youth in the cooperatives sector.	2008
Small Enterprise Finance Agency (SEFA)	SEFA is the leading catalyst for the development of sustainable survivalist, Micro, Small and Medium enterprises through the provision of finance. SEFA was established on 1 st April 2012 as a result of the merger of South African Micro Apex fund, Khula Enterprise finance Ltd and the small business activities of IDC.	2012
National Empowerment Fund (NEF)	NEF enable, develop, promote, and implement innovative investment and transformation solutions to advance sustainable Black economic participation.	1998
Industrial Development Corporation (IDC)	The IDC is a national development finance institution set up to promote economic growth and industrial development. Owned by the South African government under the supervision of the Economic Development department.	1940
Development Bank of Southern Africa (DBSA)	The development Bank of Southern Africa (DBSA) is one of several development finance institutions in South and Southern Africa. Its purpose is to accelerate sustainable socio-economic development by funding physical, social and economic infrastructure.	1983
Development Bank of Southern Africa (DBSA)	The development Bank of Southern Africa (DBSA) is one of several development finance institutions in Southern Africa. Its purpose is to accelerate sustainable socio-economic development by funding physical, social and economic infrastructure.	1983

Institution	Key objective	Instituted
Land Bank	Land Bank is an agricultural development finance institution that supports economic growth through the provision of retail, wholesale, project, and micro-financial services to agriculture and related rural services.	1912-2012
Department of Trade and Industry (DTI) - Incentive schemes	The incentive offers support for both capital investment and training.	2012
Co-operative Banks Development Agency (CBDA)	The co-operative Bank Development Agency was established to regulate, promote and develop co-operative financial institutions (CFIs), such as financial services cooperatives (FSC), savings and credit co-operatives (SACCOs) and cooperative banks.	2007
National Development Agency (NDA)	To contribute towards the eradication of poverty and its causes by granting funds to civil society organisations for the purposes of, implementing development projects of poor communities, and strengthening the institutional capacity of other civil society organisations that provide services to poor communities.	1998
Black Umbrellas	Black Umbrellas is an enterprise and supplier development (ESD) incubation organisation that partners with the private sector, government, and civil society to address the low levels of entrepreneurship and high failure rate of 100% black owned businesses	2006
Standard Bank	A platform that is designed to provide small and medium enterprises with an avenue to new opportunities, as well as access to regulatory and financial information on how to start, maintain and grow a business.	2007
First National Bank (FNB)	A business unit that focuses specifically on start-ups less than two years old, which offers free online business plans, free online cash flow projections, and mentorship and advisory services.	2007
Nedbank	Nedbank Small Business Services is the division of Nedbank that furnishes the financial support and solutions essential for the growth and development of smaller businesses. Its focus is on servicing the needs of franchises, start-ups, professionals, and traditional small businesses.	2007
Amalgamated Banks of South Africa (ABSA)	Offer products and services aimed at adding value to the SME sector and facilitating business growth that will boost the economy.	2007

Source: Own compilation

Table 2.2 depicts the non-financial institutions that are available for black-owned SMMEs to access support.

Table 2.2: *Non-financial institutions*

Institution	Key objective	Instituted
Company and intellectual property commission (CIPC)	It mandates encompasses companies, close corporation, co-operatives, trademarks, patents, designs, aspects of copyright legislation and enforcement of rules and regulations in most of these areas of law.	2008
Small Enterprise Development Agency (SEDA)	SEDA helps entrepreneurs through business consulting, training and referrals to specialist service providers and partner organizations.	2004
National Empowerment Fund (NEF)	NEF enable, develop, promote and implement innovative investment and transformation solutions to advance sustainable Black economic participation.	1998
Department of Trade and Industry-Incentive schemes (DTI)	The incentive offers support for both capital investment and training	2012
Technology Innovation Agency (TIA)	The objective of stimulating and intensifying technological innovation in order to improve economic growth and the quality of life of all South Africans by developing and exploiting technological innovations.	2008
South African Women Entrepreneurs' Network (SAWEN)	SAWEN is a South African National Network that facilitates and monitors the socio-economic advancement of women entrepreneurs and the positive impact on the country's economy.	2002
Gauteng Enterprise Propeller (GEP)	To facilitate increased SMME participation in mainstream economy, and the contribution to economic growth and development and employment in Gauteng.	2005

Institution	Key objective	Instituted
Enterprisation-SAICA Enterprise Development	South African Institute of Chartered Accountants (SAICA) has formed an enterprise development and SME support hub, 'Enterprisation', which together with a graduate training programme run in partnership with Guarantee Trust, and through partnership with SEFA, to support unemployed African and coloured Accounting graduate, black entrepreneurs and small businesses.	2013
South African Bureau of Standards (SABS)	Based on the realisation that SMMEs can also play a critical role in the South African economy, the SABS created a business unit aimed at providing exclusive assistance to SMMEs in terms of product testing and certification.	2008
Proudly South African	Proudly South African is a multi-level campaign to promote South African companies, organisations, products and services that demonstrate high quality, local content, fair labour and environmental practices.	2001

Source: Own compilation

2.4 CONCEPTUALISATION OF STRATEGIC AND STRUCTURAL CONSTRAINTS

Thus far, several studies have shown that SMMEs are vehicles of growth, innovation and social transformation, and important to new businesses catalysts that nurtured and harnessed the South African authorities (Beyers and Ndou, 2016). A study by Koens and Thomas (2015) show that involvement of small, locally owned, businesses remains helpful, however, limited by conflicts of interest, lack of trust, limited social networks and slight attachment to the township locality. A review of the literature on this matter shows that financing preferences do not follow a one size fits all prescription moderately; preferences differed according to growth goals, the nature of ownership, age of firm, firm size and sector (Riding, Orser and Chamberlin, 2012).

In comparison with the findings of (Riding et al.2012) SMMEs were denied access to credit by commercial banks and other financial institution due to the size of the business (Quaye, Abrokwah, Sarbah and Osei, 2014). One of the issues that emerged from other researchers was that small businesses would certainly not be fast-grower,

but still support the economic community in the form of local barbershops, retail stores, restaurants, insurance agencies and local groceries (Fitzgerald and Muske, 2016).

The strategic constraints are concerned with the way in which the SMMEs develop experiences to exploit opportunities in the marketplace (Chimucheka, 2013:793). The structural constraints relate to the changes in the way the SMMEs organises its internal systems, managerial roles and reporting procedures, communication ways and the resources control system (Chimucheka, 2013:793). The strategic and structural constraints of the SMMEs involves the skills of the managers to overcome the barriers that obstruct the success of the business and prevent the SMMEs from adding value to the public. According to Nieman and Nieuwenhuizen (2017:341), there is common impediment of SMMEs failures for all sizes of the business. In lieu, the access to external finance contribute to the business longevity (Fatoki, 2013:140). For the SMMEs to access finance, the growth and expansion of SMMEs partake the positive relationship for government, policymakers, non-governmental organisations, financial and non-financial institution (Quaye et al., 2014).

Another essential point was owners of SMMEs often considered small businesses simply not attractive, not profitable, and inadequate to attract financial support (Boadi et al., 2017). However, finance thus far remain the most critical contribution of business enterprise, either large or small (Uddin, 2014). According to Oyelana and Adu (2015:13), SMMEs owners tackled major constraints in operating the businesses such as rising transport and logistics cost, poor service delivery from the local government, high rental fees, and poor access to market.

2.5 CONCEPTUALISATION OF MANAGEMENT COMPETENCIES

Management competencies is a significant characteristic of individuals and influences the wellbeing of the business. A study that was conducted in Johannesburg Central Business District found managerial competencies positively influencing the performance of SMMEs, as measured by education, managerial experience, start-up experience and knowledge of the industry (Fatoki, 2013:140). The lack of managerial skills and competencies limited the ability of new SMMEs to run the firms and reduced the expectation of creating value to the public (Fatoki, 2012:25). Ng and Kee (2012)

identified leadership and management, intellectual capital, organisational innovation, organisational competence, entrepreneurial characteristics, human resources, motivation, market orientation, firm characteristics, strategy, entrepreneur reputation and organisational culture as crucial elements for SMMEs to develop and leverage the critical success factors for optimal business growth and to have a competitive advantage.

2.6 CONCEPTUALISATION OF PERFORMANCE OF THE BUSINESS

Prior studies evaluated the SMMEs performance and access to finance as SMMEs owners not sufficiently making use of various funding avenues offered by external sources, which has been the major factor that has added to the failure of small businesses in the early years of establishment (Cant et al., 2014). The weak performance and high failure rate of SMMEs negatively impacts on the ability to achieve the objectives of poverty alleviation, employment creation, income redistribution and economic growth (Machirori and Fatoki, 2013:97).

Previous research studies found 70% of SMMEs failing within the first three years of operation, caused by numerous factors that affected the overall sustainability (Hendricks et al., 2015). Mbugua, Mbugua, Wangoi and Ogada (2013) found inadequacy of availability of finances, poor business management skills, and poor marketing and entrepreneurial attributes of the SMMEs managers statistically influencing the growth of the enterprises. The performance of the business is measured based on financial and organisational growth provided in the next sub-sections.

2.6.1 Financial growth

The cash flow is an important element of investment (Agca and Mozumdar, 2017). According to the South African institute of chartered accountants, the main reasons for SMMEs failure are tremendously cash flow related (SAICA, 2015). Trinh, Kakinaka, Kim and Jung (2017) reported insufficient sources of internal financing and inaccessibility of external financing as crucial constraints on new investment for SMMEs. Beyers and Ndou (2016) argues that in South Africa short-term funds are not

easily available to the SMMEs owners. The same authors further stated that financial problems for the SMMEs sector has thus created barriers to the social, economic, financial, legislative, political, and banking systems.

Fatoki (2012) maintains that the process of obtaining financing remain complex and social in nature. As a result, the interactions and network relationships of the SMMEs owners remain the determinant factors that influence the success in obtaining external financing. According to Domeher, Abdulai and Yeboah (2016), in Ghana the SMMEs sector financing gap occurred were the demand for finance by SMMEs far exceeded the amount made available by formal lending institutions. This imbalance between the demand and supply of credit has thus resulted in most of the loan applications being inaccurately rejected or partially granted.

Despite the obstacle of failure to access finance by SMMEs, SAICA (2015) found SMMEs starting with little capital, collecting debtors late, subject to bad debts, overhead levels that were too high, and suffered the risks. While this is the case in four East African Countries, namely Kenya, Tanzania, Uganda, and Zambia were 94% of the banks in the sample considered SMMEs riskier than other segments and demanded collateral from SMMEs borrowers (Calice et al., 2012).

More importantly, the obstacle that lead to lack of access to secure a bank funding continue to be highly heterogeneous, as the banks differ widely in terms of the size, complexity, organisation, activities , funding choices and geographical reach (Nucera, Lucas, Schaumburg and Schwaab, 2017). It has been revealed that in most studies the common impediments that lead to unsuccessful applications for bank funding to the manufacturing firms, businesses operating at a loss, businesses seeking smaller loans, projects relating to working capital requirements typically overdrafts and small loans, project related to new products and market development typical of manufacturing firms (North, Baldock and Ekanem, 2010).

It is only since the work of White paper that the study of access to finance has gained momentum as one of the most urgently identified prerequisites in South Africa particularly for black-owned SMMEs (White Paper, 1995). The enablement of access to finance has been planned precisely to boost the growth of black business and a

crucial factor for the future economic well-being of South Africa (BASA, 2019). The extent of financial growth according to Nieman and Nieuwenhuizen (2017:296) is designated as:

2.6.1.1 Increase in turnover (sales)

The turnover is a global indicator of sales, from the production and commercial entity's activity and one of the most important indicators to measure entity's global performance (Monea, 2015). According to Gaur and Kasavan (2015), with respect to sales growth rate, the study found inventory turnover increasing with sales growth rate, but its rate of increase depending on firm size and on whether sales growth rate is positive or negative. Prior research found that increasing the availability of products and service to the businesses leads to a significant increase in the sales volume (Bottani, Montanari and Romagnoli, 2016). The main aim of the SMMEs sectors is to increase the turnover.

2.6.1.2 Increase in total assets

Total asset indicates the level of efficiency of the overall use of the company's activities in generating a certain sales volume or a comparison between sales and total assets owned by the company (Lubis, Marpaung and Magdalena, 2018). Firms with higher profit margin have higher return on assets and are more able to convert sales and net income to cash and use less liability (García-Pabón and Klima, 2017).

2.6.1.3 Increase in profit

Increase in operating profit is used as a measure of profitability of the firm (Raza, Bashir, Latif, Shah and Ahmed, 2015). The increase of profit can be measured by its contribution to the overall cooperation, which must be accepted by both parties and the logistics operation process (Raza et al, 2015).

2.6.1.4 Increase in return on investment

Investment consist of investing in shares with the expectation of obtaining higher returns from other investment objects so that the company can attract potential

investors (Lubis et al., 2018). Investment determines the impact on the business cycle and economic activity by building-up on resources of capital that is used to produce goods and services (Raza et al, 2015).

2.6.3 Organisational growth

Organisational growth relates to the changes that take place in the organisation's processes, culture, and attitudes as it grows and develop (Chimucheka, 2013:793). A strong relationship between access to finance and SMMEs growth and to succeed in the long term has been reported in the literature (OECD, 2015). Drawing on an extensive range of sources, the authors maintained that the SMMEs remain underdeveloped due to institutional and financial constraints (Harash, Al-Timimi and Alsaadi, 2014). Prior studies noted that the critical element in the development of the SMMEs sector has been the ability to access finance (Calice et al., 2012).

Lekhanya and Mason (2014) found access to funding and bank funding as the main factors distinguishing the performance of the businesses. Rahman, Yaacob and Radzi (2016) noted that there are limited studies that analyse SMMEs challenges according to the severity towards business venture. Katundu and Gabagambi (2016) found that inappropriate teaching methods, lack of business experience, deficiencies in the university programmes, commitment on extended families and bureaucratic tendencies greatly impact negatively business start-ups.

2.7 RELEVANT EMPIRICAL STUDIES AMONGST VARIABLES

This section focuses on a review of literature pertaining to the relationship between the independent and the dependent variables.

2.7.1 Financial institution and the performance of the business

According to Hooper, Kew and Herrington (2010:4), a number of initiatives such as financial services have been established, accurate statistics on the numbers and status of SMMEs nationwide have been difficult to acquire, and those that are available differ widely with a maximum current figures. Prior studies have noted the main

constraint that is faced by SMMEs is the lack of financial support (Cant et al., 2014). Various findings have shown that SMME owners do not choose bank loans as a source of finance neither government funding initiatives at the stage of start-up and expansion (Cullen, Calitz and Gaga, 2014). This was supported by Beck, Dermirguc-kunt and Singer (2013) who also mentioned that little was found in the literature on the smaller institutions as a way of increasing access to finance. Oyelana and Adu (2015:12) in line with other scholars also found that personal savings, loan from family and friends, loan from the bank, external support and loan from the government were the most sources of business finance.

The strong increases in funding were reported by Nedbank and Standard bank as the market observed black-owned SMMEs as more constrained to lending (BASA, 2019). Gana and Ayari (2013) maintained that the social relations between the SMMEs owners and banks had played an important role in access to finance for the SMMEs as SMMEs owners secured loans from the bank through the social network by establishing a long-term relationship with the bank.

It is slightly surprisingly that financing opportunities are available to small retail businesses; however, access to these opportunities is limited mainly owing to strict bank regulations and factors that are inherent to small retail business owners (Schmidt, Mason, Bruwer and Aspelung, 2017). Nucera et al. (2017)) assert that lack of collateral, low value of collateral, low risk-taking propensity, poor saving habits and high interest rates are significant constraints for ease access of debt finance from commercial banks. However, there are financial activities such as business registration, documentations, business planning and asset ownership that may also influence SMMEs to access bank loans (Nkuah, Tanyeh and Gaeten, 2013).

A study conducted by Chimucheka and Rungani (2011) indicated that inaccessibility of bank finance has a greater influence on survival and success of SMMEs. A weaker relationship was found between human capital, gender of SMMEs and success in securing bank funding (Brijlal and Yan, 2015). For instance, Bongomin, Munene, Ntayi and Malinga (2018) indicated that that capital sufficiency and SMMEs survival are positively linked.

2.7.2 Non-financial institution and the performance of the business

Previous studies on the association between non-financial institution and performance of the business are well documented (Agwa-Ejon and Mbohwa, 2015; Ajibade and Khuyundi, 2018). The evidence suggests that SMMEs in the Gauteng Metropolitan are not maintained adequately particularly in the areas of financial management skills and expertise (Agwa-Ejon and Mbohwa, 2015). A study conducted by Ajibade and Khuyundi (2018) found that that the existing policy and regulatory framework did not address SMMEs records management policy (RMP). The same study reported that there was no records management policy awareness and training to enable the companies to comply (Ajibade and Khayundi, 2018). Another study conducted by Bongomin et al. (2014) found a positive association between entrepreneurial education and SMMEs survival.

Additionally, a study on the sustainability of SMMEs in the Vaal Triangle area conducted by Worku (2016) found difficulty in securing loans, lack of training opportunities and shortage of entrepreneurial skills as the main obstacles of SMMEs development. A study by Olokundun et al. (2017), found that training in business skills and interrelated types of skills is crucial for the success of a business. Ladzani, Nhlapo and Nieuwenhuizen (2011) study revealed that a majority of the respondents included in their study indicated that they did not know of government agencies that offer financial assistance, training and guidance to entrepreneurs and SMMEs.

2.7.3 Strategic and structural constraints on the performance of the business

Previous studies have shown that lack of finance, poor infrastructure, lack of training, access to the market, as well as invalid equipment and technology are the key enterprise obstacles affecting the development of South African SMMEs (Donga, Ngirande and Shumba, 2016). A study conducted by Gomera, Chinyamurindi and Mishi (2018) found that strategic growth correlated positively with financial performance of the SMMEs. Similarly, Lee et al. (2015) also indicated that structural problem limited access to finance for advanced businesses. Another study by Lekhanya and Mason (2014) found that access to finance and skills shortages were

the factors that most significantly differentiate more successful businesses, from less successful rural businesses.

A study by Barnard, Kritzinger and Kruger (2011) found a positive relationship between the independent variables (location, rental rates, employment, inflation, interest rates and buildings) and the dependent variable (business performance). A study conducted in Nigeria by Abdullar et al. (2015) revealed that although government and financial institutions support SMMEs in Nigeria, SMMEs fall short of opportunities. Aren and Sibindi (2014) found that cash flow management is enormously significant to the survival of a business, mainly for SMMEs, and poor cash flow management lead to SMMEs failure.

The Supplier Development Programme Research Report (2012) reported that the most significant problem was related to cash flow problems experienced by the SMMEs that resulted in the poor delivery of products and services. Whereas, the study conducted by Worku (2016) indicated that the growth of newly established businesses was hindered due to difficulties in securing credit on favourable terms from micro lending institutions. On the other hand, a study conducted in Canada by Gill and Biger (2012) reported that sales level of SMMEs has a positive impact on small business growth.

Whereas, a study conducted by Kinyua (2014) found that the number of years in operations increases the performance of SMMEs. However, a study conducted by Ng and Kee (2012) found no significant difference among genders, geographical location, and occupations in terms of outreach performance and sustainability of microfinance institutions. This implies that mature firms, more productive firms, and larger firms are more likely to take the important step of entering the export market (Abor, Agbloyor and Kuipo, 2014).

2.7.4 Management competencies and performance of the business

According to Ajibade and Khayundi (2017), the SMME owners lack skills to manage the business records and this has affected the output and productivity. A majority of

the SMME owners were found to lack interpretation skills and an awareness of how to use information from financial statements (Brijlal, Enow and Isaacs, 2014).

A study conducted by Eresia and Raath (2013) found a statistically significant relationship between SMMEs owners' financial literacy and the broad construct of business growth. Chimucheka and Rungani (2011) indicated that the lack of financial management knowledge influences survival and growth of SMMEs. Research conducted by Peters et al. (2014) found a positive relationship between a SMMEs owners' level of education and business growth.

Barnard et al. (2011) found that employment and business performance are related positively; indicating that SMMEs owners viewed employment as an important factor to consider when searching for suitable business locations. However, Hooper et al. (2010) indicated that, despite relatively high levels of education, and despite strong uptake of mobile phones, the usage was very basic and the true benefits of mobile telephone and Internet access were not being understood by the SMMEs managers. In the contrary, the study by Lekhanya (2016) indicated that most employees in SMMEs are unskilled; the business operations are directed by using modern facilities; most of business investment strategies are hindered by a lack of finance. According to Kambwale, Chisoro and Karodia (2015), lack of management skills, a lack of financial support and a lack of business training are the major causes of SMME failure in Windhoek, Namibia. Ngugi et al. (2012) found that management's technical skills influenced the growth of SMMEs, followed by managerial experience.

The findings provided support for the conceptual evidence that managerial competencies, business information, networking, location, crime, business size and incorporation are essential determinants of credit approval (Fatoki and Odeyemi 2010). In contrast to prior studies on SMMEs, the impact of management competencies on the performance of black-owned SMMEs in CTMM will suggest possible explanation of the exclusion and success of this sector.

2.8 CHAPTER SUMMARY

Chapter 2 addressed South African context of black owned SMMEs in the pre and post 1994 era, theoretical framework, and institutional constraints, conceptualisation of strategic and structural constraints, management competencies, performance of the business and relevant empirical studies among variables. The following research objectives were achieved:

- To conceptualise the institutional constraints.
- To conceptualise the strategic and structural constraints.
- To conceptualise the management competencies.
- To conceptualise the performance of black-owned SMMEs.
- To discuss the empirical relationship between institutional constraints, strategic and structural constraints, management competencies and performance of black-owned SMMEs.

Chapter 3 discuss the research methodology, research design, and sampling techniques, the reliability and validity, lastly this chapter discuss the ethical considerations.

