

**INNOVATION MANAGEMENT AND HOW IT COULD ENHANCE COMPETITIVENESS OF
SMEs: LIQUOR RETAILERS IN EKURHULENI MUNICIPALITY**

By

KAGISO MASHEGO

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SUPERVISOR: PROF. N. SEWDASS

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DECLARATION

I (full names & surname):	Kagiso Mashego
Student number:	50109413
Degree	Master of Commerce in Business Management (98582)

Innovation management and how it could enhance competitiveness of SMEs: Liquor retailers in Ekurhuleni Municipality

I declare that the above 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.

I further 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.



Kagiso Mashego

January 2021

Date

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ABSTRACT

The purpose of this research was to investigate innovation management and how it could enhance the competitiveness of SME liquor retailers' in the Ekurhuleni Metropolitan Municipality. The research was prompted by the contributions and role of these SMEs in the creation of jobs for mostly previously disempowered communities, particularly in the black townships of South Africa. The study focused on how the owner or manager of an SME liquor retailer, who is also the leader of the enterprise, applies innovation management to enhance competitiveness.

The study adopted a qualitative research design approach, supported by exploratory, descriptive, and analytic elements. The semi-structured interview mode of inquiry was applied to obtain data from 21 purposively sampled SME liquor retail owners and managers. The data obtained from the participants were thematically analysed in order to develop a framework from the findings of this research.

The findings indicate that managers and owners of SME liquor retailers do not deploy any formal innovation management framework or processes when developing and implementing new ways of conducting their business. Furthermore, this research concurs that the deployment of a formal innovation management framework is imperative for the enhancement of the competitiveness of SMEs in the liquor retail sector. In this regard, an innovation management framework for the management of innovative processes to enhance competitiveness was recommended to owners and managers of the liquor retail industry. This is important, especially for the liquor retail sector where competition remains the major challenge to managers due to customers' ease of access to switch amongst competitors.

Key terms: small and medium enterprises; innovation; innovation management; competitiveness; liquor retailers.

LIST OF ABBREVIATIONS

BMGI	Breakthrough Management Group International
BMI	Business Model Innovation
BVFBA	Boksburg, Vosloorus, Food, and Beverage Association
CBD	Central Business District
CCP	Customers and Competitors Profiles
CEO	Chief Executive Officer
CEMS	College of Economics and Management Science
CI	Competitive Intelligence
CIPC	Companies and Intellectual Property Commission
CRM	Customer Relationship Management
CS	