CHAPTER 3: RESEARCH METHODOLOGY

This chapter focuses on the methodology used in this research study. It emphasizes on the research paradigm, the research approach and design, the sampling methods employed, the data collection, data analysis, reliability, and validity of the study. Lastly, this chapter provides the discussion of the ethical considerations.

3.1 INTRODUCTION

Historically, the term methodology described the philosophical that underlies and informs a style of research (Creswell and Creswell, 2018). Research methodology consists of a set of rules and procedures for reasoning, a set of logical structures and a form of communication (Parahoo, 2014). The design of this research study comprises of quantitative research approach, method of data collection, data analysis and ethical consideration to organise ideas using the research tools and communicating the findings of the study.

3.2 RESEARCH DESIGN

Specifically, selecting the research design is a bit difficult due to the availability of large collection of methods, techniques, procedures, protocols and sampling plans (Cooper and Schindler, 2014:82). The research design of the study outlines the basic approach that the researcher used to answer the research question (Polit and Beck, 2010). To meet the objectives of the study and eliminate the research problem, it is important for the researcher to select the most appropriate design for achieving the objectives of the study (Parahoo, 2014). The next sub-section highlights the research objectives and research questions of the study

To show clearly the direction followed by this study, the research study modified Saunders, Lewis and Thornhill (2016) research 'onion'. The research 'onion' illustrates the paradigms, strategies and methods followed by the researcher during the research process. The concept of the research 'onion' provides a summary of the important issues that need to be taken into consideration and reviewed before undertaking any research. The different layers of the 'onion' serve as a platform for the following

considerations: the philosophical positioning of the researcher, the research approach adopted, appropriate research strategies, the research time lines that are under review, and the data collection techniques employed by the researcher. Figure 3.1 below shows the modified research 'onion', which was used as a guideline and justification for the chosen research designs and strategies in this study.

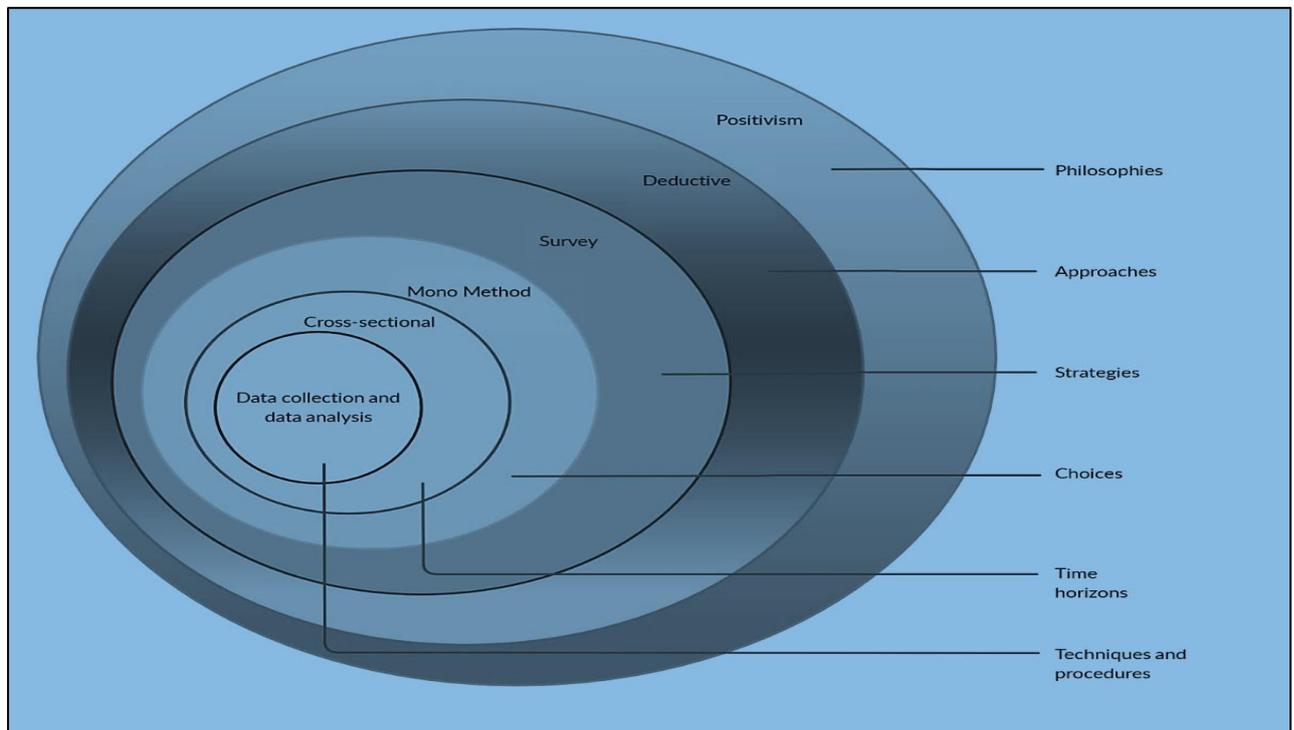


Figure 3.1: Modified research 'onion'
Source: Own compilation

The sub-sections below describe the research philosophy, research approach, research strategy, research choice, research techniques and procedures followed by this study.

3.2.1 Research Philosophy

According to Parahoo (2014), the research paradigms influences the nature of phenomena, the way to study the research and the appropriate way to use the research methods to answer the research questions. The meaning of the term research philosophy denotes the classification of ontology, epistemology, doxology, and axiology (Mkansi and Acheampong, 2012). This research study applied the epistemological paradigm, which is the nature of knowledge and justification to

understand the black-owned SMMEs development sector in City of Tshwane Metropolitan Municipality.

Positivism refers to epistemological approach that support observable evidence and understand the problem the society share (Saunders et al., 2016). The philosophy behind this research study is positivism approach, which will establish whether there is a positive relationship between the, institutional constraints, strategic and structural constraints, management competencies towards the performance of the business.

3.2.2 Research Approach

The induction approach in social research, argues that empirical generalisation, and theoretical statements result from the data (Saunders et al., 2016). The deduction approach implicates the testing of a theoretical proposition (Burney, 2008). The study followed the deduction approach, in which the formulated hypotheses from theory were tested against data.

Figure 3.2 below shows the route of the research approach used as a guideline and justification for the chosen research approach.

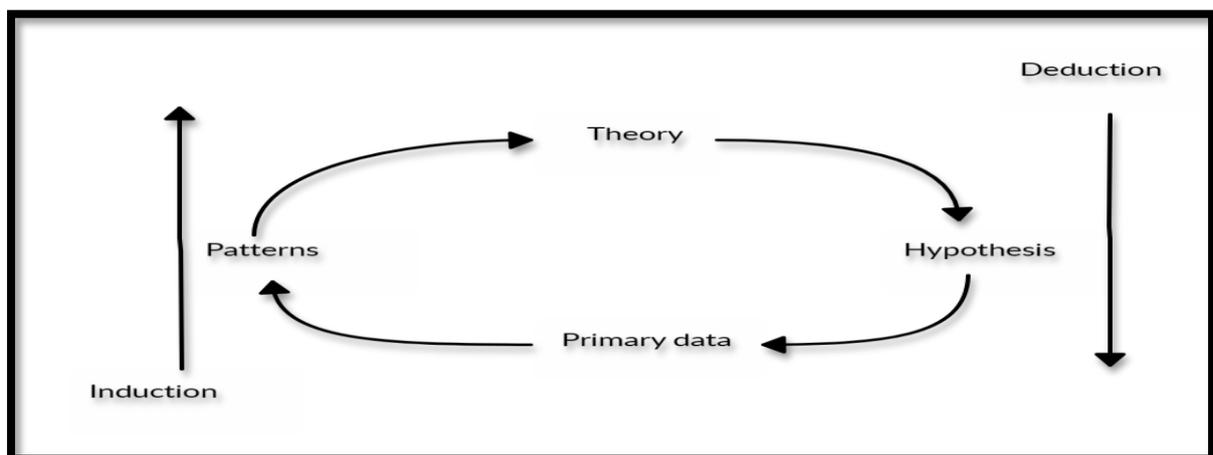


Figure 3.2: Research approach

Source: Own compilation

3.2.3 Research Strategy

Research instruments are simply strategies for attaining information relevant to the research plan (Fowler, 2014). In survey research, frequently the standard data

collection tool is the questionnaire and the measurement obtained are the respondent's answers to survey questions (Fowler, 2014). The items of the questionnaires are established based on the research objectives and research questions (Zohrabi, 2013). The appendix A depict the purpose of the survey.

3.2.4 Research Choice

Numerous studies have used different explanations of the main research approaches with collective themes, categorisations, and corresponding importance, which is, in fact, qualitative and quantitative (Mkansi and Acheampong, 2012:135). It is widely believed that both qualitative and quantitative paradigms attempt to find the same result, which is the fact (Bashir, Afzal and Azeem, 2008:36).

Hence, the qualitative approach is based on intensive study of various features possible to one or a small number of phenomena (Creswell and Creswell, 2018). Quantitative research develops experimental methods and quantitative measures to test hypotheses and generalise the outcomes (Bashir et al., 2008:36). The research study followed the quantitative approach simply the statistical data will be generated to determine the relationship between the independent variable and another set of dependent variables in the population (Parahoo, 2014).

3.2.5 Time Horizon

The research study followed a cross-sectional approach which examined the phenomena of interest at one point in time. The adequate time allowed for each stage in the survey process depended on the questionnaire developed from the literature review and the modified Agbenyegah (2013) questionnaire, the size of the sample, the mode of administration, the number of pre-notification and follow-up contacts made to the participants (Fowler, 2014).

The recruitment of field workers was based on qualifications and experience in conducting surveys. The field workers were employed to explain to the respondents any form of uncertainties arising from the questionnaires. Research questionnaires were hand delivered by the researcher and fieldworkers. The justification for using

hand delivered approach was to ensure enough personal control and to improve the collection of the questionnaires (Agbenyegah, 2013).

3.2.6 The Questionnaire as Data Collection Method

A questionnaire is a self-contained, self-administered instrument for asking question (Ruane, 2005:123). In the instance of a quantitative survey, structured questionnaires and schedules are preferred whereas in the case of qualitative research, semi-structured questionnaires or discussion guidelines are preferred (Singh, 2007:68). Questionnaires provide an excellent means of collecting large-scale quantitative data (Fowler, 2014).

The research study explored the potential use of the questionnaire and examined different approaches to setting and posing questions (Fowler, 2014). Questionnaires used in this standpoint of this research study are essential as they provide valid, reliable and unbiased data from a representative sample of respondents (Parahoo, 2014). Questionnaires comprise of several different approaches to asking questions (Parahoo, 2014). The questionnaires can be structured in three types:

- Closed questions to which all possible answers are provided.
- Multiple-choice questions, which provide several predefined responses.
- Open-ended questions allow for the recording of any response to a question provided by the respondent.

The empirical approach of the research study consisted of data collected using self-administered questionnaires in a survey (Fatoki and Chiliya, 2012). As indicated in section 3.2.3, the survey was conducted by means of standard data collection tool, which is the questionnaire. The study followed the quantitative design using closed-ended questionnaires in order to gather, analyse and interpret the data with the existing measures designed in nature (Zohrabi, 2013:254). The sub-section below describes how the questionnaire was structured. The order of questions shows an important role in designing the survey instrument (Singh, 2007:70).

The survey questionnaires advanced from attitude questions, sequencing from general and less sensitive items towards more specific and more sensitive ones. The questionnaire (Appendix A) consists of the following four dimensions:

- Dimension 1: Demographic profile and institutional constraints
- Dimension 2: Strategic and structural constraints
- Dimension 3: Performance of the business
- Dimension 4: Management competencies

3.2.6.1 Section A (Dimension 1)

The research presented demographic questions in section A: 1-6 to ease respondents into questionnaire completion (Burns et al., 2008). The respondents were asked to mark the applicable block with a cross (x) which relate to the correct information. The black-owned SMMEs made up a sample of N=544. A total of 353 questionnaires were identified as usable for the purpose of the study (n=353). A response rate of 65% was achieved. The black-owned SMMEs participants were randomly sampled (N=353; male=55.8%) in CTMM. The sample's characteristics included mainly single (51.3%), with the occupational background being self-employed (43.6%), in the tricenarian (30-39 years).

Table 3.1: Summary of frequency distribution: Biographical profile of sample (n=353)

Categories	Frequency	Valid %	Cumulative %
Gender			
Male	197	55.8	55.8
Female	156	44.2	100.0
Total	353	100.0	
Marital status			
Single	181	51.3	51.3
Married	111	31.4	82.7
Divorced	24	6.8	89.5
Widowed	10	2.8	92.4
Cohabiting	27	7.6	100.0
Total	353	100.0	

Categories	Frequency	Valid %	Cumulative %
Occupational background			
Unemployed	111	31.4	31.4
Self-employment	154	43.6	75.1
Employed-private sector	48	13.6	88.7
Farm worker	10	2.8	91.5
Government employee	19	5.4	96.9
Top Management	11	3.1	100.0
Total	353	100.0	
Age			
Less or equal to 19 Years	3	0.8	0.8
20 - 29 Years	76	21.5	22.4
30 - 39 Years	133	37.7	60.1
40 - 49 Years	89	25.2	85.3
50 - 59 Years	39	11.0	96.3
60 Years and more	13	3.7	100.0
Total	353	100.0	

The institutional constraints was presented in section A1-A5, the respondents were asked to mark a cross (x) in the space provided at each question which reflects the answer that is most accurately, using the following key: **1=** Strongly disagree; **2=**Disagree; **3=**Slightly disagree; **4=**Neutral view; **5=**Slightly agree; **6=**Agree; **7=**Strongly agree,. The knowledge of financial and non-financial institutions was presented in section A6-A9, the respondents were asked to mark the applicable block with a cross (x) which relate to the correct information.

3.2.6.2 Section B (Dimension 2)

The research questions solicited information regarding the ownership structure from section B1-B13, the respondents were asked to mark the applicable block with a cross (x) which relate to the correct information. The black-owned SMMEs operate from home (44.2%), distribute the product to local community (74.8%), which they devote 8-12 hours in the business (49.3%) and employed less than 5 employees (75.6%).

Table 3.2: *Summary of frequency distribution: Ownership structure of sample (N=353)*

Categories	Frequency	Valid %	Cumulative %
Area of business operation			
Work from home	156	44.2	44.2
Central business district	95	26.9	71.1
Outlying business area	60	17.0	88.1
Near taxi rank	31	8.8	96.9
Agricultural land	11	3.1	100.0
Total	353	100.0	
Area of distribution of product			
Local community	264	74.8	74.8
Distribute to other municipalities in Gauteng	54	15.3	90.1
Distribute to other provinces	27	7.6	97.7
National and international market	2	0.6	98.3
All the above	6	1.7	100.0
Total	353	100.0	
Number of hours devoted to the business per day			
< 8 hours	139	39.4	39.4
8 hours to 12 hours	174	49.3	88.7
12 hours to 16 hours	32	9.1	97.7
16 hours to 24 hours	8	2.3	100.0
Total	353	100.0	
Full-time employees			
< 5	267	75.6	75.6
<10 to 20	71	20.1	95.8
< 50	14	4.0	99.7
< 100 to 200	1	0.3	100.0
Total	353	100.0	

The strategic and structural constraints were presented in section B14-B35 which consist of strategic and structural constraints, the research questions in this section used the seven-point Likert-type scale ranging from “strongly agree to strongly disagree”.

3.2.6.3 *Section C (Dimension 3)*

The research questions focused on the performance of the business in section C1-C14 which consisted of the financial growth and organisational growth. The research questions in this section used the seven-point Likert-type scale ranging from “strongly agree to strongly disagree”.

3.2.6.4 *Section D (Dimension 4)*

The research questions focused the management competencies in section D1-D24, which consisted of financial, human and information resources. The research questions in this section used the seven-point Likert-type scale ranging from “strongly agree to strongly disagree”. The next sub-sections deal with the data analysis.

3.2.7 Data Analysis

Data analysis of the research study justifies the logic, structure, principles of the research methodology, methods and how it related to the research questions and hypothesis or proposition (Jupp, 2006:265). The research adapted the quantitative survey method as a scientific procedure for collecting new information and making quantitative inferences about a population (Parahoo, 2014). In general, the study of statistics is concerned with the design of experiments or sample survey to obtain a specified quantity of information at minimum cost and the optimum use of this information in making an inference about a population (Wackerley et al.; 2008:2).

The quantitative surveys of the research study aim to convert the information collected to meaningful numbers relating to the population of interest with the purpose of gathering valid, reliable, unbiased and discriminatory data from a representative sample of respondents (Parahoo, 2014). There is a larger population of SMMEs across South Africa and a survey is considered as a practical option for the research study. There is a general agreement that surveys provide an effective way of describing the objective characteristics of a population (Fowler, 2014).

In addition, quantitative research generates statistics and use large-scale survey research method, such as questionnaires or structured interviews (Parahoo, 2014). In view of the importance of the quantitative research, this research study made use of the quantitative research to conduct a survey, as it is much more rapidly than it is in qualitative research and similarly the population of the study can be generalised using the research technique. The completed questionnaires were coded to simplify data capturing. The data was captured onto Microsoft excel and disseminated to the statistical package for the social science (SPSS) to produce the required statistical data. The major statistical techniques that are relevant to the objectives of the study are discussed in sub-section below.

3.2.7.1 Exploratory factor analysis

Exploratory research is a research conducted for a problem that has not been studied more clearly, intended to establish priorities, develop operational definitions, and improve the final research design (Shields and Rangarjan, 2013). The same authors further stated that the main aims of exploratory factor analysis are to gain understandings, establish central concepts and constructs, and then to establish main concern of the research problem. This research is exploratory, in that it seeks to explore the factors that inhibit the management competencies and performance of black-owned SMMEs. The sub-section below gives details to the item analysis.

3.2.7.2 Item analysis

The item analysis studied the internal reliability of an instrument such as the correlation between different forms of the same measure where the items on each measure represent the same item content and construct (Marczyk, DeMatteo and Festinger, 2005). The Cronbach's alphas measured the internal consistency reliability of the constructs such as the institutional constraints, strategic and structural constrains, management competencies (financial resources, human resources, and information resources), financial growth and organisational growth. Issues to consider include the content validity reports on how well the items developed to operationalize a construct provided an adequate and representative sample of all the items that influence the measured construct of interest (Kimberlin and Winterstein, 2008).

3.2.7.3 *Descriptive statistics*

The descriptive statistics of the study dealt with methods of organising, summarising and presenting data in a convenient and informative way (Keller, 2018:2). Descriptive analysis is conducted and presented in three broad ways (De Vaus, 2014):

- Tabular analysis involving presenting the results of analysis in tables, the simple form of a frequency table and a cross-tabulation.
- Graphical, the frequency of the information contained in a table presented as a graph.
- Statistical provided summary measures of information contained in a set of cases.

The descriptive statistics allowed the researcher to use graphical and tabular descriptive techniques to analyse the data in a meaningful way and to interpret the findings. Moreover, the graphical and tabular technique was used to describe the distribution scores for the demographic information of respondents (age, marital status, academic qualification, occupational background, number of years self-employed, gender, financial institutions, non-financial institutions and ownership structure variables). The measure varied by data type nominal, interval and ordinal data, and standard calculations in statistical program (Keller, 2018). Rendering to De Vaus (2014:203) a key factor in data analysis choice of the research study is the level of measurement of the variable existence. According to Lind, Marchal and Wathen (2012:16), there are four levels of measurement.

- The nominal level, the data are sorted into categories with no order to the categories
- The ordinal level of measurement presumes that one classification is ranked higher than another
- The interval level of measurement has the ranking characteristic of the ordinal level of measurement plus the characteristic that the distance between value is a constant size
- The ratio level of measurement has all the characteristics of the interval level, plus there is a 0 point and the ratio of two values is meaningful.

The method of analysis depends on the complexity of the research questions (De Vaus, 2014:205). According to Singh (2007:135), the type of description appropriate to an analysis depends on the nature of data and variable and hence further classified into univariate, bivariate and multivariate analysis. The main function of descriptive statistics in the study was to provide measure of central tendency, variability, linear relationship, and dispersion and distribution shape. The sub-section below gives details to the central tendency (mean), variability (standard deviation) and linear relationship (correlation).

3.2.7.4 Mean and standards deviation

The arithmetic mean which is also referred to as mean or average is the measure of central location. The mean is calculated by summing the observations and dividing by number of observations (Keller, 2018:87). The standard deviation is a measure of variability. The standard deviation is used to give an accurate result of data variation for a single set of measurement (Wackerly et al., 2008). Therefore, the mean and standard deviation allowed the researcher to extract suitable information. The arithmetic mean and standard deviation were computed for all items that related to institutional constraints, strategic and structural constraints, financial growth, organisational growth, financial resources, information resources and human resources.

3.2.7.5 Correlations

Correlational analysis was conducted to test the direction and strength of the relationship between institutional constraints, strategic and structural constraints, financial growth, organisational growth, information resources, financial resource, and human resources variables. The correlation analysis is a group of technique to measure the relationship between two variables (Lind et al., 2012:463). According to De Vaus (2014:284) correlation coefficient has its own linked measure of statistical inference. Correlation coefficient is a measure of the strength of the linear relationship between two variables (Lind et al., 2012:466). The characteristics of the correlation coefficient (Lind et al., 2012:466) are given below:

- The sample correlation coefficient is identified by the lowercase letter *r*.
- It shows the direction and strength of the linear relationship between two interval- or ratio-scale variables.
- It ranges from -1 up to and including +1
- A value near 0 indicates there is little relationship between the variables.
- A value near 1 indicates a direct or positive relationship between the variables.
- A value near -1 indicates inverse or negative relationship between the variables

Table 3.3: *Guideline to interpreting correlation*

r	Correlation
1	Perfect positive relationship
0.9	Strong positive relationship
0.5	Moderate positive relationship
0.2	Weak positive relationship
0	No correlations
-0.2	Weak negative relationship
-0.5	Moderate negative relationship
-0.9	Strong negative relationship
-1	Perfect negative relationship

Source: Keller (2018)

3.2.7.6 *Structural equation modeling*

The Structural equation modeling (SEM) of the research study consisted of causal modeling that provided a diverse set of statistical methods that is suitable for the constructs in the research data (Kaplan, 2008). The SEM was used to assess whether elements in the institutional constraints, strategic and structural constraints, management competencies and performance of black-owned SMMEs show a good fit with the empirical components established in a structural model. The following threshold to evaluate the accuracy of the model fit was used: Chi-square (χ^2); Degree of Freedom (df); Significance Level (p); Normed Fit Index (NFI); Relative Fit Index (RFI); Tucker-Lewis Index (TLI); Comparative Fit Index (CFI) ; Root-Mean-Square Error of Approximation (RMSEA) and Standardised Root-Mean-Square Residual (SRMR) (Arbuckle, 2017).

3.3 SAMPLING TECHNIQUE

Non-probability sampling is an umbrella term that includes all forms of sampling that do not adhere to probability methods (Jupp, 2006:271). The best strategy for overcoming the obstacles of obtaining a represented sample entails the use of probability sampling (Ruane, 2005:109). A probability sampling denotes the approach where each element of the population has an equal and known chance of selection for inclusion in the sample (Saunders et al., 2016). The key to probability sampling for the research study has been found in the random selection process. This research study followed a probability sampling as an existing sample frame that is available for the study, and the sample provided the generalisation of the research findings. Creswell and Creswell (2018) explained different sampling techniques:

- Random sampling which practice a simple random sample from the entire population.
- Stratified sampling divides the entire population into distinct subgroups called strata.
- Systematic sampling, arrange all members of the population sequentially.
- Cluster sampling; divide the entire population into pre-existing segments or clusters.
- Multistage sampling practices a variety of sampling methods to create successively smaller groups at each stage. The final sample consists of clusters.
- Convenience sampling create a sample by using data from population members that are readily available.

3.3.1 The Sample Elements

The sampling elements of this study in Table 3.4 consisted of retail and wholesale trade; manufacturing; construction transport; accommodation and restaurant; food industry; agriculture/forestry/fishing; garden services; repairs of home appliances; internet services; wedding planner; funeral services; beauty saloons; travel and tours services; computer repairs; and cell phone repair shops.

3.3.1.1 Sector of business operation

The results indicate that 21.2% of the respondents are operating in hospitality sector; 14.4% in transport and logistics; 10.5% in retail sector; 7.1% in agriculture and food; other sectors include street vendors, car wash and second-hand goods with 5.7%; 5.4% in construction; 5.4% in wholesale; 4.5% in communications, while 4.5% in manufacturing; 4.5% in mechanical and automotive; 4.2% in electricity; 3.7% of the respondents are involved in art and craft; 2.5% in financial and business services; 2.3% in gas and water, and 0.3% in mining and quarrying.

Table 3.4: *Frequency of sector of business operation*

Sector of business operation	Frequency	Valid %	Cumulative %
Manufacturing	16	4.5	4.5
Electricity	15	4.2	8.8
Gas and water	8	2.3	11.0
Construction	19	5.4	16.4
Mining and quarrying	1	0.3	16.7
Agriculture and food	25	7.1	23.8
Mechanical and automotive	16	4.5	28.3
Wholesale	19	5.4	33.7
Retail sector	37	10.5	44.2
Art and craft	13	3.7	47.9
Financial and business services	9	2.5	50.4
Funeral services	13	3.7	54.1
Communications	16	4.5	58.6
Transport and logistics	51	14.4	73.1
Hospitality sector	75	21.2	94.3
Others	20	5.7	100.0
Total	353	100.0	

3.3.4 Population and Sample

The population is defined as a group of individuals, objects, or items from among which samples are taken for measurement (Jupp, 2006:271). According to Lind et al. (2012:16), a sample is part of the population. The study aimed to draw conclusions about populations from samples by using inferential statistics to determine a population's characteristics by directly observing only a sample of the population (Singh, 2007:89).

Sampling is defined as the process of selecting the sampling units from the population to estimate population parameters in such a way that the sample truly represents the population (Singh, 2007:89). Sampling is an important element in research planning and design of the study (Jupp, 2006:271). The sample of the study represented a set of targeted respondents selected from a larger population in CTMM for conducting the research. A more detailed sample size is given in the following section.

3.3.5 The Sample Size

The survey objectives, questions and design inform the approach to estimating the sample size (Burns et al., 2008). According to De Vaus (2014:37), the required sample size depends on two key factors such as the degree of accuracy required for the sample and the extent to which there is variation in the population with regard to the characteristics of the study draw. The rationale of using a sample is summarised by (Lind et al., 2012:266):

- To contact the entire population is time consuming
- The cost of studying all the items in a population is expensive
- The physical impossibility of checking all items in the population
- The destructive nature of more or less tests
- The sample results are adequate

There are several sample size calculators available on the internet to calculate the required sample size with different levels of sampling error at different confidence levels and for samples with varying degrees of heterogeneity (De Vaus, 2014:39). The

sample size of this research study encompassed of the moderate population calculated using Raosoft sample size calculator with 5% margin error, 95% confidence level and 50% response distribution (Raosoft, 2017).

Furthermore, the problem of sample size has been accomplished in two ways by employing techniques designed to reduce non-response and draw an initial sample that is larger than required (De Vaus, 2014:42). The study commenced with 544 sample size of black-owned SMMEs in CTMM to increase the respondent rate and to generalise the results to a larger population. The following sub-section is a brief description of reliability and validity.

3.4 RELIABILITY AND VALIDITY

The key aspect discussed in quantitative data analysis are problems relating to reliability and validity (Parahoo, 2014). The term reliability and validity are generally used as synonyms, however with different meaning when applied in statistics (Singh, 2007:76). Reliability and validity are two main concepts that deal with the psychological characteristics of measurement and its precision (Singh, 2007:77). It is essential for the researcher to control the identified sources of error and to report the reliability and validity of measurement used (Kimberlin and Winterstein, 2008).

3.4.1 Reliability of the Questionnaire

Reliability refers to the consistency and trustworthiness of a measurement technique, and it is concerned with the stability of the score obtained from a measure or assessment over time and across settings (Marczyk et al., 2005:103). Pre-testing was used to assess reliability of the research instrument and uncertainty about the reliability of one or more items (Singh, 2007). The reliability of the research study was determined through a variety of methods (Marczyk et al., 2005:105):

- Test-retest reliability, the stability of test scores over time and comprised of repeating the same test on at least one other occasion.
- Split-half reliability, the administration of a single test that was divided into two equal halves.

- Alternate-form reliability, the correlation between different forms of the same measure where the items on each measure represented the same item content and construct.
- Interrater reliability determined the agreement between different judges and evaluating the performance of others.

Table 3.5 depicts the rule of thumb to interpreting the reliability of the questionnaire (George and Mallery, 2003).

Table 3.5: *Guideline to interpreting Cronbach's alpha*

Cronbach's alpha	Internal consistency
$\alpha \geq 0.9$	Excellent
$0.9 > \alpha \geq 0.8$	Good
$0.8 > \alpha \geq 0.7$	Acceptable
$0.7 > \alpha \geq 0.6$	Questionable
$0.6 > \alpha \geq 0.5$	Poor
$0.5 > \alpha$	Unacceptable

Source: George and Mallery (2003)

Table 3.6 illustrates the acceptable value of the Cronbach alpha related to the acceptability (reliability) of the questionnaire in this study.

Table 3.6: *Cronbach alpha values*

<u>CRONBACH ALPHA VALUES</u>		
Construct of variables	Cronbach	Reliability
Institutional constraints	0.867	Good
Strategic and structural constraints	0.930	Excellent
Financial growth	0.783	Acceptable
Organisational growth	0.959	Excellent
Information resource	0.909	Excellent
Financial resource	0.911	Excellent
Human resource	0.953	Excellent

3.4.2 Validity of the Questionnaire

The process of developing and validating the research instrument is in large part focused on reducing error in the measurement process (Kimberlin and Winterstein, 2008). Validity denotes the approach to measurement used in the research study measures what it is intended to measure (Parahoo, 2014).

The researcher had the duty to be concerned with both external and internal validity (Singh, 2007). The ability to generalise sample findings or information to the larger population is known as external validity (Ruane, 2005:105). The external validity is the degree to which research results can be generalised to other conditions, participants, times, and places (Marczyk et al., 2005).

Internal validity of this research study discussed the true causes, which resulted in the outcome below (Singh, 2007):

- Face validity referred to validity that establishes the fact that the measure apparently reflects the content of the concept in question.
- The construct validity, judged based on the accumulation of evidence from the literature review using a specific measuring instrument
- Content validity reported on how well the items developed to operationalize a construct provide an adequate and representative sample of all the items that might measure the construct of interest (Kimberlin and Winterstein, 2008).
- Criterion- related validity was responsible for evidence based on how well scores on the new measure correlate with other measures of the same construct in the literature review (Kimberlin and Winterstein, 2008).

3.5 ETHICAL CONSIDERATION

There is ethical consideration at every stage of the research process including the choice of the topic to research, the selection of the design and the publication of the findings (Parahoo, 2014:101). The ethical principle is concerned with justice, integrity equality, fairness, and individual rights. According to Fowler (2014:147), the researcher needs to take into account some ethical considerations when carrying out

research regarding human topics. The researcher, fieldworkers and statistician carried out the investigation in order to find answers to the research questions. As part of maintaining ethical requirements, the research study addressed the following key ethical dilemma:

- University of South Africa (UNISA) ethics committee granted the ethical clearance certificate.
- The gatekeeper certificate was granted by City of Tshwane.
- Gaining informed consent to participate in the research study and respecting participants' rights to refuse to take part at any stage (See appendix C).
- The purpose of the study and role of the fieldworkers (See appendix D).

3.6 CHAPTER SUMMARY

This chapter discussed the research methodology followed in this study. It outlined, described, and discussed the research design, sampling techniques, reliability, and validity of the questionnaire. The chapter also outlined and discussed the ethical considerations.

The next chapter reports the results obtained from the analysed data collected for this study.

CHAPTER 4: RESULTS AND DISCUSSION

This chapter discusses the findings of the statistical analyses. This chapter reports on the descriptive statistics, item analysis, and dimensionality, correlations analysis and structural equation modelling.

4.1 DESCRIPTIVE STATISTICS

4.1.1 Demographics

In this section, the demographics variables are presented.

4.1.1.1 *Composition of the sample according to education*

Table 4.1 and Figure 4.1 below show the educational qualification distribution of the sample. Over a third (36.5%) had a matric as their qualification, 23.8% had no matric, 11.9% had a diploma, while 10.2% had a college certificate and 5.9% had a vocational qualification. A few (5.4%) had an advanced certificate whereas 4% had a bachelor degree. Very few (2%) had an advanced diploma and 0.3% had a post-graduate diploma.

Table 4.1: *Educational distribution of the sample (n=353)*

Education	Frequency	Valid %	Cumulative %
< Matric	84	23.8	23.8
Matric	129	36.5	60.3
College certificate	36	10.2	70.5
Vocational qualification	21	5.9	76.5
Advanced certificate	19	5.4	81.9
Diploma	42	11.9	93.8
Advanced diploma	7	2.0	95.8
Bachelor's degree	14	4.0	99.7
Post-graduate diploma	1	0.3	100.0
Total	353	100.0	

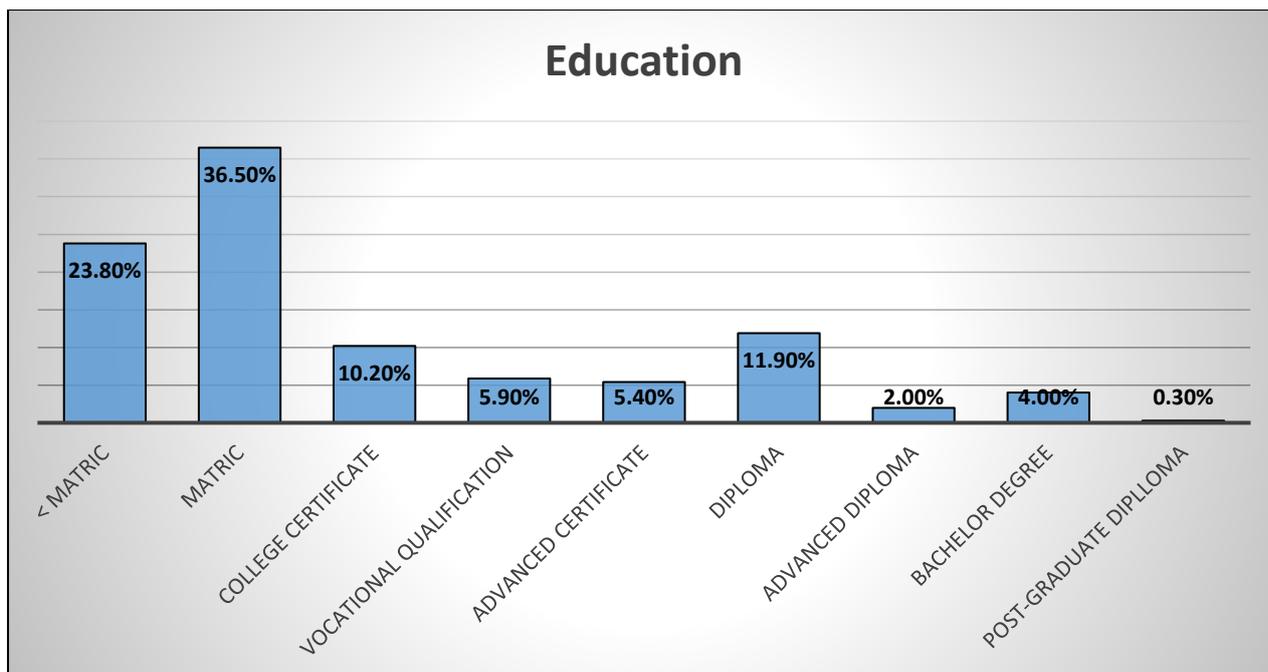


Figure 4.1: Sample distribution by education (n = 353)

Table 4.1 and Figure 4.1 depict that most SMMEs owners completed matric. There is a positive relationship between SMMEs owners' level of education and business growth (Peters et al., 2014). In most cases few black South Africans are enrolled in pre-primary schooling, fewer obtain a post-school qualification and the quality of secondary schooling is in many cases are poor (BASA, 2019:222).

4.1.1.2 Composition of the sample according to number of years in the business

Table 4.2 and Figure 4.2 below present number of years in the business distribution of the sample. One third of the sample (39.9%) were between 1 and 3 years in the business, 26.6% were between 4 and 5 years, 21.2% were between 6 and 10 years and 5.9% were in the business fore more than 10 years.

Table 4.2: *Number of years in the business distribution of the sample (n=353)*

Number of years in the business	Frequency	Valid %	Cumulative %
< 1 Year	54	15.3	15.3
1-3 Years	109	30.9	46.2
4-5 Years	94	26.6	72.8
6-10 Years	75	21.2	94.1
> 10 Years	21	5.9	100.0
Total	353	100.0	

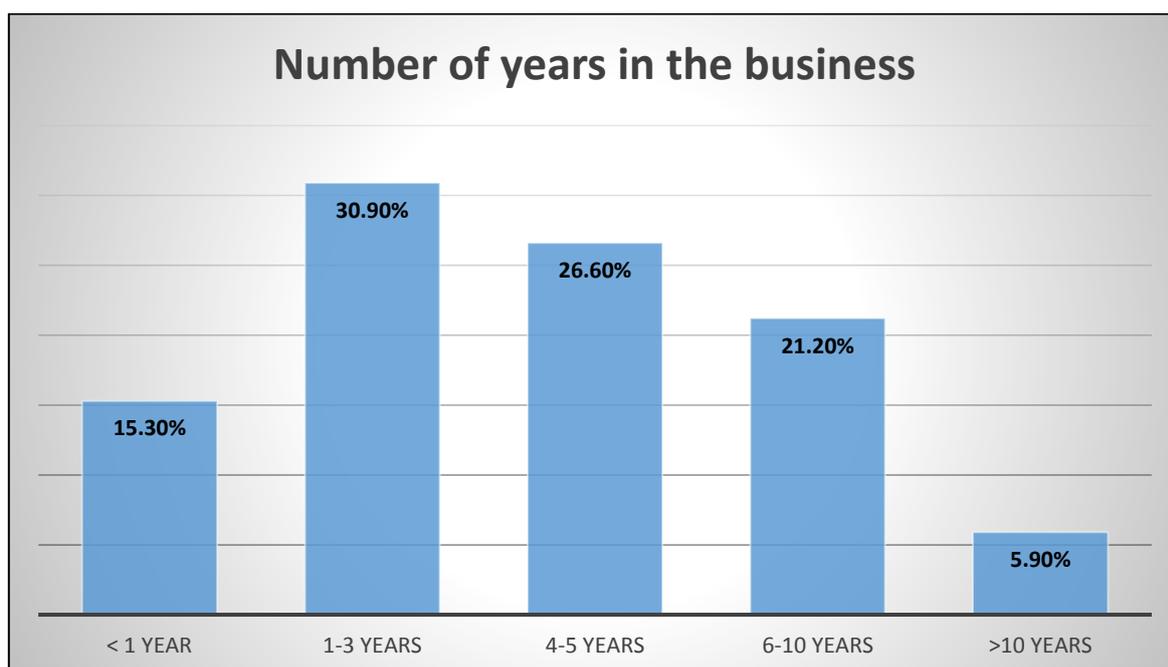


Figure 4.2: Sample distribution by Number of Years in the business (n = 353)

As shown in Table 4.2 and Figure 4.2 most participants indicated that they have been in operation for 1-3 years. While, the research conducted by Kinyua (2014) found that the number of years in operations increased the performance of SMMEs.

4.1.2 Financial and Non-Financial Institutions

In this section, the financial and non-financial institutions variables are presented.

4.1.2.1 Level of awareness of various financial institutions that support Black-owned SMMEs

The results indicate that 65.2 % were not aware and 34.8% of respondents were aware of various financial institutions that support SMMEs.

Table 4.3: Level of awareness of various financial institutions (n=353)

Level of awareness	Frequency	Valid %	Cumulative %
Yes	123	34.8	34.8
No	230	65.2	100.0
Total	353	100.0	

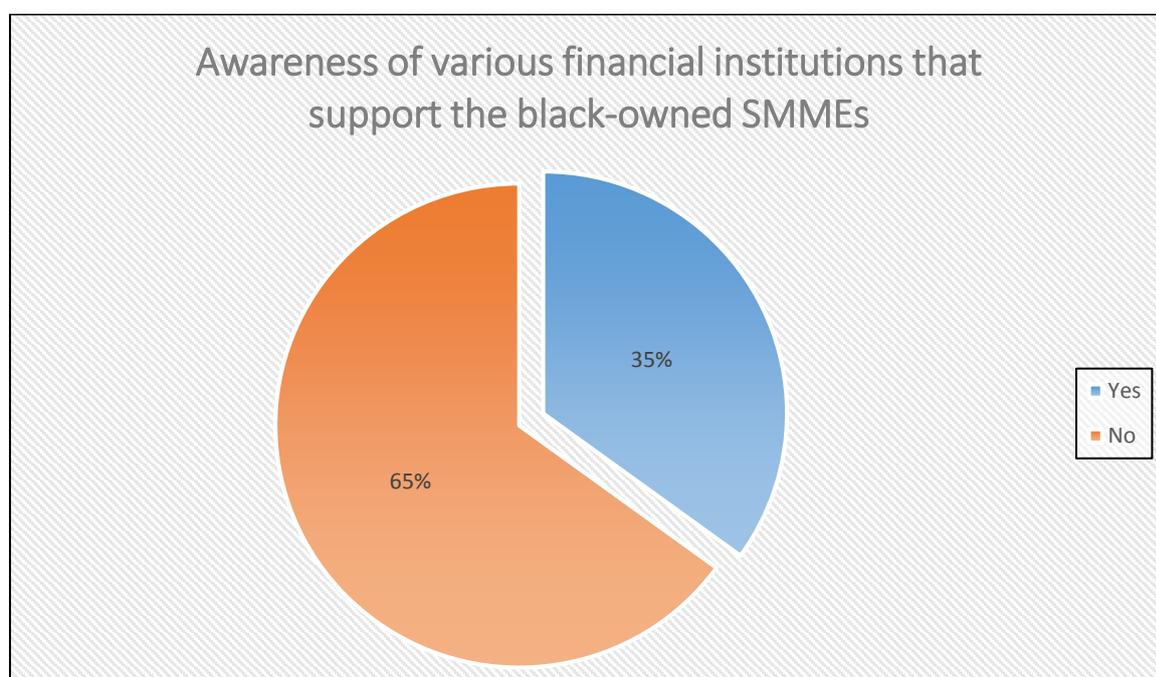


Figure 4.3: Sample distribution by awareness of various financial institution (n = 353)

Most participants as shown in Table 4.3 and Figure 4.3 were not aware of various financial institutions that support the black-owned SMMEs. The research conducted in Nigeria by Abdullar et al. (2015) indicated that although government and financial institutions support SMMEs in Nigeria, SMMEs fall short of opportunities.

4.1.2.2 Financial institutions that support the Black-owned SMMEs

The results indicate that 27.8% of respondent under no circumstances did not access finance from the financial institution. While 15.6% of respondents previously accessed finance from NYDA; 4.0% from SEFA; 2.5% from ABSA; 2.3% from FNB; 2.0% from Standard Bank; 1.7% from IDC; 1.7% from DTI; 1.7% from Nedbank; 1.7% from NDA; 1.4% from NEF, 1.1% from DBSA, 0.8% from Land Bank, 0.6% from CBDA and 0.3% from Black Umbrella.

Table 4.4: Frequency of financial institutions that supported the black-owned SMMEs (n=353)

Financial institutions	Frequency	Valid %	Cumulative %
NYDA	55	15.6	15.6
SEFA	14	4.0	19.6
NEF	5	1.4	21.0
IDC	6	1.7	22.7
DBSA	4	1.1	23.8
Land Bank	3	0.8	24.6
DTI	6	1.7	26.3
CBDA	2	0.6	26.9
NDA	6	1.7	28.6
Black Umbrella	1	0.3	28.9
Standard bank	7	2.0	30.9
FNB	8	2.3	33.2
Nedbank	6	1.7	34.9
ABSA	9	2.5	37.4
Other	221	62.6	100.0
Total	353	100.0	

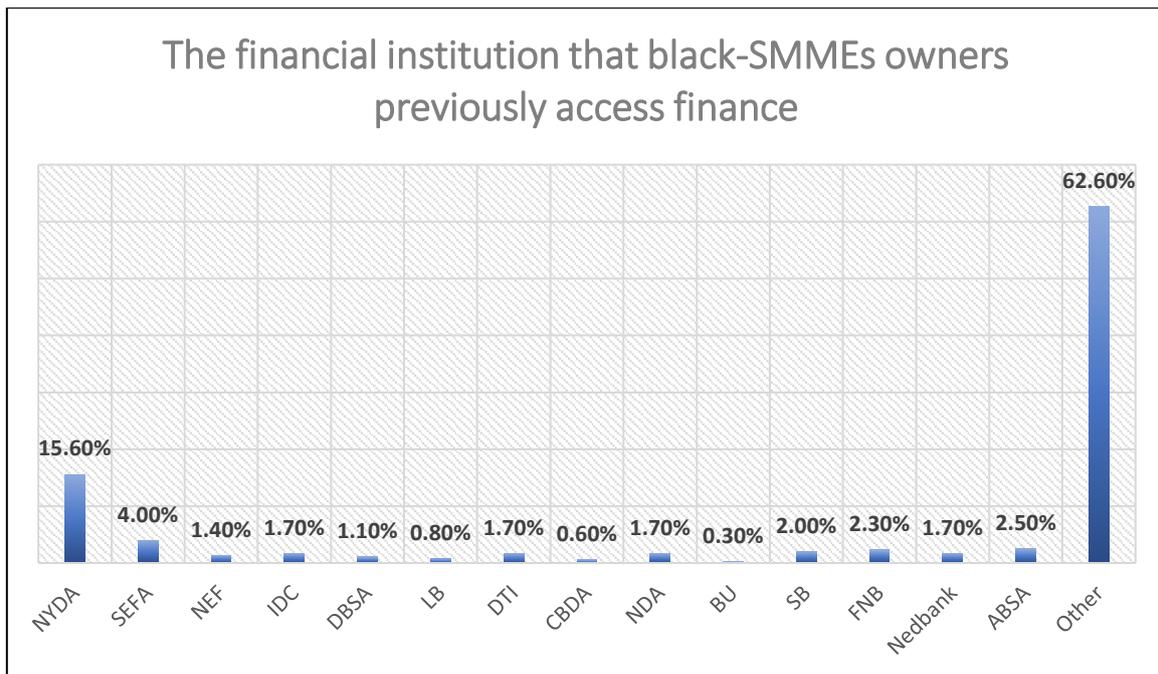


Figure 4.4: Sample distribution by the financial institutions that black-owned SMMEs owners previously access finance (n = 353)

Results presented in Table 4.4 and Figure 4.4 show that most participants did not seek any form of financial assistance. Prior studies evaluated the SMMEs performance and access to finance as SMMEs owners not sufficiently making use of various funding avenues offered by external sources, which has been the major factor that has added to the failure of SMMEs in the early years of establishment (Cant et al., 2014).

4.1.2.3 Level of awareness of various non-financial institutions

The results indicate that 72.2% were not aware and 27.5% of respondents were aware of various non-financial institutions that support SMMEs.

Table 4.5: Level of awareness of various non-financial institutions that support (n=353)

Level of awareness	Frequency	Valid %	Cumulative %
Yes	98	27.8	27.8
No	255	72.2	100.0
Total	353	100.0	

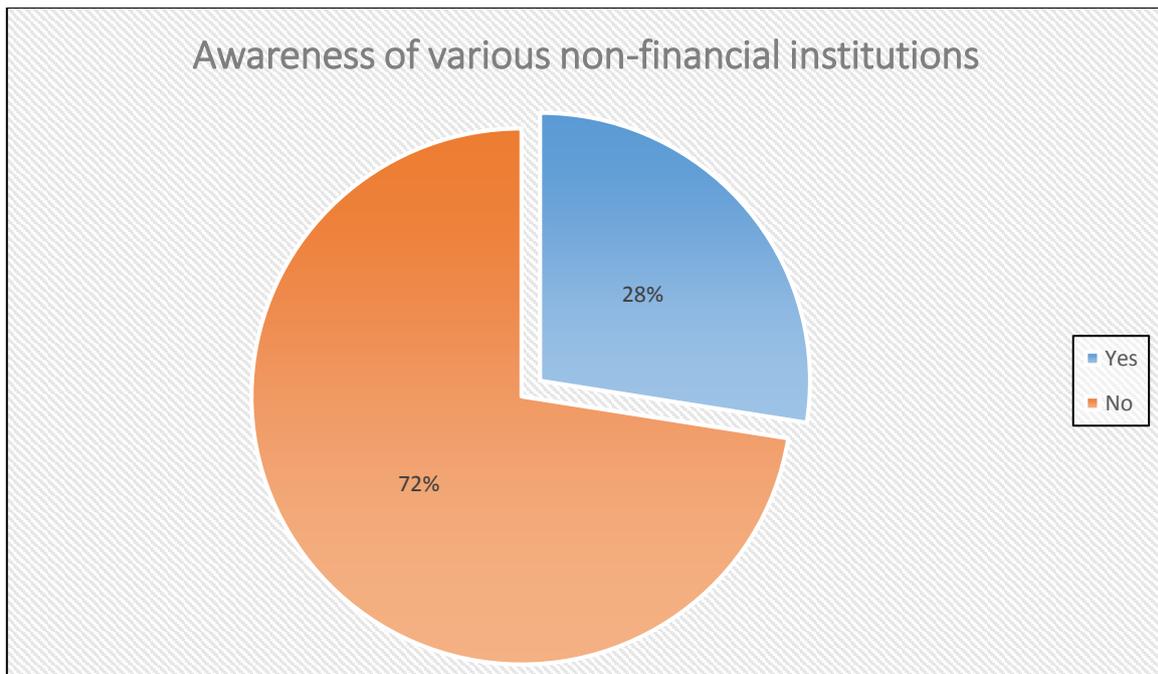


Figure 4.5: Sample distribution by awareness of various non-financial institutions (n = 353)

Most participants as shown in Table 4.5 and Figure 4.5 were not aware of various non-financial institution. Ladzani et al. (2012) also agree with other scholars, as most of the respondents did not know of government agencies that offer financial assistance, training, and guidance to entrepreneurs and SMMEs.

4.1.2.4 *Non-financial Institution the black-owned SMMEs previously access support*

The results in Table 4.6 indicate that 72.2% of respondents did not access the support from non-financial institutions. While 9.1% of respondents previously accessed support from small enterprise development agency; 4.0% from company and intellectual property commission; 3.7% Proudly South African. A few, 3.4% from South African women entrepreneurs' network; 2.0% from national empowerment fund, 2.0% South African Bureau of standards; 1.7% from DTI-incentive schemes; 1.1% from Gauteng enterprise propeller; 0.6% from technology innovation agency and very few, 0.3% from Enterprisation- South Africa institute of chartered accountants.

Table 4.6: *Frequency of non-financial institution the black-owned SMMEs previously access support (n=353)*

Non-financial institutions	Frequency	Valid %	Cumulative %
Company and intellectual property commission	14	4.0	4.0
Small Enterprise Development Agency	32	9.1	13.0
National Empowerment Fund	7	2.0	15.0
Department of Trade and Industry-Incentive schemes	6	1.7	16.7
Technology Innovation Agency	2	0.6	17.3
South African Women Entrepreneurs' Network	12	3.4	20.7
Gauteng Enterprise Propeller	4	1.1	21.8
Enterprisation- South African Institute of Chartered Accountants	1	0.3	22.1
South African Bureau of Standards	7	2.0	24.1
Proudly South African	13	3.7	27.8
Other	255	72.2	100.0
Total	353	100.0	

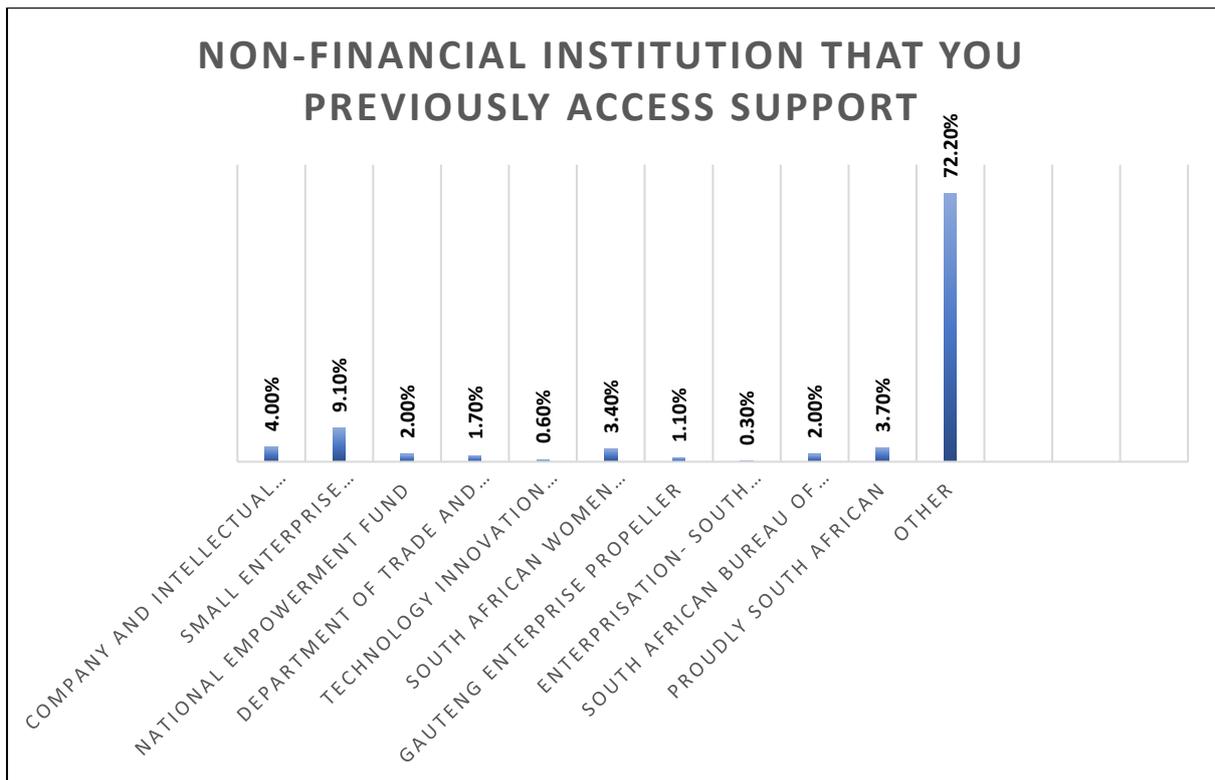


Figure 4.6: Sample distribution by non-financial institution that the black-owned SMMEs owners previously access support (n = 353)

Most participants in Table 4.6 and Figure 4.6 indicated that they did not access any form of support from non-financial institution. Woodward et al. (2014), maintain that the South African government has tried to strengthen the growth strategy of black-owned SMMEs in post-1994 era by providing the SMMEs with institutions and SMMEs owners are not keen to access non-financial support due to lack of knowledge of available non-financial institutions.

4.1.3 OWNERSHIP STRUCTURE

4.1.3.1 Years of business in the province

As presented in Table 4.7 and Figure 4.7, 33.7% of the respondents have been in operation for 1-3 years, 26.3% have been in operation for 4-5 years. A considerable number of respondents, 20.7% have been in operation for 6-10 years, while 13% have been in operation for less than a year and 6.2% has been in operation for more than 10 years. This result indicates that the majority of black-owned SMMEs in CTMM

namely 73% have been for less than five years. However, 27% of black-owned SMMEs have been in operation for more than five years.

Table 4.7: *Number of years, the business operating in the province (n=353)*

Years of business in the province	Frequency	Valid %	Cumulative %
Less than one (1) year	46	13.0	13.0
1-3 years	119	33.7	46.7
4-5 years	93	26.3	73.1
6-10 years	73	20.7	93.8
More than 10 years.	22	6.2	100.0
Total	353	100.0	

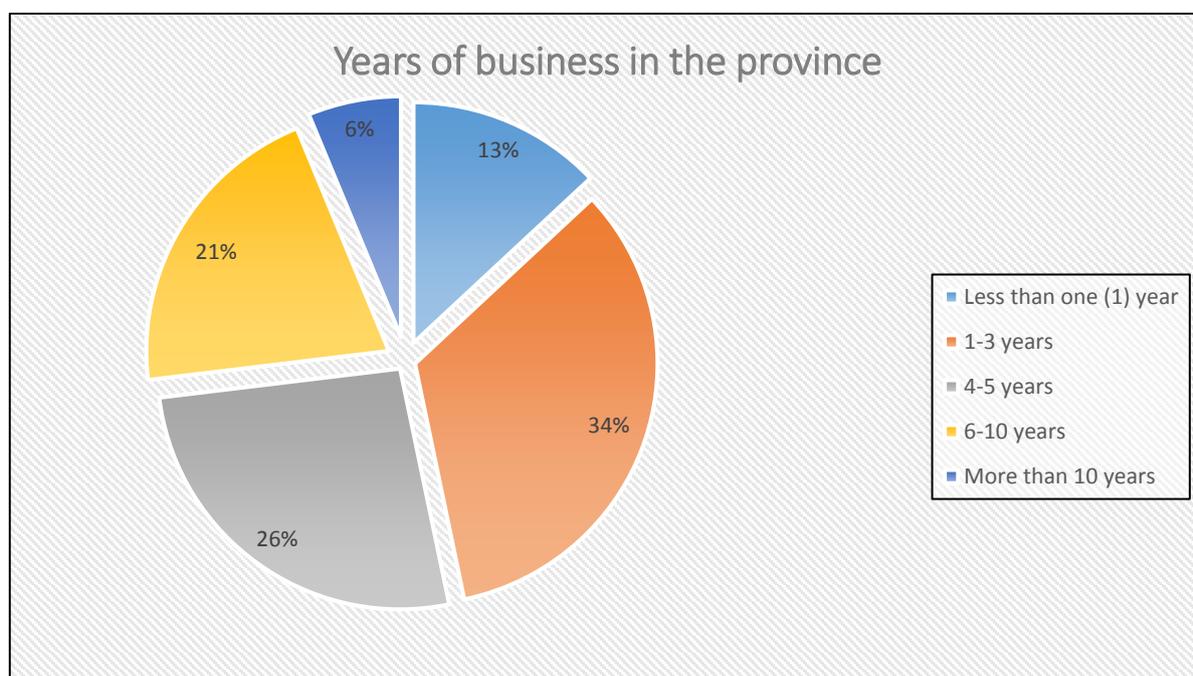


Figure 4.7: Sample distribution by Years of business in the province (n = 353)

Most participants in the province, as presented in Table 4.7 and Figure 4.7 have been in operation for 1-3 years. The number of years in operations increased the performance of SMMEs (Kinyua, 2014).

4.1.3.2 Legal status of business

From Table 4.8 and Figure 4.8, 32% of the respondents are sole proprietorships, 31.7% of the respondents registered the business with the Company and Intellectual Property Commission (CIPC) as the close corporation but operate the business as the partnership due to the incompetence of the members, 21.8 % are partnership, 5.9% are close corporation, 7.9% are private companies and 0.3 % are public companies. This result indicates that most of the black-owned SMMEs are sole proprietorships and not registered.

Table 4.8: *Legal status of business (n=353)*

Legal status of business	Frequency	Valid %	Cumulative %
Sole proprietorship	113	32.0	32.0
Partnership	77	21.8	53.8
Close corporation	21	5.9	59.8
Company (private)	28	7.9	67.7
Company (public)	1	0.3	68.0
Not registered	112	31.7	99.7
Other	1	0.3	100.0
Total	353	100.0	

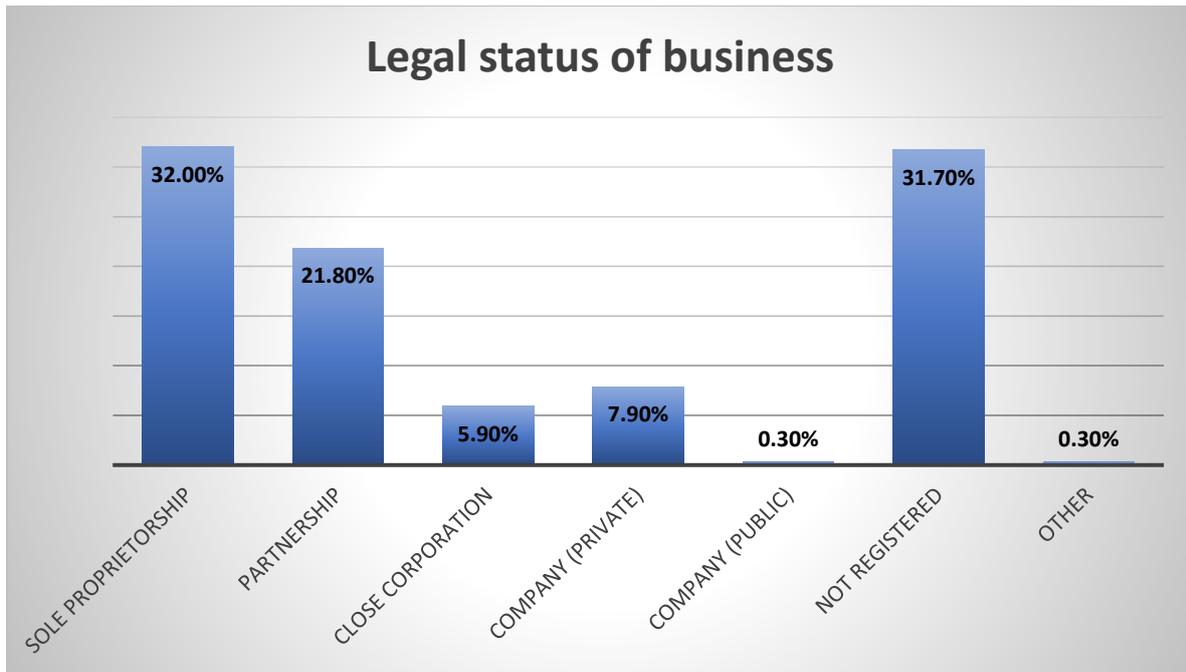


Figure 4.8: Sample distribution by legal status of business (n = 353)

Most participants as in Table 4.8 and Figure 4.8 registered their businesses as sole proprietorship. Legal status of business does not tell a one size fits all prescription, moderately preferences differ according to growth goals, the nature of ownership, age of firm, firm size, and sector (Riding et al., 2012).

4.1.3.3 Path of business

From Table 4.9 and Figure 4.9, most of the respondents 77.6% started the businesses on their own and 13.6% joined family or friend business. Whereas 5.7% took over the existing ventures, 2.8% bought an existing business while 0.3% of the black-owned SMMEs owners respondents with other.

Table 4.9: *Path of business (n=353)*

Path of business	Frequency	Valid %	Cumulative %
Started the business	274	77.6	77.6
Franchised	10	2.8	80.5
Joined family or friend business	48	13.6	94.1
Expanded an already existing business	20	5.7	99.7
Other	1	0.3	100.0
Total	353	100.0	

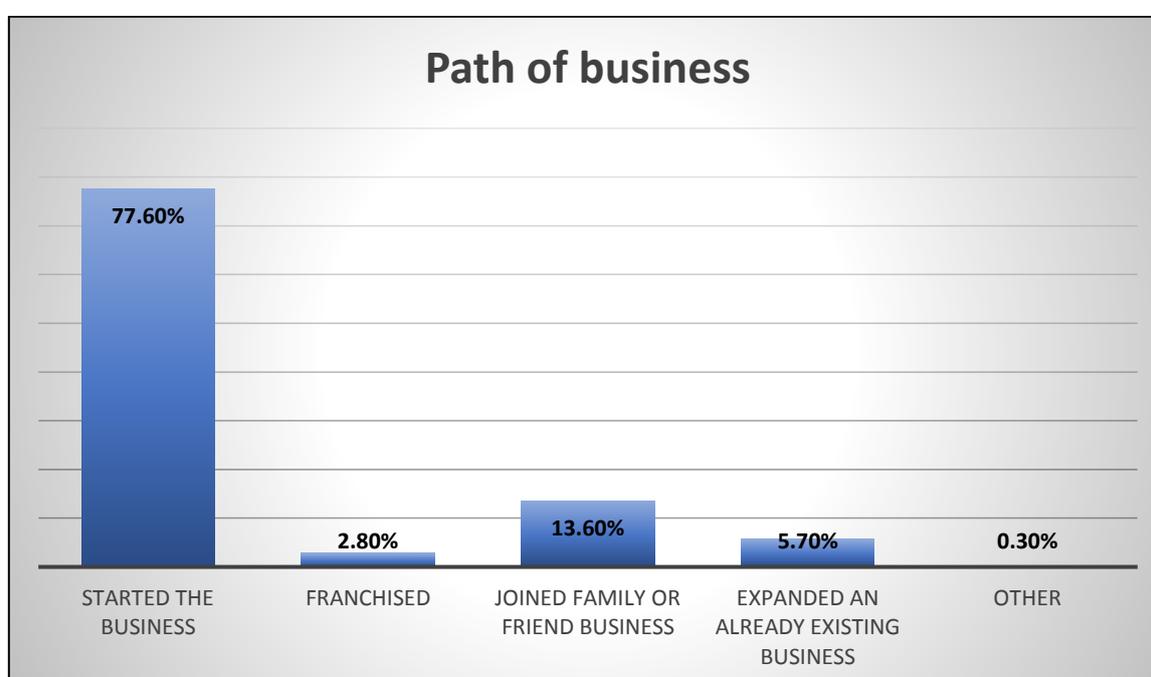


Figure 4.9: Sample distribution by path of business (n = 353)

Table 4.9 and Figure 4.9 show that majority of SMMEs owners started their businesses.

4.1.3.4 Source of start-up

The results in Table 4.10 indicate that 69.4 % of respondents used the personal savings to start a business; 13.6% got the loan from the banks; 13.3% got the loan from family and friends while 2.8 % used government loans and 0.8% sold the existing business.

Table 4.10: *Source of start-up (n=353)*

Source of start-up	Frequency	Valid %	Cumulative %
Personal savings	245	69.4	69.4
Loan from family and friends	47	13.3	82.7
Loan from the bank	48	13.6	96.3
Loan from government	10	2.8	99.2
Sold the existing business	3	0.8	100.0
Total	353	100.0	

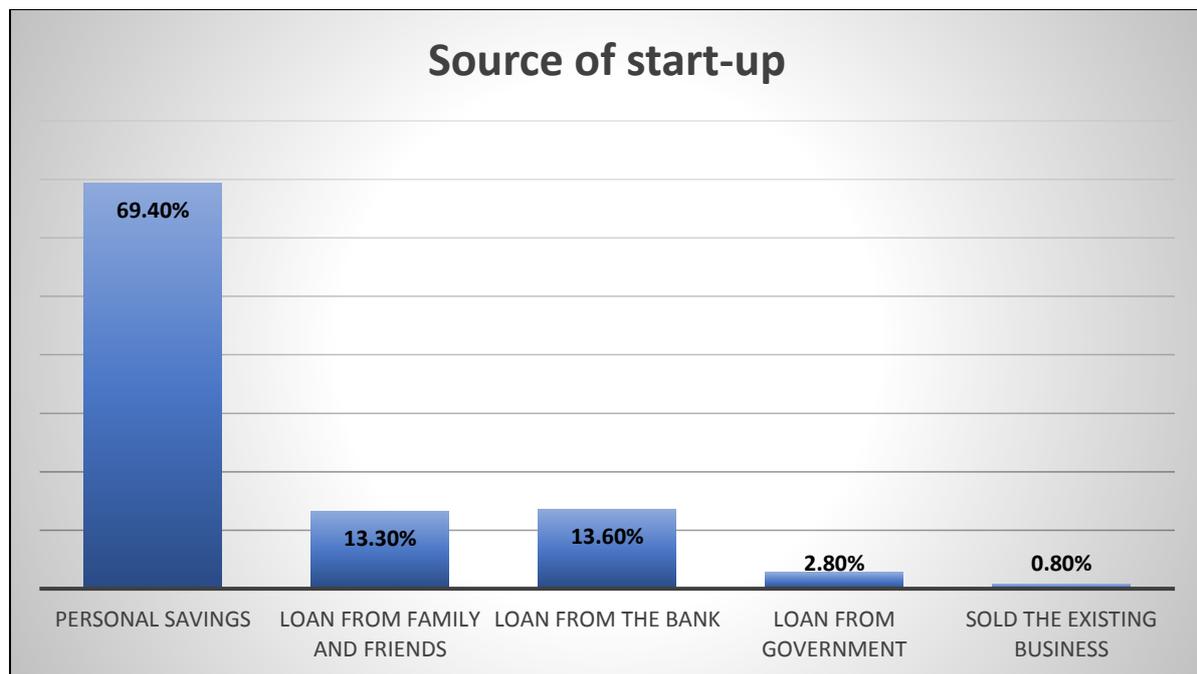


Figure 4.10: Sample distribution by source of start-up (n = 353)

Most participants in Table 4.10 and Figure 4.10 funded the business from personal savings. Oyelana and Adu (2015:12) research in Fort Beaufort found that the most sources of business finance are personal savings, loan from family and friends, loan from the bank, external support and loan from government. Originally, the SMMEs financing in most cases originated from internally generated funds, complemented by borrowings from family and friends as well as informal sources and moneylenders (Kasseeah and Thoplan, 2012). Similarly, Fatoki (2013:140) also found that a considerable number of new SMMEs depend on internal finance such as contribution from the owners, family, and friends.

4.1.3.5 Turnover (Annual Sales)

The results indicate that 81.3% of respondents generate less than R150 000 annual sales in the business, 15.9% of the respondents generate R200 000- R500 000 annual sales and 2.8% generate R2 million-R25 million annual sales in the business.

Table 4.11: Annual turnover (n=353)

Annual turnover	Frequency	Valid %	Cumulative %
< R150 000	287	81.3	81.3
R200 000-R500 000	56	15.9	97.2
R2 million-R25 million	10	2.8	100.0
Total	353	100.0	

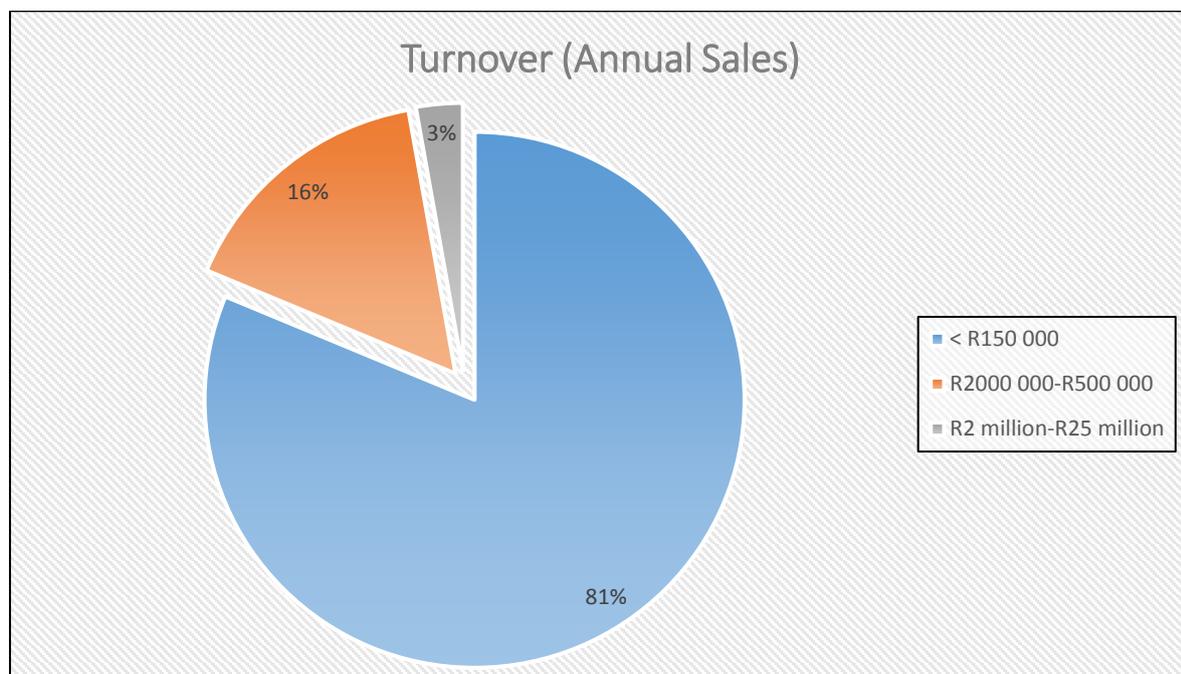


Figure 4.11: Sample distribution by turnover (n = 353)

Table 4.11 and Figure 4.11 show that majority of SMMEs owners' turnover is less than R150 000. The research conducted in Canada by Gill and Biger (2012) reported the sales level of SMMEs, positively influence the growth of SMMEs.

4.1.3.6 The first business

The results show that majority of the respondents (79.6%) indicated that their current business was the first one while 20.4% of the respondents indicated that they had other businesses besides the current one.

Table 4.12: First business (n=353)

First business	Frequency	Valid %	Cumulative %
Yes	281	79.6	79.6
No	72	20.4	100.0
Total	353	100.0	

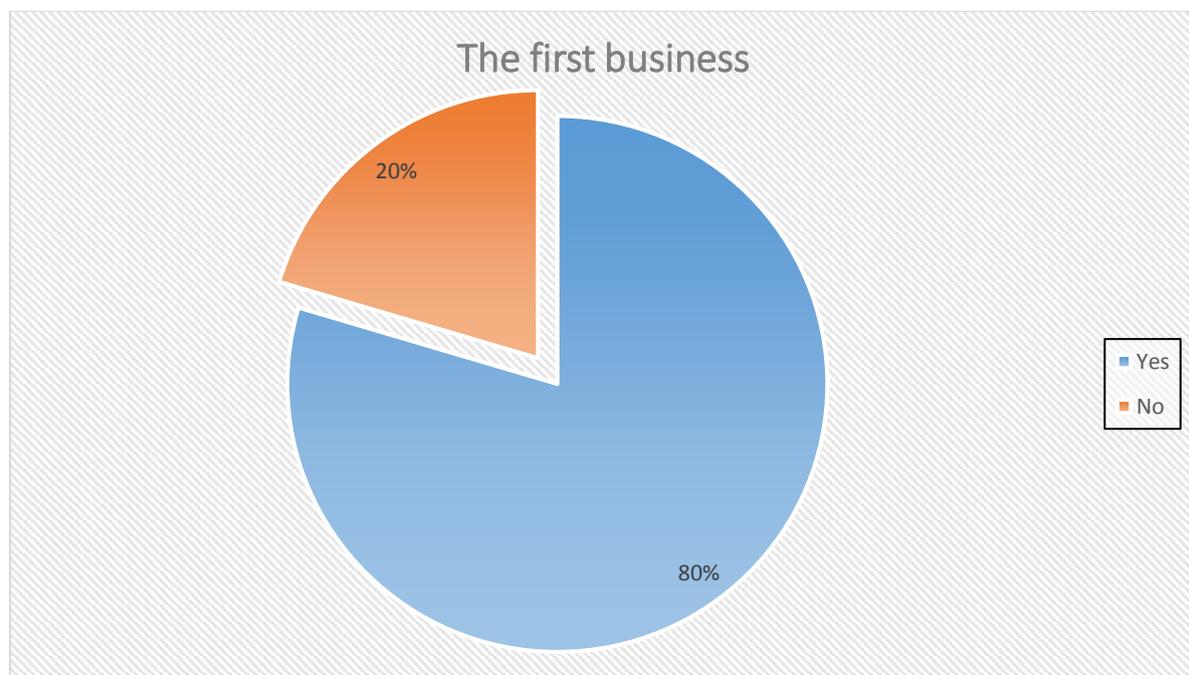


Figure 4.12: Sample distribution by the first business (n = 353)

Most participants in Table 4.12 and Figure 4.12 indicate that their current business was the first one. Fatoki (2012:21) briefly outlined the failure rate of new SMMEs in South Africa as one of the highest in the world.

4.1.3.7 What happened to the business?

The results indicate that 75.9% of the respondents were not sure what happened to the first business that they owned, 11.9% of the black-owned SMMEs are still operating; 10.2% of the prior black-owned SMMEs were liquidated and 2% of the prior black-owned SMMEs have been sold out.

Table 4.13: *What happened to the business (n=353)*

What happened to the business	Frequency	Valid %	Cumulative %
Bankrupt (Liquidated)	36	10.2	10.2
Business is successful	42	11.9	21.1
Acquisition (Sold)	7	2.0	24.1
Others	268	75.9	100.0
Total	353	100.0	

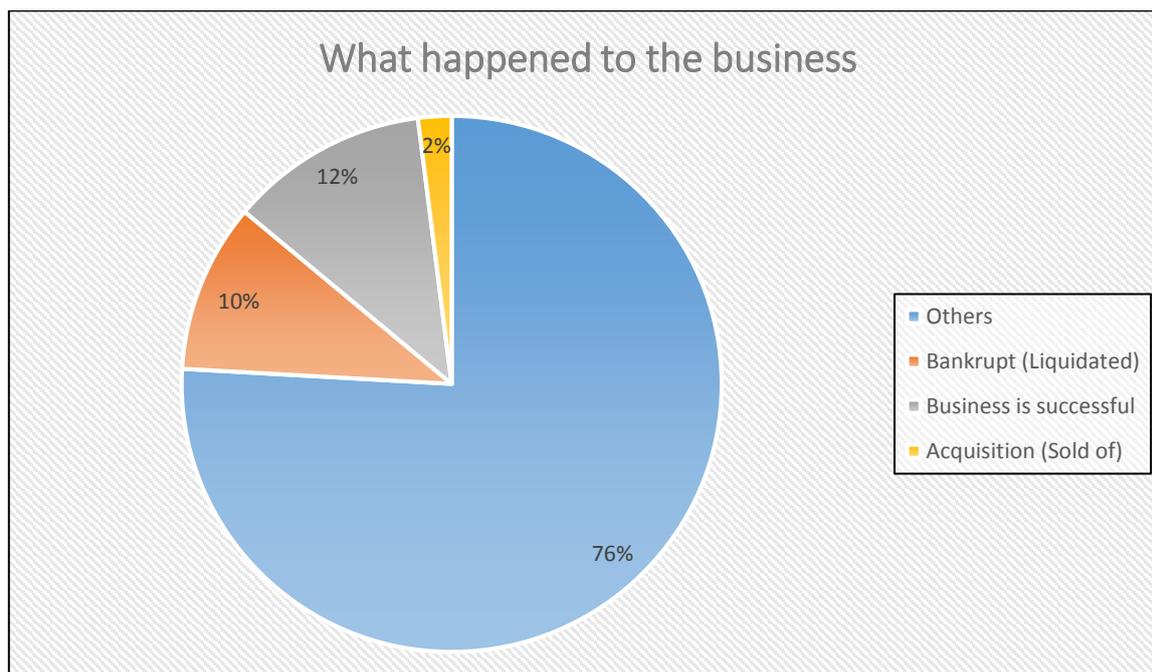


Figure 4.13: Sample distribution of what happened to the business (n = 353)

Most participants in Table 4.13 and Figure 4.13 provided other reasons as to what happened to the business that they owned. The lack of management skills, lack of financial support and lack of business training are the major causes of SMME failure (Kambwale et al., 2015).

4.1.3.8 Reasons for closure of the business

The results indicate that 87.3% found other factors contributing to the failure of the business. While 3.7 % lacked the source of income, 3.1 % of the respondents did not get some form of assistance and 2% of the respondents indicated that all the factors have affected their business in the past; 1.7 % lacked collateral security; 1.1 % indicated that the regulatory environment was not favourable; 0.8% lacked credit access and 0.3 % lacked the adequate information.

Table 4.14: *Reasons for closure of the business (n=353)*

Reasons for closure of the business	Frequency	Valid %	Cumulative %
No form of assistance	11	3.1	3.1
Lack of adequate information	1	0.3	3.4
Lacking credit access	3	0.8	4.2
Lacking the source of income	13	3.7	7.9
Unfriendly regulatory environment	4	1.1	9
Lack of collateral	6	1.7	10.7
All the above	7	2.0	12.7
Other	308	87.3	100.0
Total	353	100.0	

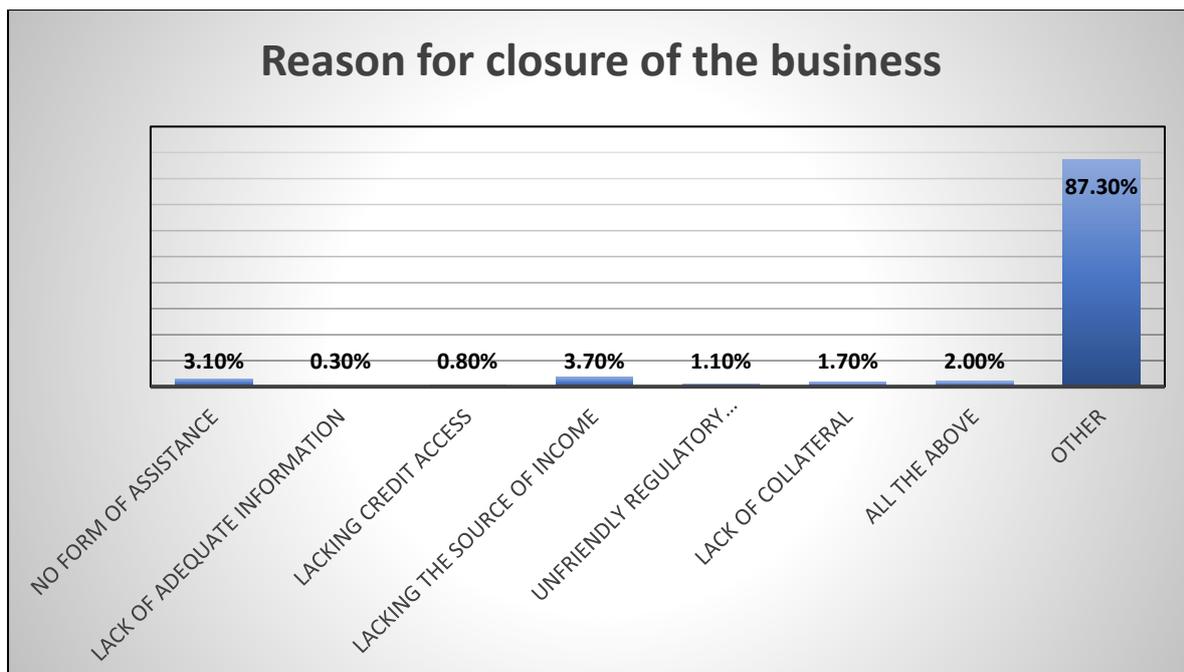


Figure 4.14: Sample distribution by reason for closure of the business (n = 353)

Table 4.14 and Figure 4.14 shows that majority of SMMEs owners' respondent that the business not at once experienced closure. For instance, other researchers have found SMMEs facing problems in getting access to funding due to the peculiar characteristics such as small size of the business, lacking credit histories, lacking adequate information and high-risk perceptions (Mazanai and Fatoki, 2012). The evidence from other scholars suggest that SMMEs in the Gauteng Metropolitan are not maintained adequately particularly in the areas of financial management skills and expertise (Agwa-Ejon and Mbohwa, 2015).

4.2 MEAN AND STANDARD DEVIATIONS

As Table 4.15 below shows, the mean scores ranged from ($M = 3.66$ to $M=3.78$). The sample of participants obtained relatively highest mean score on the institutional constraints ($M=5.78$; $SD = 1.04$) variable, followed by information resources ($M=5.65$; $SD = 1.73$), strategic and structural constraints ($M= 5.07$; $SD = 1.12$), financial resources ($M=4.99$; $SD = 1.62$), human resources ($M=4.79$; $SD =1.57$), organisational growth ($M=4.01$; $SD = 1.59$) and the lowest mean score on financial growth ($M=3.66$; $SD = 1.46$) variables.

Table 4.15: Mean and standards deviations (n=353)

Variables	Min	Max	Mean	SD
Institutional constraints	1.00	7.00	5.78	1.04
Strategic and structural constraint	1.68	7.00	5.07	1.12
Financial growth	1.00	7.00	3.66	1.46
Organisational growth	1.00	7.00	4.01	1.59
Information resources	1.17	8.17	5.65	1.73
Financial resources	1.00	7.00	4.99	1.62
Human resources	1.00	7.00	4.79	1.57

As Table 4.15 depicted, the mean scores ranged from (M = 3.66 to M =3.78). The sample of participants obtained relatively highest mean score on the institutional constraints (M=5.78; SD = 1.04) variable, followed by information resources (M=5.65; SD = 1.73), strategic and structural constraints (M= 5.07; SD = 1.12), financial resources (M=4.99; SD = 1.62), human resource (M=4.79; SD =1.57), organisational growth (M=4.01; SD = 1.59) and the lowest mean score on financial growth (M=3.66; SD = 1.46) variables. This finding is consistent with the findings of Garwe and Fatoki (2012); Seabela and Fatoki (2014) and Mazanai and Fatoki (2012) who also found that SMMEs owners are above average in certain capabilities.

4.3 ITEM ANALYSIS

Data were collected from the participants by means of a questionnaire explained in chapter 3. An item analysis using SPSS version 25 was used to determine the reliability of the construct variables. The reason for conducting item analysis was to improve the reliability coefficients of the questionnaire items by detecting and excluding items that did not add value to internal consistency of the measured variables.

4.3.1 Institutional constraints

The Cronbach alpha obtained for the information scale was 0.867. This reliability coefficient can be regarded as acceptable, values for the Cronbach's alpha coefficient should be above 0.70 (Tabachnick and Fidell, 2014). An investigation of the item-total correlations in the correlated-item total correlation column in Table 4.16 shows that all the values are acceptable since they are all above the recommended 0.30 cut-off level (Pallant, 2016). Furthermore, the item statistics indicate what could happen to the total scale if an item is deleted. Noticeably, deleting a poor item would result in a significant increase in the Cronbach's alpha whereas removing a good item decreases the reliability coefficient. In this case none of the item would result in a significant increase in alpha when deleted. Therefore, all the items were retained.

Table 4.16: *Reliability of the institutional constraints*

Reliability statistics					
Cronbach's alpha		Cronbach's alpha based on standardized items		N of Items	
0,867		0.869		5	
Item-total statistics					
Item	Scale mean if item deleted	Scale variance if item deleted	Corrected item-total correlation	Squared multiple correlation	Cronbach's alpha if item deleted
SA1	23.36	17.220	0.659	0.510	0.849
SA2	23.11	17.426	0.734	0.565	0.828
SA3	23.14	17.677	0.730	0.533	0.829
SA4	22.95	19.105	0.652	0.491	0.849
SA5	23.04	18.411	0.685	0.526	0.840

4.3.2 Strategic and structural constraints

Table 4.17 below shows the Cronbach alpha obtained for the strategic structure and constraints scale was 0.937. This reliability coefficient can be regarded as acceptable since values for the Cronbach's alpha coefficient should be above 0.70 (Tabachnick and Fidell, 2014). An investigation of the item-total correlations in the correlated-item total correlation column in Table 4.17 shows that all the values are acceptable since

they are all above the recommended 0.30 cut-off level (Pallant, 2016). Furthermore, the item statistics indicates what could happen to the total scale if an item is deleted. Noticeably, deleting a poor item would result in a significant increase in the Cronbach's alpha whereas removing a good item decreases the reliability coefficient. In this case, none of the item would result in a significant increase in alpha when deleted. Therefore, all the items were retained.

Table 4.17: *Reliability of strategic and structural constraints*

Reliability statistics					
Cronbach's alpha		Cronbach's alpha based on standardized items		N of Items	
0,930		0.930		22	
Item-total statistics					
Item	Scale mean if item deleted	Scale variance if item deleted	Corrected item-total correlation	Squared multiple correlation	Cronbach's alpha if item deleted
SB14	106.47	564.960	0.395	0.473	0.931
SB15	106.87	532.915	0.762	0.788	0.924
SB16	106.72	530.948	0.752	0.744	0.924
SB17	106.76	540.913	0.658	0.582	0.926
SB18	105.82	576.878	0.428	0.505	0.930
SB19	106.05	572.821	0.483	0.519	0.929
SB20	105.60	580.621	0.400	0.353	0.930
SB21	107.08	542.861	0.598	0.512	0.927
SB22	106.32	550.041	0.661	0.520	0.926
SB23	106.61	550.926	0.637	0.500	0.926
SB24	105.96	567.837	0.570	0.500	0.928
SB25	105.91	565.804	0.569	0.445	0.928
SB26	106.39	550.342	0.670	0.515	0.926
SB27	106.69	542.213	0.651	0.630	0.926
SB28	106.52	541.938	0.714	0.697	0.925
SB29	106.59	538.123	0.763	0.701	0.924
SB30	105.82	583.736	0.297	0.249	0.932
SB31	107.39	542.284	0.567	0.520	0.928
SB32	105.99	565.077	0.503	0.451	0.929
SB33	106.24	551.882	0.675	0.585	0.926
SB34	106.08	556.184	0.683	0.595	0.926
SB35	106.16	554.378	0.594	0.570	0.927

4.3.3 Financial growth

The financial growth scale had an internal consistency coefficient Cronbach's alpha of 0.783 which is above the recommended guideline of 0.70 (Tabachnick and Fidell, 2014). The corrected item-total correlation showed that all items correlated were above 0.30 with the total score (Pallant, 2016). None of the items in the scale were dropped. The item-total statistics indicated the Cronbach alpha would increase to 0.913 if the item SC3 is deleted. This item was excluded from all the subsequent analyses since it was seen as a poor item (see Table 4.18).

Table 4.18: *Reliability of financial growth*

Reliability statistics					
Cronbach's alpha		Cronbach's alpha based on standardized items			N of Items
0,783		0.775			3
Item-total statistics					
Item	Scale mean if item deleted	Scale variance if item deleted	Corrected item-total correlation	Squared multiple correlation	Cronbach's alpha if item deleted
SC1	10.81	17.514	0.729	0.724	0.651
SC2	10.72	18.141	0.796	0.758	0.619
SC3	11.68	28.231	0.156	0.058	0.913

4.3.4 Organisational growth

As can be observed in Table 4.19 below, the Cronbach alpha obtained for the organisational growth scale was 0.959. This reliability coefficient can be regarded as acceptable, values for the Cronbach's alpha coefficient should be above 0.70 (Tabachnick and Fidell, 2014). An investigation of the item-total correlations in the correlated-item total correlation column in Table 4.19 shows that all the values are acceptable since they are all above the recommended 0.30 cut-off level (Pallant, 2016). Furthermore, the item statistics indicates what could happen to the total scale if an item is deleted. Noticeably, deleting a poor item would result in a significant increase in the Cronbach's alpha whereas removing a good item decreases the

reliability coefficient. In this case none of the item would result in a significant increase in alpha when deleted. Therefore, all the items were retained.

Table 4.19: *Reliability of organisational growth*

Reliability statistics					
Cronbach's alpha		Cronbach's alpha based on standardized items		N of Items	
0,959		0.959		11	
Item-total statistics					
Item	Scale mean if item deleted	Scale variance if item deleted	Corrected item-total correlation	Squared multiple correlation	Cronbach's alpha if item deleted
SC4	40.31	261.275	0.743	0.705	0.957
SC5	40.14	255.378	0.796	0.770	0.956
SC6	40.27	253.126	0.831	0.761	0.954
SC7	39.92	254.912	0.837	0.761	0.954
SC8	39.69	254.829	0.798	0.657	0.955
SC9	40.59	259.583	0.709	0.543	0.958
SC10	40.05	251.637	0.837	0.742	0.954
SC11	39.64	250.168	0.824	0.769	0.955
SC12	39.99	250.872	0.860	0.785	0.953
SC13	39.77	248.034	0.837	0.811	0.954
SC14	39.96	252.484	0.806	0.774	0.955

4.3.5 Information resources

Table 4.20 below shows that the Cronbach alpha obtained for the information resource scale was 0.909. This reliability coefficient can be regarded as acceptable as values for the Cronbach's alpha coefficient should be above 0.70 (Tabachnick and Fidell, 2014).

An investigation of the item-total correlations in the correlated-item total correlation column in Table 4.20 shows that all the values are acceptable since they are all above the recommended 0.30 cut-off level (Pallant, 2016). Furthermore, the item statistics indicates what could happen to the total scale if an item is deleted. In fact,, deleting a

poor item would result in a significant increase in the Cronbach's alpha whereas removing a good item decreases the reliability coefficient. In this case none of the item would result in a significant increase in alpha when deleted. Therefore, all the items were retained.

Table 4.20: *Reliability of information resources*

Reliability statistics					
Cronbach's alpha		Cronbach's alpha based on standardized items			N of Items
0,909		0.907			8
Item-total statistics					
Item	Scale mean if item deleted	Scale variance if item deleted	Corrected item-total correlation	Squared multiple correlation	Cronbach's alpha if item deleted
SD1	33.54	110.425	0.711	0.525	0.897
SD2	34.35	107.143	0.707	0.604	0.898
SD4	33.82	109.727	0.763	0.645	0.892
SD14	33.90	107.166	0.816	0.687	0.888
SD19	33.54	126.641	0.386	0.191	0.920
SD21	33.76	109.428	0.712	0.582	0.897
SD23	33.83	109.177	0.768	0.661	0.892
SD24	34.16	105.134	0.778	0.659	0.891

4.3.6 Financial resources

As shown in Table 4.21 below the Cronbach alpha obtained for the information resource scale was 0.911. This reliability coefficient can be regarded as acceptable as it is above the recommended threshold value, 0.70 (Tabachnick and Fidell, 2014). An investigation of the item-total correlations in the correlated-item total correlation column in Table 4.21 shows that all the values are acceptable since they are all above the recommended 0.30 cut-off level (Pallant, 2016). Furthermore, the item statistics indicates what could happen to the total scale if an item is deleted. Noticeably, deleting a poor item would result in a significant increase in the Cronbach's alpha whereas removing a good item decreases the reliability coefficient. In this case, none of the item would result in a significant increase in alpha when deleted. Therefore, all the items were retained.

Table 4.21: *Reliability of financial resources*

Reliability statistics					
Cronbach's alpha		Cronbach's alpha based on standardized items		N of Items	
0,911		0.912		5	

Item-total statistics					
Item	Scale mean if item deleted	Scale variance if item deleted	Corrected item-total correlation	Squared multiple correlation	Cronbach's alpha if item deleted
SD5	19.90	41.999	0.793	0.668	0.888
SD6	19.98	44.153	0.786	0.654	0.890
SD7	20.10	41.368	0.833	0.724	0.879
SD9	19.91	42.063	0.798	0.685	0.886
SD16	20.08	44.213	0.672	0.459	0.913

4.3.7 Human resources

The human resources scale had an internal consistency coefficient Cronbach's alpha of 0.953 which is above the recommended guideline of 0.70 (Tabachnick and Fidell, 2014). The corrected item-total correlation showed that all items correlated were above 0.30 with the total score (Pallant, 2016). An investigation of the item-total correlations in the correlated-item total correlation column in Table 4.22 shows that all the values are acceptable since they are all above the recommended 0.30 cut-off level (Pallant, 2016). Furthermore, the item statistics indicates what could happen to the total scale if an item is deleted (see Table 4.22).

Table 4.22: *Reliability of human resources*

Reliability statistics					
Cronbach's alpha		Cronbach's alpha based on standardized items		N of Items	
0,953		0.953		11	
Item-total statistics					
Item	Scale mean if item deleted	Scale variance if item deleted	Corrected item-total correlation	Squared multiple correlation	Cronbach's alpha if item deleted
SD3	47.99	244.108	0.767	0.604	0.949
SD8	48.02	246.525	0.769	0.617	0.949
SD10	48.05	242.163	0.820	0.736	0.947
SD11	47.93	243.921	0.851	0.765	0.946
SD12	47.72	258.248	0.662	0.492	0.952
SD13	48.17	244.166	0.830	0.717	0.947
SD15	47.88	243.202	0.813	0.700	0.947
SD17	47.56	250.542	0.679	0.520	0.952
SD18	47.86	245.018	0.808	0.684	0.948
SD20	48.25	239.635	0.812	0.694	0.947
SD22	47.82	243.942	0.818	0.700	0.947

Prior to the determination of the fit measurement, item analysis was performed. The purpose was to determine the Cronbach alpha coefficients of all the scales as well as to identify items that were not relating with other items before merging items into linear composites that represent the variables when fitting the overall models to the data. This was achieved using the item statistics estimates provided as part of output from the reliability analysis available in SPSS version 25 (Pallant, 2016). Items relating below 0.30 and items that would result in an increase on the Cronbach alpha were considered problematic and were eliminated from the analysis (see Table 4.16 to Table 4.22). Most of the scale reliabilities ranged from 0.783 to 0.959 (Tabachnick and Fidell, 2014).

4.4 DIMENSIONALITY ANALYSIS

This section presents the exploratory factor analysis results of the questionnaire used in this study. The factor analysis was performed to determine if variables have a similar pattern of responses. Yong and Pearce (2013) indicate that the main purpose for the

exploratory factor analysis is to summarize the data that relates to the relationships and patterns, to easily interpret and understand. This helps in the process of separating the concepts. Exploratory factor analysis is perceived as a notion that the measurable and observable variables can be reduced in order to have limited latent variables that share a common variance and are unobservable (Tabachnick and Fidell, 2014).

The EFA is used in this study to confirm the uni-dimensionality for each of the subscales used in the study. The factor analysis was used as a way of identifying the items with insufficient loadings as well as to split the components into two or more homogenous subsets of the item if the uni-dimensionality is not achieved (Tabachnick and Fidell, 2014). The eigenvalue greater than 1 was used to determine the number of factors of factors to be extracted.

4.4.1 Dimensional analysis

4.4.1.1 Dimensional analysis of the institutional constraints

The institutional constraints obtained a Kaiser-Meyer-Olkin measure of sampling adequacy value of 0.834 and the Bartlett's Test of Sphericity test statistic value was 839.659 ($df = 10$; $p = 0.00$) which endorsed for the identity matrix null hypothesis to be rejected. There was therefore strong indication that the correlation matrix was factor analysable. "The Kaiser-Meyer-Olkin (KMO) is said to be a measure of sampling adequacy and reflects the ratio of the sum of the squared inter-item correlations to the sum of the squared inter-item correlations plus the sum of the squared partial inter-item correlations, summed across all correlations.

When the KMO approaches unity, or at least achieves a value bigger than 0.60, the correlation matrix is believed factor analysable" (Tabachnick and Fidell, 2014). All the items of the institutional constraints scale were included in the dimensionality analysis as none of the items were found to be problematic item in the item analysis. One factor was extracted subsequently the extracted factor obtained an eigenvalue of 3.281. A total variance of 65.61% was accounted for by the institutional constraints factor. The

factor matrix showed that the items loaded on one factor and all factor loadings ranged between 0.782 and 0.838 (see table 4.23).

Table 4.23: *KMO and Bartlett's test/factor matrix for the institutional constraints*

KMO and Bartlett's test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		0.834
Bartlett's Test of Sphericity	Approx. Chi-Square	839.659
	Df	10
	Sig.	0.000
Factor matrix		
Item	Factor	
	1	
SA1	0.782	
SA2	0.836	
SA3	0.838	
SA4	0.783	
SA5	0.810	

4.4.1.2 *The dimensionality analysis of the strategic and structural constraints*

The strategic and structural constraints obtained a Kaiser-Meyer-Olkin measure of sampling adequacy value of 0.929 and the Bartlett's Test of Sphericity test statistic value was 4437.684 ($df = 231$; $p = 0.00$) which endorsed for the identity matrix null hypothesis to be rejected. There was therefore strong indication that the correlation matrix was factor analysable. "The Kaiser-Meyer-Olkin (KMO) is said to be a measure of sampling adequacy and reflects the ratio of the sum of the squared inter-item correlations to the sum of the squared inter-item correlations plus the sum of the squared partial inter-item correlations, summed across all correlations. When the KMO approaches unity, or at least achieves a value bigger than 0.60, the correlation matrix is believed factor analysable" (Tabachnick and Fidell, 2014).

All the items of the strategic and structural constraints scale were included in the dimensionality analysis as none of the items were found to be problematic item in the item analysis. One factor was extracted, subsequently the extracted factor obtained an eigenvalue of 9.039. A total variance of 43.035% was accounted for by the strategic

and structural constraints factor. The factor matrix showed that the items loaded on one factor and all factor loadings ranged between 0.437 and 0.803 (see table 4.24).

Table 4.24: *KMO and Bartlett's test/factor matrix for strategic and structural constraints*

KMO and Bartlett's test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		0.929
Bartlett's Test of Sphericity	Approx. Chi-Square	4437.684
	Df	231
	Sig.	0.000
Factor matrix		
Item	Factor	
	1	
SB14	0.437	
SB15	0.789	
SB16	0.785	
SB17	0.697	
SB18	0.464	
SB19	0.522	
SB20	0.437	
SB21	0.641	
SB22	0.703	
SB23	0.679	
SB24	0.614	
SB25	0.615	
SB26	0.717	
SB27	0.698	
SB28	0.758	
SB29	0.803	
SB30	0.338	
SB31	0.616	
SB32	0.559	
SB33	0.722	
SB34	0.729	
SB35	0.645	

4.4.1.3 *The dimensionality analysis of the financial growth*

During the item analysis process one of the items (SC3) was removed from the analysis as it was a problematic item, hence it was not included in the dimensional analysis. The financial scale obtained a Kaiser-Meyer-Olkin measure of sampling adequacy value of 0.735 and the Bartlett's Test of Sphericity test statistic of Achieved a value of 781.939 ($df = 6$; $p = 0.00$) which allowed for the identity matrix null hypothesis to be rejected. There was therefore strong evidence that the correlation matrix was factor analysable. Only one factor with an eigenvalue greater than 1 was obtained and a variance of 64.99% was accounted for. The factor matrix shows that all the items loaded on one factor. These factor loadings were between 0.903 and 0.938. The results of the factor structure can be observed in Table 4.25 below.

Table 4.25: *KMO and Bartlett's test/factor matrix for financial growth*

KMO and Bartlett's test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		0.735
Bartlett's Test of Sphericity	Approx. Chi-Square	781.939
	Df	6
	Sig.	0.000
Factor matrix		
Item	Factor	
	1	
SC2	0.938	
SC1	0.917	
SC5	0.903	

4.4.1.4 *The dimensionality analysis of the organisational growth*

The organisational growth obtained a Kaiser-Meyer-Olkin measure of sampling adequacy value of 0.943 and the Bartlett's Test of Sphericity test statistic value was 3405.074 ($df = 45$; $p = 0.00$) which endorsed for the identity matrix null hypothesis to be rejected. There was therefore strong indication that the correlation matrix was factor analysable. Only one factor with an eigenvalue greater than 1 was obtained and a variance of 71.59% was accounted for. The factor matrix shows that all the items

loaded on one factor. These factor loadings were between 0.754 and 0.896. The results of the factor structure can be observed in Table 4.26 below.

Table 4.26: *KMO and Bartlett's test/factor matrix for organisational growth*

KMO and Bartlett's test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		0.943
Bartlett's Test of Sphericity	Approx. Chi-Square	3405.074
	Df	45
	Sig.	0.000
Factor matrix		
Item	Factor	
	1	
SC12	0.896	
SC13	0.881	
SC10	0.877	
SC11	0.867	
SC7	0.863	
SC14	0.854	
SC6	0.853	
SC8	0.840	
SC4	0.764	
SC9	0.754	

4.4.1.5 *The dimensionality analysis of the information resources*

The information resources obtained a Kaiser-Meyer-Olkin measure of sampling adequacy value of 0.903 and the Bartlett's Test of Sphericity test statistic value was 1740.409 ($df = 28$; $p = 0.00$) which endorsed for the identity matrix null hypothesis to be rejected. There was therefore strong indication that the correlation matrix was factor analysable. Only one factor with an eigenvalue greater than 1 was obtained and a variance of 62.72% was accounted for. The factor matrix shows that all the items loaded on one factor. These factor loadings were between 0.782 and 0.874. The results of the factor structure can be observed in Table 4.27 below.

Table 4.27: *KMO and Bartlett's test/factor matrix for information resources*

KMO and Bartlett's test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		0.903
Bartlett's Test of Sphericity	Approx. Chi-Square	1740.409
	Df	28
	Sig.	0.000
Factor matrix		
Item	Factor	
	1	
SD14	0.874	
SD24	0.841	
SD23	0.837	
SD4	0.835	
SD21	0.790	
SD1	0.787	
SD2	0.782	

4.4.1.6 *The dimensionality analysis of the financial resources*

Table 4.28 below shows that the financial resources obtained a Kaiser-Meyer-Olkin measure of sampling adequacy value of 0.861 and the Bartlett's Test of Sphericity test statistic value was 1218.769 ($df = 10$; $p = 0.00$) which endorsed for the identity matrix null hypothesis to be rejected. There was therefore strong indication that the correlation matrix was factor analysable. Only one factor with an eigenvalue greater than 1 was obtained and a variance of 74.12% was accounted for. The factor matrix shows that all the items loaded on one factor. These factor loadings were between 0.779 and 0.901. The results of the factor structure can be observed in Table 4.28 below.

Table 4.28: *KMO and Bartlett's test/factor matrix for financial resources*

KMO and Bartlett's test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		0.861
Bartlett's Test of Sphericity	Approx. Chi-Square	1218.769
	Df	10
	Sig.	0.000
Factor matrix		
Item	Factor	
	1	
SD7	0.901	
SD9	0.877	
SD5	0.874	
SD6	0.869	
SD16	0.779	

4.4.1.7 *The dimensionality analysis of the human resources*

Table 4.29 below shows that the human resources obtained a Kaiser-Meyer-Olkin measure of sampling adequacy value of 0.957 and the Bartlett's Test of Sphericity test statistic value was 3243.434 ($df = 55$; $p = 0.00$) which endorsed for the identity matrix null hypothesis to be rejected. There was therefore strong indication that the correlation matrix was factor analysable. Only one factor with an eigenvalue greater than 1 was obtained and a variance of 74.12% was accounted for. The factor matrix shows that all the items loaded on one factor. These factor loadings were between 0.715 and 0.883. The results of the factor structure are presented in Table 4.29 below.

Table 4.29: *KMO and Bartlett's test/factor matrix for human resources*

KMO and Bartlett's test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		0.957
Bartlett's Test of Sphericity	Approx. Chi-Square	3243.434
	Df	55
	Sig.	0.000
Factor matrix		
Item	Factor	
	1	
SD11	0.883	
SD13	0.865	
SD10	0.857	
SD22	0.853	
SD15	0.851	
SD20	0.849	
SD18	0.844	
SD8	0.812	
SD3	0.810	
SD17	0.730	
SD12	0.715	

4.5 CORRELATIONAL ANALYSIS

The relationship between variables was calculated by means of Pearson product-moment correlations. These correlations helped to determine the strength and direction of the relationship among institutional constraints, strategic and structural constraints, financial growth, organisational growth, information resources, and financial resource and human resources variables.

Table 4.30 below shows that the variables correlated positively and significantly ($r \geq 0.13 \geq r \geq 0.88$; a small to large practical effect; $p \leq .05$), and negatively and significantly ($r \leq -0.41 \leq r \geq -0.64$; a medium to large practical effect; $p \leq .05$). The results indicate that institutional constraints correlated significantly, with strategic and structural constraints ($r = 0.25$; small effect; $p \leq 0.05$), information resources ($r = 0.13$; small effect; $p \leq 0.05$) variables.

A significant negative correlation was found also between strategic and structural constraints and financial growth ($r = -0.41$; medium effect; $p \leq 0.05$), organisational growth ($r = -0.63$; large effect; $p \leq 0.05$). A positive correlations was found between strategic structural constraints and information resources ($r = 0.79$; large effect; $p \leq 0.05$), financial resources ($r = 0.74$; large effect; $p \leq 0.05$) and human resource ($r = 0.78$; large effect; $p \leq 0.05$) variables.

A significant positive correlation was established between financial growth variables and the organisational growth ($r = 0.80$; large effect; $p \leq 0.05$). A significant negative correlation was established between financial growth and information resource ($r = -0.44$; medium effect; $p \leq 0.05$) financial resources ($r = -0.39$; medium effect; $p \leq 0.05$) and human resources ($r = -0.46$; medium effect; $p \leq 0.05$) variables.

A significant negative correlation was found between organisational growth and information resources ($r = -0.62$; large effect; $p \leq 0.05$), financial resources ($r = -0.56$; large effect; $p \leq 0.05$), and human resources ($r = -0.64$; large effect; $p \leq 0.05$) variables. A significant positive correlation was observed between information resources and financial resources ($r = 0.87$; large effect; $p \leq 0.05$), human resources ($r = 0.88$; large effect; $p \leq 0.05$), while financial resources correlated positively and significantly with human resources ($r = 0.88$; large effect; $p \leq 0.05$).

Table 4.30: Correlations between institutional constraints, strategic and structural constraints, financial growth, organisational growth, information resources, financial resource, and human resources (N=353).

Table 4.30: *Correlations (n=353)*

Variables	Institutional constraints	Strategic and structural constraints	Financial growth	Organisational growth	Information resources	Financial resources	Human resources
Institutional constraints	1	.25*	-0.07	-0.09	.13*	0.06	0.09
Strategic and structural constraints		1	-.41**	-.63***	.79***	.74***	.78***
Financial growth			1	.80***	-.44**	-.39**	-.46**
Organisational growth				1	-.62***	-.56***	-.64***
Information resources					1	.87***	.88***
Financial resources						1	.88***
Human resources							1

Note: N = 353. ***p ≤ .001 **p ≤ .01 *p ≤ .05.

+ r ≥ .29 (small effect); ++ r ≥ .30 ≥ r ≤ .49 (medium effect); +++ r ≥ .50 (large effect)

Table 4.30 presents the correlations between institutional constraints, strategic and structural constraints, information resources, financial resource and human resources and both financial growth and organisational growth. The results suggest that institutional constraints correlated positively with information resources. This can be explained by the fact that, participants who perceive that government is providing good structure, rules and norms that regulate social behaviour, they were likely to access information resources provided. These findings are consistent with those by Fatoki (2013), who found that institutional constraints influence participant's level of perception with regard to information resources.

The results suggest that strategic and structural constraints related positively and significantly with information resources, financial resources, and human resources. This implies that participants perceive strategic and structural constraints as the main influence on information resources, financial resources, and human resources. Therefore, the higher the strategic and structural constraints, the higher the demand for financial resources, information resources and human resources.

The results indicated that strategic and structural constraints related negatively with financial growth. This implies that participants perceived strategic and structural constraints as the main obstacle to financial growth. Therefore, the higher the strategic and structural constraints, the lower the financial growth of SMMEs.

It is also indicated by the results that strategic and structural constraints related negatively with organisational growth, indicating that the higher the organisational growth the lower the strategic and structural constraints. This can be explained by the fact that, when the SMMEs owners have less strategic and structural constraints to deal with, it enhances the likelihood of the organisation to perform well.

The results suggest also that information resources related negatively with financial growth, indicating that the higher financial growth the lower the information resources. This implies that SMMEs owners do not perceive the information resources as a way growing the organisation financially.

The results also show that financial resources related negatively with financial growth. This implies that the SMMEs owners observed the financial resources as a less required resource to grow the organisation financially.

The results suggest also that human resources related negatively with financial growth. This can be explained by the fact that, the presence of more human resources in the organisation does not necessarily result in the financial growth of the organisation. Therefore, the lesser the human resources, the higher the financial growth.

4.6 STRUCTURAL EQUATION MODELING

Based on the exploratory factor analysis, structural equation modeling was performed on the variables. The motivation for using this approach was to validate the models that emerged from various analyses of the interrelationship between variables. The test statistics and goodness of fit provided by AMOS (Arbuckle, 2017) were investigated. Seven models were tested and all of them produced the best fit.

Table 4.31: *Confirmatory factor analysis and SEM path analysis*

Model	CMIN	df	CMIN/df	p	NFI	RFI	TLI	CFI	RMSEA	SRMR
1	13.501	2	6.750	0.001	0.99	0.96	0.97	0.99	0.08	0.018
2	216.186	135	1.601	0.001	0.95	0.92	0.98	0.98	0.04	0.125
3	3.280	1	3.280	0.070	0.99	0.98	0.98	0.99	0.08	0.044
4	28.226	16	1.764	0.030	0.99	0.98	0.99	0.99	0.05	0.053
5	22.050	13	1.696	0.055	0.99	0.97	0.99	0.99	0.04	0.063
6	16.416	4	4.104	0.003	0.98	0.96	0.98	0.99	0.09	0.065
7	38.877	22	1.767	0.015	0.98	0.97	0.99	0.99	0.05	0.063
Overall	1779.80	15	2.139	0.001	0.97	0.98	0.99	0.99	0.05	0.045
model 1										
Overall	1907.07	15	2.386	0.001	0.99	0.98	0.98	0.99	0.07	0.023
model 2										

Note: CMIN(X2) = chi-square; df = degree of freedom; p = significance level; NFI = Bentler-Bonett normed fit index; RFI = relative fit index; TLI = Tucker-Lewis Index; CFI = comparative fit index; RMSEA = root-mean-square error of approximation. SRMR = standardised root-mean-square residual. Model 1= institutional constraints, Model 2= Strategic and structural constraints, Model 3= financial growth, Model 4= organisational growth, Model 5= information resource, Model 6 = financial resource and Model 7 = human resource

Table 4.31 above summarises the fit statistics of the seven models that were tested. All the models did provide a good fit with the data: Model one include the institutional constraints: CMIN 13.501 (2 df); CMIN/df = 6.750; p =0.001; NFI = 0.99; RFI =0.96; TLI =0.97; CFI = 0.99, RMSEA =0.08 and SRMR =0.018.

Model two includes the strategic and structural constraints CMIN 216.186 (135 df); CMIN/df = 1.601; p =0.001; NFI = 0.95; RFI =0.92; TLI =0.98; CFI = 0.98, were also above the threshold level of 0.9 (Byrne, 2010). RMSEA =0.04 and SRMR =0.125, were below the cut-off levels of 0.05 and 0.08 respectively. Therefore, the data-to-model fit is at a satisfactory level.

Model three includes the financial growth CMIN 3.280 (df); CMIN/df = 3.280; p =0.070; NFI = 0.99; RFI =0.98; TLI =0.98; CFI = 0.99, were also above the threshold level of

0.9 (Byrne, 2010), RMSEA =0.08 and SRMR =0.044, were below the cut-off levels of 0.05 and 0.08 respectively. Therefore, the data-to-model fit is at a satisfactory level.

Model four includes organisational growth CMIN 28.226 (16 df); CMIN/df = 6.750; $p = 0.030$; NFI = 0.99; RFI =0.98; TLI =0.99; CFI = 0.99, were also above the threshold level of 0.9 (Byrne, 2010). RMSEA =0.05 and SRMR =0.053, were below the cut-off levels of 0.05 and 0.08 respectively. Therefore, the data-to-model fit is at a satisfactory level.

Model five includes information resources CMIN 22.050 (13 df); CMIN/df = 1.696; $p = 0.055$; NFI = 0.99; RFI =0.97; TLI =0.99; CFI = 0.99, were also above the threshold level of 0.9 (Byrne, 2010). RMSEA =0.04 and SRMR =0.063, were below the cut-off levels of 0.05 and 0.08 respectively. Therefore, the data-to-model fit is at a satisfactory level.

Model six includes financial resources CMIN 16.416 (4 df); CMIN/df = 4.104; $p = 0.003$; NFI = 0.98; RFI =0.96; TLI =0.98; CFI = 0.99, were also above the threshold level of 0.9 (Byrne, 2010). RMSEA =0.09 and SRMR =0.065, were below the cut-off levels of 0.05 and 0.08 respectively.

Therefore, the data-to-model fit is at a satisfactory level and Model seven includes the human resources CMIN 38.877 (22 df); CMIN/df = 1.767; $p = 0.015$; NFI = 0.98; RFI =0.97; TLI =0.99; CFI = 0.99, were also above the threshold level of 0.9 (Byrne, 2010). RMSEA =0.05 and SRMR =0.063, were below the cut-off levels of 0.05 and 0.08 respectively. Therefore, the data-to-model fit is at a satisfactory level.

The two overall measurement model fit indices were tested through confirmatory factor analysis (CFA) using IBM SPSS AMOS version 25 based on the cut-off criteria for fit indexes by Hu and Bentle (1999). In the first model with financial growth as outcome, the results show a good fit with the data: $\chi^2 = 1779.80$ df = 15 $p < 0.001$, Tucker-Lewis Index (TLI) = 0.990, Comparative Fit Index, (CFI) = 0.998, Root Mean Square Error of Approximation (RMSEA) = 0.056, and Standardised Root Mean Square Residual (SRMR) = 0.045. Figure 4.15 illustrate the relationship between all the variables.

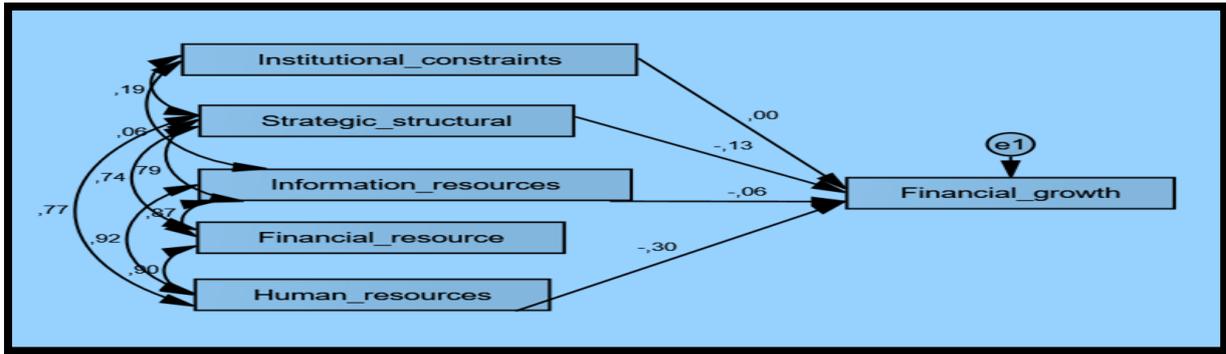


Figure 4.15: Illustrate the effects of institutional constraints, strategic and structural, information resources, financial resources, and human resources on the financial growth variable.

As can be seen in Figure 4.15 above, the results indicated the following:

- Strategic and structural negatively affects financial growth.
- Information resources negatively affects financial growth.
- Human resources negatively affect financial growth.

In the second model with organisational growth as outcome, the results show a good fit with the data: $\chi^2 = 1907.07$ $df = 15$ $p < 0.001$, Tucker-Lewis Index (TLI) = 0.989, Comparative Fit Index, (CFI) = 0.998, Root Mean Square Error of Approximation (RMSEA) = 0.063, and Standardised Root Mean Square Residual (SRMR) = 0.023. Figure 4.16 illustrate the relationship between all the variables. As can be seen in figure 4.15 above, the results indicated the followings:

- Financial resources affect positively organisational growth.
- Strategic and structural constraints affect negatively organisational growth, and
- Human resources affect negatively organisational growth.

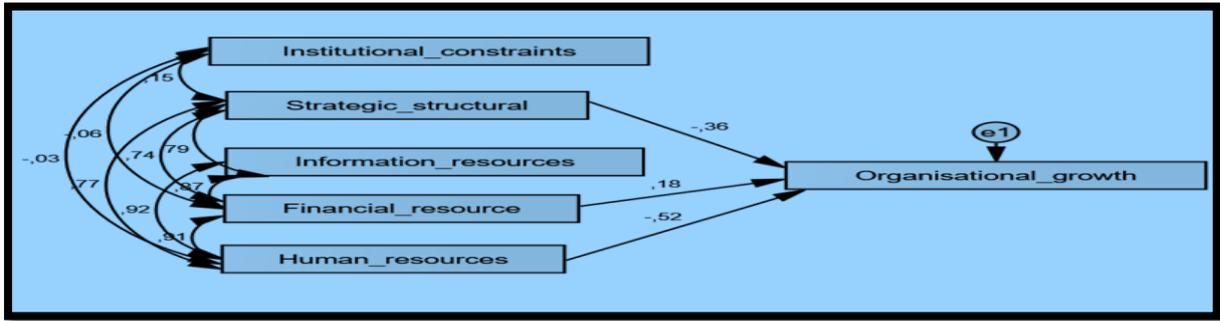


Figure 4.16: Illustrate the effects of institutional constraints, strategic and structural, information resources, financial resources, and human resources on the organisational growth variable.

After examining the item analyses, exploratory factor analysis was performed to check whether the components were uni-dimensional and most of items were found to be uni-dimensional. This is consistent with the guideline provided by Little, Cunningham, Shahar and Widaman (2002). In addition to item and dimensionality analysis, confirmatory factor analysis was performed to determine the factor structure of all the institutional constraints questionnaire, strategic and structural constraints questionnaires, performance questionnaires, and management competencies questionnaires. The goodness of fit of all the measurements models yielded good fit as indicated in Tables 4.31. The results of the two overall models suggest the following outcomes:

- Results indicates that strategic and structural constraints negatively influence financial growth. This can be explained by the fact that, SMMEs owners need to overcome the strategic and structural constraints in order to enhance the financial growth.
- The results suggest that human resources negatively influence financial growth. This implies that, the wastefulness of the organisation is in the human resources. Moreover, it might be that the organisation is training and hiring more staff members that do not add value to the financial growth. Therefore, SMMEs owners must have fewer human resources in order to increase the financial growth.

- The results indicate that financial resources influence organisational growth. This implies that when participants have access to various financial resources organisational growth is likely to increase. This finding corresponds to those by Chimucheka and Rungani (2011), which indicated that the absence of financial resources influences the survival and growth of SMMEs.
- The results indicate that strategic and structural constraints negatively influence organisational growth. This implies that when participants perceive less strategic and structural constraints would likely impact negatively on the organisational growth. These findings are consistent with those by Barnard et al. (2011) who found that strategic and structural constraints negatively influencing the organisational growth.
- The results indicate that human resources negatively influence organisational growth. This implies that when participants perceive fewer human resources, this would likely not have an impact on the organisational growth. The results of the research study do not support the work done by Peters et al. (2014), who found the human resource and level of education positively influencing the business growth.

4.7 CHAPTER SUMMARY

This chapter reported the findings of the statistical analyses. This chapter also reported on the descriptive statistics, item analysis, and dimensionality, correlations analysis and, lastly this chapter reported the structural equation modelling.

The following empirical objectives were achieved:

- To determine the factorial structure of the instruments.
- To determine the relationship between the institutional constraints, strategic and structural constraints, the management competencies and the performance of black-owned SMMEs in CTMM.
- To determine if the data fit the model by the mean of the structural equation modelling.

Chapter 5 addresses the conclusions, limitations and recommendations.

CHAPTER 5: CONCLUSIONS, LIMITATIONS AND RECOMMENDATIONS

The purpose of this chapter is to discuss the conclusions, limitations and recommendations for future research.

5.1 CONCLUSIONS

This section discusses the conclusions concerning the specific literature objectives, and the empirical findings obtained in the present study.

5.1.1 Conclusions regarding the specific literature objective of the study

5.1.1.1 Institutional constraints and the performance of the business

The research study examined the relationship between institutional constraints and the performance of black-owned SMMEs in CTMM. The focus on the literature was, to determine the extent at which black-owned SMMEs access the financial and non-financial supports provided to them by government, banks, financial and non-financial institutions; to improve the performance of the business.

5.1.1.2 Strategic and structural constraints, and performance of the business

The research study investigated the relationship between strategic and structural constraints on the performance of black-owned SMMEs in CTMM. The emphasis from the literature review was that, SMMEs must be provided with basic resources, suitable business location, information technology, regulatory and policy measures that provide institutional capacity to manage SMMEs, affordable rent and access to the market so as, to boost the performance of the business and to lessen the strategic and structural constraints.

5.1.1.3 Management competencies and performance of the business

The research study established the relationship between management competencies and performance of black-owned SMMEs in CTMM. The emphasis on the literature study was that SMMEs owners need to acquire the interpersonal skills, management

skills, financial management skills, reliable and competent employees, analytical and problem-solving skills to ensure organisational and financial growth of the business. The use of internet services for marketing and opportunity recognition posed as the essential tool to enhance the performance of the business.

5.1.2 Conclusions regarding the empirical specific objectives of the study

5.1.2.1 Financial institution and performance of the business

Based on the literature, lack of collateral, low value of collateral, low risk-taking propensity, poor saving habits and high interest rates were the major constraints hindering SMMEs from accessing finance from commercial banks (Nucera et al, 2017). On the other hand, access to financial opportunities was limited mostly by severe bank regulations and factors that inherent the business operation of small retail sector (Schmidt et al., 2016).

Previous studies evidenced that inaccessibility of bank finance has a greater influence on survival and success of SMMEs (Chimucheka and Rungani, 2011). For instance, Bongomin et al. (2018) agree with other scholars that the ability to access capital is positively linked to the survival of SMMEs. From the research findings regarding financial institution and ownership structure, it is clear that most SMMEs owners were not aware of the financial institutions and the main source of start-up capital for the business was personal savings. A study conducted in Nigeria by Abdullar et al. (2015) showed that even though government and financial institutions support SMMEs in Nigeria, SMMEs fall short of opportunities.

5.1.2.2 Non-financial institution and performance of the business

Based on the literature review it was observed that SMMEs in the Gauteng Metropolitan were not maintained adequately mainly in the areas of financial management skills and expertise (Agwa-Ejon and Mbohwa, 2015). In a subsequent study on the sustainability of SMMEs in the Vaal Triangle area, Worku (2016) found the lack of training opportunities and shortage of SMMEs owners' expertise as the central problem of SMMEs development. Olokundun et al. (2017) agree with other scholars that training in business skills and interrelated types of skills were crucial for

the success of a business. The research findings of this study is in line with those of other scholars as majority of the respondents did not know of non-financial institutions that offer training and guidance to SMMEs (Ladzani et al., 2012).

5.1.2.3 Strategic and structural constraints, and performance of the business

Previous research reported that poor infrastructure, access to the market, as well as invalid equipment and technology are the key enterprise obstacles affecting the development of SMMEs in South African (Donga et al., 2016). The research conducted by Gomera et al. (2018) found that strategic growth positively influences the financial performance of the SMMEs. Lee et al. (2015) found structural constraints as the major problem to the performance of the business. Barnard et al. (2011) reported that the strategic and structural aspects of SMMEs are positively or negatively related to the business performance. The research study found strategic and structural constraints to be negatively related to the financial and organisational growth.

5.1.2.4 Management competencies and performance of the business

Previous research reported that SMMEs owners' financial literacy positively influences the business growth (Eresia and Raath, 2013). However, Chimucheka and Rungani (2011) found the lack of financial management knowledge as the main influence on survival and growth of SMMEs. Other scholars found that there is a positive relationship between SMMEs owners' level of education and business growth (Peters et al., 2014). The research conducted by Hooper et al. (2010) showed that, in spite of relatively high levels of education, and regardless of strong uptake of mobile phones, the usage was very basic and the true benefits of mobile telephone and Internet access were not being understood by the SMMEs owners.

In contrary, a research by Lekhanya (2016) revealed that the majority of employees within the SMMEs unskilled and most business operations were directed by using modern facilities. Previous research reported that lack of management skills, lack of financial support and lack of business training as the major reason of SMME failure in Windhoek, Namibia (Kambwale et al., 2015). Ngugi et al. (2012) found that management's technical skills followed by managerial experience influences growth

of SMMEs. The research study found management competencies such as financial resources, information resources and human resources relating negatively to the performance of the business.

5.1.3 Conclusions regarding the specific objectives of the research study

5.1.3.1 Research Objectives 1

As indicated in Table 4.30, research objective 1, which examined the relationship between institutional constraints and the performance of black-owned SMMEs in CTMM, was accomplished. The result revealed that there is a negative relationship between the institutional constraints and the financial growth. A negative association was found between the institutional constraints and organisational growth.

5.1.3.2 Research Objectives 2

Table 4.30 addressed the research objective 2, which investigated the relationship between strategic and structural constraints on the performance of black-owned SMMEs in CTMM. The result revealed that there is a negative relationship between the strategic and structural constraints on the financial and organisational growth.

5.1.3.3 Research Objectives 3

Table 4.30, research objective 3 established the relationship between management competencies and performance of black-owned SMMEs in CTMM. The result revealed the negative relationship between the management competencies and the performance of the business. The following associations were found:

- Financial growth associated negatively with information resources
- Financial growth associated negatively with financial resources
- Financial growth associated negatively with human resources
- Organisational growth associated negatively with information resources
- Organisational growth associated negatively with financial resources
- Organisation growth associated negatively with human resources

5.2 LIMITATIONS

The limitations of the research study concerning the literature review and the empirical study are discussed in the following sub-section.

5.2.1 Literature review

The literature review was limited to the institutional constraints, the use of financial and non-financial institutions, SMMEs ownership structure, strategic and structural constraints that inhabit the SMMEs sector and the management competencies. Even though certain models were mentioned, they were modified by the researcher to suit the research methodology of the study mainly due to the research methodology, which limited the research conducted on the impact of institutional constraints, management competencies, strategic and structural constraints on the performance of black-owned SMMEs in CTMM.

5.2.2 Empirical study

The research findings of the study are limited and cannot be generalised, which implies that they cannot be applied to evaluate the institutional constraints and management competencies on the performance of black-owned SMMEs. The following limitations of the empirical study should be considered when interpreting the results:

- The study was limited to 353 black-owned SMMEs in City of Tshwane Metropolitan Municipality.
- This research study is cross-sectional, and inference could not be drawn about causation, the correlations between the two variables were interpreted rather than established.
- The questionnaire used were self-designed with some amendment from the literature review and other sources, they may be considered as biased to some degree.

Regardless of the limitations, the research findings of this study on the theoretical level, added to the body of knowledge on the impact of institutional constraints and management competencies on the performance of black-owned SMMEs in CTMM.

5.3 RECOMMENDATIONS

5.3.1 Recommendations for the field of finance, risk management and banking

The practical value of this research study lies in the fact that the institutional constraints, strategic and structural constraints; and management competencies variables related negatively to the financial and organisational growth. Therefore, the financial and non-financial institutions have a significant role to play in providing the support to the black-owned SMMEs with resources to improve the performance of this sector. The information that is available on the internet about financial and non-financial institutions need to be updated, for SMMEs owners to easily access the information through the internet.

The use of financial and non-financial institutions is minimal and the knowledge that the black-owned SMMEs have about this institution is somewhat disappointing. Therefore, it is the task of researchers in finance, risk management and banking to raise awareness about the support that the financial and non-financial institutions provide to SMMEs through advertisements, seminars, journals and community engagement to assess how the SMMEs operate and kind of assistance they need. The inability of SMMEs to access finance and non-financial support has an impact on the economic growth of South Africa, as this sector contribute to the gross domestic product and reduce the level of unemployment.

The researchers in finance, risk management and banking must train SMMEs owners how to search for financial and non-financial institutions on the internet, to find out what is required of them to apply for such funding and non-financial assistance, and whether they meet the requirements specified. Therefore, in this way the SMMEs owners will be able to close the gap regarding the minimal level of financial and non-financial institutions. Moreover, a lot has been published by researchers about the high

failure rate of SMMEs, therefore it is advisable for SMMEs owners to read more journals and avoid the common impediments that lead to the failure rate of this sector.

5.3.2 Recommendations for future research studies

Based on the research findings of this study, there is a need for future research to explore the relationship between management competencies and the performance of the business. It is recommended that future research should be undertaken since this study was only limited to Gauteng, City of Tshwane Metropolitan Municipality and only 353 SMMEs owners were included in the survey. A future research should therefore make use of a randomized sampling technique with a larger sample size.

The research study was cross-sectional, which made it difficult to establish the causal effect relationship among the variables under investigation. Consequently, longitudinal studies would be suitable to determine the influence of the variables tested in the study on the black-owned SMMEs and demographic characteristics. Future studies should apply the mixed method approach that offer a broad understanding of the relationship between institutional constraints, management competencies and performance of the business.

5.4 CHAPTER SUMMARY

This chapter concluded the research study by focusing on the conclusions and the limitations of the research as well as providing recommendations pertaining to the impact of institutional constraints and management competencies on the performance of black-owned SMMEs. In this chapter, an explanation on how the research objectives were achieved was also given and recommendations were made for future research in the field of finance, risk management and banking.

The findings of the research study revealed the negative results, which can be viewed as a negative step in support of the SMMEs financial and organisational growth. In this way the SMMEs owners, researchers, financial and non-financial institutions have a crucial role to play to develop the black-owned SMMEs sector.

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APPENDIX A

Response no:

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The impact of institutional constraints, management competencies, strategic and structural constraints on the performance of black-owned SMMEs in City of Tshwane Metropolitan Municipality.

Dear SMME owner/manager

Thank you for your willingness to participate in this survey. The research purposes to investigate the impact of institutional constraints, management competencies, strategic and structural constraints on the performance of black-owned SMMEs in City of Tshwane Metropolitan Municipality.

The survey is developed to be anonymous, meaning that we will have no way of connecting the information that you provide to you personally. If you choose to participate in this survey, it will take up no more than 20 minutes of your time. There will be no benefits for participating in this survey. We do not foresee that you will experience any negative consequences by completing the survey. The researchers undertake to keep any information provided herein confidential, not to let it out of our possession and to report on the findings from the perspective of the participating group.

The research was reviewed and approved by the Professional Research Committee. The primary researcher, FK Tlhagale, can be contacted during office hours at thlagfk@unisa.ac.za or 012 429 6574.

Thank you in advance for your time and participation.

Please answer all questions by marking the appropriate selected blank block with an "X". There are no right and wrong answers.

PLEASE NOTE:

This questionnaire must only be completed by SMMEs Owners/Managers in the City of Tshwane Metropolitan Municipality of the Gauteng Province, South Africa.

All information will be treated as **STRICTLY CONFIDENTIAL** and will only be used for research purpose.

Instruction for completion

1. Please answer the questions as objectively and honestly as possible.
2. For the sections **A1-A5, B14-B35, C** and **D** place a cross (x) in the space provided at each question which reflects your answer the most accurately. Use the following key: **1= Strongly disagree; 2=Disagree; 3=Slightly disagree; 4=Neutral view; 5=Slightly agree; 6=Agree; 7=Strongly agree.**

		Strongly disagree	Disagree	Slightly disagree	Neutral View	Slightly agree	Agree	Strongly agree
B25	Lack of sufficient training and support in the City of Tshwane Metropolitan Municipality for Black-owned SMMEs sector.	1	2	3	X	5	6	7

It is essential you indicate your choice clearly with a **pen**.

3. For sections A:1-6, **A6-A9** and **B1-B13** mark the applicable block with a cross (x) with the correct information.
4. Where asked for comments or to express your own opinion, keep answers short and to the point.
5. Please answer all the questions, as this will provide more information to the researcher so that an accurate analysis and interpretation of data can be made.

Thank you for your co-operation.

We hope that you will find the questionnaire interesting and stimulating.

SECTION A

PERSONAL INFORMATION

The following information is needed to help the researcher with the statistical analysis of data regarding the challenges of black-owned SMMEs in City of Tshwane Metropolitan Municipality. All your responses will be treated with utmost confidentiality. The researcher appreciates your help in providing this important information.

Mark the applicable block with a cross (X). Complete the applicable information

1	In which age group do you fall?	≤ 19 (01)	20-29 (02)	30-39 (03)	40-49 (04)	50-59 (05)	60+ (06)
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2	What is your marital status?	Single (01)	Married (02)	Divorced (03)	Widowed (04)	Life Partner (Cohabiting) (05)
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3	Indicate your highest academic qualification (choose one option)						
	< matric						(01)
	Matric						(02)
	University or College Higher Certificate						(03)
	Vocational qualification (Trade skills)						(04)
	Advanced Certificate						(05)
	Diploma						(06)
	Advanced Diploma						(07)
	Baccalaureus Technologiae Degree						(08)
	Bachelor Degree						(09)
	Honours Degree						(10)
	Post-graduate Diploma						(11)
	Other: Specify						(12)

4	Indicate your past experience prior to self-employment (occupational background) (choose one option)						
	Unemployed						(01)
	Self-employment (owned SMMEs)						(02)
	Employed- Private sector (administrative clerk, secretary, cashier etc.)						(03)
	Farmworker (farm manager, farm supervisor, farm assistance etc.)						(04)
	Government employee						(05)
	Top executive management						(06)

5	Indicate the number of years that you are self-employed						
	< 1 year						(01)
	1-3 years						(02)
	4-5 years						(03)
	6-10 years						(04)
	> 10 years. Please specify:						(06)

6	Indicate your gender:						
	Male						(01)
	Female						(02)

INSTITUTIONAL CONSTRAINTS

Several possible explanations emerges on disagreement about the proper degree of regulation and deregulation, in the South African institutions that supports the Black-owned SMMEs in general.

		Strongly disagree	Disagree	Slightly disagree	Neutral view	Slightly agree	Agree	Strongly agree
A1	The government role fail to provide appropriate institutional capacity to discipline black-owned SMMEs	1	2	3	4	5	6	7
A2	Poor service delivery from the local government	1	2	3	4	5	6	7
A3	The black-owned SMMEs encounters challenges such as deregulation and new technologies	1	2	3	4	5	6	7
A4	The black-owned SMMEs experiment economic and political pressure	1	2	3	4	5	6	7

Mark the applicable block with a cross (X). Complete the applicable information.

A6	Are you aware of the various financial institutions that support the Black-owned SMMEs?	Yes (01)	No (02)
A7	If Yes , please indicate the financial institution that you previously access finance. (choose one option)		
	National Youth Development Agency (NYDA)		(01)
	Small Enterprise Finance Agency (SEFA)		(02)
	National Empowerment Fund (NEF)		(03)
	Industrial Development Corporation (IDC)		(04)
	Development Bank of Southern Africa (DBSA)		(05)
	Land Bank		(06)
	Department of Trade and Industry (DTI)-Incentive schemes		(07)
	Co-operative Banks Development Agency (CBDA)		(08)
	National Development Agency		(09)
	Black Umbrellas		(10)
	Standard Bank		(11)
	First National Bank		(12)
	Nedbank		(13)
	ABSA		(14)
	Others: (Please specify)		(15)

A8	Are you aware of the various non-financial institutions that support the black-owned SMMEs?	Yes (01)	No (02)
A9	If Yes , please indicate the institution that you previously access support. (choose one option)		
	Company and intellectual property commission (CIPC)		(01)
	Small Enterprise Development Agency (SEDA)		(02)
	National Empowerment Fund (NEF)		(03)
	Department of Trade and Industry-Incentive schemes		(04)
	Technology Innovation Agency (TIA)		(05)
	South African Women Entrepreneurs' Network (SAWEN)		(06)
	Gauteng Enterprise Propeller		(07)
	Enterprisation- South African Institute of Chartered Accountants (SAICA)		(08)
	Enterprise Development		(09)
	South African Bureau of Standards (SABS)		(10)
	Proudly South African		(11)
	Other: (Please specify)		(12)

SECTION B
OWNERSHIP STRUCTURE

Financing preferences does not follow a 'one-size-fits-all' prescription moderately; preferences differ according to growth goals, the nature of ownership, and age of the business in operation, business size and sector.

B1	In which sector or sub-sector does your business operate? (choose one option)	
	Manufacturing	(01)
	Electricity	(02)
	Gas and Water	(03)
	Construction	(04)
	Mining and Quarrying	(05)
	Agriculture and Food	(06)
	Mechanical and Automotive	(07)
	Wholesale	(08)
	Retail sector	(09)
	Art and Craft	(10)
	Financial and business services	(11)
	Funeral services	(12)
	Communications	(13)
	Transport and Logistics	(14)
	Hospitality sector (Beauty salon, wedding planner etc.)	(15)
	Others: (Please specify)	(16)

B2	Indicate the business premises (from where does the business operates)? (choose one option)	
	Work from home (home-based)	(01)
	Central business district (CBD)	(02)
	Outlying business area	(03)
	Near taxi rank	(04)
	Agricultural land	(05)
	Other: (Please specify)	(06)

B3	Where do you sell your products/services? (choose one option)	
	Local community in the municipality (local market)	(01)
	Distribute to other municipality's in Gauteng	(02)
	Distribute to other provinces	(03)
	National and international market	(04)
	All the above	(05)
	Other: (please specify)	(06)

B4	How long has your business been operating in the province (Years)?	
	Less than one (1) year	(01)
	1-3 years	(02)
	4-5 years	(03)
	6-10 years	(04)
	More than 10 years. Please specify:	(05)

B5	On daily average, how many hours do you devote to your business operation?	
	< 8 hours	(01)
	8 hours to 12 hours	(02)
	12 hours to 16 hours	(03)
	16 hours to 24 hours	(04)

B6	How many employees did you employ as full/part-time workers?	
	< 5	(01)
	<10 to 20	(02)
	< 50	(03)
	< 100 to 200	(04)
	Others: (Please specify)	(05)

B7	Indicate the legal status of your business (form of business enterprise).	
	Sole proprietorship	(01)
	Partnership	(02)
	Close corporation	(03)
	Company (private)	(04)
	Company (public)	(05)
	Trust with two or less natural person trustees	(06)
	Trust with three or more trustees	(07)
	Not registered	(08)
	Others: (Please specify)	(09)

B8	Indicate your path to business ownership	
	Started the business	(01)
	Franchised	(02)
	Joined family or friend business	(03)
	Expanded an already existing business	(04)
	Other: (Please specify)	(05)

B9	Indicate your source of start-up funding (choose one option).	
	Personal savings	(01)
	Loan from family and friends	(02)
	Loan from the bank	(03)
	Loan from Government	(04)
	Sold the existing business	(05)
	Other: (Please specify)	(06)

B10	Indicate the turnover (Annual Sales) that your business generates.	
	< R150 000	(01)
	R2000 000-R500 000	(02)
	R2 million-R25 million	(03)
	>R50 million	(04)

B11	Is the present business the first business that you own?	Yes (01)	No (02)
B12	If no, please indicate what happened to the business previously owned.	(01)	
	Bankrupt (Liquidated)	(02)	
	Business is successful	(03)	
	Acquisition (Sold of)	(04)	
	Other: (Please specify)	(05)	

B13	If the business is no longer operational (closed) state the reasons for closure (choose one option)	
	No form of assistance (training needs, financial, infrastructure, information)	(01)
	Lack of adequate information and high-risk perception leading to the failure of Black-owned SMMEs	(02)
	Lacking credit access	(03)
	Lacking the source of income to finance business	(04)
	Unfriendly regulatory environment	(05)
	Lack of collateral (assets) for financial assistance from banks, financial institution and Government	(06)
	All the above	(07)
	Other: (Please specify)	(08)

SECTION B
STRATEGIC AND STRUCTURAL CONSTRAINTS

In this section, you have to indicate to what extent the strategic and structural constraints has an influence on the performance of black-owned SMMEs

Indicate to what extent does you agree or disagree with the statements. Mark the applicable block with a cross (X).

		Strongly disagree	Disagree	Slightly disagree	Neutral view	Slightly agree	Agree	Strongly agree
B14	The business currently seek smaller loans	1	2	3	4	5	6	7
B15	Inability to prepare credible business plans for banks and government loans	1	2	3	4	5	6	7
B16	Poor credit quality and access to capital	1	2	3	4	5	6	7
B17	Lack of suitable business location and networking	1	2	3	4	5	6	7
B18	Not able to get enough Government support	1	2	3	4	5	6	7
B19	Local economic development does not focus on black-owned SMMEs sector	1	2	3	4	5	6	7
B20	No support to assist Black-owned SMMEs for long term survival	1	2	3	4	5	6	7
B21	Problem with suppliers	1	2	3	4	5	6	7
B22	Lack of business assistance	1	2	3	4	5	6	7
B23	Insufficient provision of basic infrastructure (electricity, water and road networks) constrains	1	2	3	4	5	6	7
B24	No resources to Black-owned SMMEs	1	2	3	4	5	6	7
B25	Lack of sufficient training and support in the City of Tshwane Metropolitan Municipality for black-owned SMMEs sector	1	2	3	4	5	6	7
B26	Lack of information technology and infrastructure	1	2	3	4	5	6	7
B27	Shortage of skilled labour	1	2	3	4	5	6	7
B28	Difficult regulatory and policy measures	1	2	3	4	5	6	7
B29	Lack of adequate information	1	2	3	4	5	6	7
B30	Competition is too high within the black-owned SMMEs sector	1	2	3	4	5	6	7
B31	Lack of competition	1	2	3	4	5	6	7
B32	High crime and corruption rates	1	2	3	4	5	6	7
B33	Absence of black-owned SMMEs business education	1	2	3	4	5	6	7
B34	Fewer opportunities for black-owned SMMEs	1	2	3	4	5	6	7
B35	High rent and poor access to the market	1	2	3	4	5	6	7
Specify other forms of specific challenges black-owned SMMEs experienced:								

SECTION C

THE PERFORMANCE OF THE BUSINESS

In this section, you have to indicate the factors that positively and negatively influence the performance of the business and access to finance.

Indicate to what extent does you agree or disagree with the statements. Mark the applicable block with a cross (X).

Strongly disagree	Disagree	Slightly disagree	Neutral view	Slightly agree	Agree	Strongly agree
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		1	2	3	4	5	6	7
C1	The business has secured finance over the past few years							
C2	The business has experienced growth in sales and profits over the past few years							
C3	The business is currently operating at a loss							
C4	The business has experienced growth in skilled employees who are able to secure more funding over the past few years							
C5	The business has experienced growth in stock items or extended services, over the past few years.							
C6	The image of the business has grown due to the ability to access finance over the past few years							
C7	The business has experienced growth in customer over the past few years							
C8	The business is willing and able to serve niche market							
C9	The business has experienced growth in terms of expansion (more branches, bigger building, new improved location) over the past few years							
C10	Employees working in the business are highly committed to access finance and make a success of the business							
C11	Employees working in the business are viewed as the most valuable asset of the business							
C12	The morale (job satisfaction) of our employees (including the owner-manager) has improved due to the ability to access finance over the past few years							
C13	The business keeps most of the employees over the years							
C14	Employees do not want to leave the business and work for another business							
Other challenges. (Please specify):								

SECTION D

MANAGEMENT COMPETENCIES

In this section, you have to indicate the factors that positively and negatively influence the performance of the business and access to finance.

Indicate to what extent does you agree or disagree with the statements. Mark the applicable block with a cross (X).

		Strongly disagree	Disagree	Slightly disagree	Neutral view	Slightly agree	Agree	Strongly agree
D1	Lack of Knowledge of the source of finance	1	2	3	4	5	6	7
D2	No access to internet services	1	2	3	4	5	6	7
D3	Skills Shortage (unable to employ skilled labor)	1	2	3	4	5	6	7
D4	Inadequate business plan preparation	1	2	3	4	5	6	7
D5	Cash flow problems	1	2	3	4	5	6	7
D6	Lack of financial management as well as accessibility of finance	1	2	3	4	5	6	7
D7	Lacking credit access	1	2	3	4	5	6	7
D8	Lack of managerial skills	1	2	3	4	5	6	7
D9	Lack of collateral security to secure a loans	1	2	3	4	5	6	7
D10	Lack of reliable and competent employees	1	2	3	4	5	6	7
D11	Inadequate accounting and management skills	1	2	3	4	5	6	7
D12	Limited skills to prepare credible business plans to access finance	1	2	3	4	5	6	7
D13	Lack of interpersonal skills	1	2	3	4	5	6	7
D14	Lack of information technology training	1	2	3	4	5	6	7
D15	Lack of analytical and problem-solving skills	1	2	3	4	5	6	7
D16	Fear of failure to access finance	1	2	3	4	5	6	7
D17	Pressure due to extended family responsibility	1	2	3	4	5	6	7
D18	Lack of education and general training	1	2	3	4	5	6	7
D19	Lack of Black-owned SMMEs success stories and the desire to succeed	1	2	3	4	5	6	7
D20	Lack of passion for work and commitment	1	2	3	4	5	6	7
D21	Lack of permanent business office	1	2	3	4	5	6	7
D22	The Lack of financial literacy	1	2	3	4	5	6	7
D23	Unable to understand existing policies and programs	1	2	3	4	5	6	7
D24	Not able to use internet services for marketing and opportunity recognition	1	2	3	4	5	6	7
Other personal challenges. (Please specify):								

Thank you for taking part in this survey

If you would like to receive a report on the findings, please e-mail the researcher.

APPENDIX B

Sources used to modify the design of the Questionnaire

Concepts	Sources
Personal information	Agbenyegah (2013), Altin, Kizildag and Bufquin (2018) and Literature
Institutional constraints	White paper (1995), Masondo (2018), Rogerson (2004), Economic development (2014) and Griffy-Brown and Chun (2007)
Ownership structure	Agbenyegah (2013), Fatoki(2013), Nieman and Nieuwenhuizen (2017), National Credit Regulator (2011) and Literature
Strategic and Structural constraints	Agbenyegah (2013), Nieman and Nieuwenhuizen (2017) and Literature
The performance of the business	Agbenyegah (2013), Nieman and Nieuwenhuizen (2017) and Literature
Management competencies	Agbenyegah (2013) and Literature

APPENDIX C

Confidentiality Agreement: Informed consent

I, _____, the participant of the research project “The impact of institutional constraints, management competencies, strategic and structural constraints on the performance of black-owned SMMEs in City of Tshwane Metropolitan Municipality”, confirm that the person asking my consent to take part in this research has told me about the nature, procedure, potential benefits and anticipated inconvenience of participation

I understand that I have read and the researcher has explained the information written in the sheet as the study explained.

I was given the opportunity to ask questions and am prepared to participate in the study.

I understand that my participation is voluntary and that I am free to withdraw at any time without penalty.

I am aware that the findings of this study will be processed into a research report, journal publication and/ or conference proceedings, but that my participation will be kept confidential unless otherwise specified.

I agree to the recording of the survey questionnaire.

I have received a signed copy of the informed consent agreement.

Participant's Signature: _____ Date: _____

Full Name of Primary Researcher: Felicity Kgomotso Tlhagale

Signature of Primary Primary Researcher: _____ Date: _____

APPENDIX D

Confidentiality Agreement: Fieldworker

This is to certify that I, _____, the fieldworker of the research project “The impact of institutional constraints, management competencies, strategic and structural constraints on the performance of black-owned SMMEs in City of Tshwane Metropolitan Municipality” agree to the responsibilities of capturing and analysing data.

I acknowledge that the research project is/are conducted by Felicity Kgomotso Tlhagale and Dr. Charles Nyoka of the Department of Finance, Risk Management and Banking in College of Economic and Management Sciences, University of South Africa.

I understand that any information (written, verbal or any other form) obtained during the performance of my duties must remain confidential and in line with the UNISA Policy on Research Ethics.

This includes all information about participants, their employees/ their employers/ their organization, as well as any other information.

I understand that any unauthorised release or carelessness in the handling of this confidential information is considered a breach of the duty to maintain confidentiality.

I further understand that any breach of the duty to maintain confidentiality could be grounds for immediate dismissal and/or possible liability in any legal action arising from such breach.

Full Name of Fieldworker: _____

Signature of Fieldworker: _____ Date: _____

Full Name of Primary Researcher: Felicity Kgomotso Tlhagale

Signature of Primary Researcher: _____ Date: _____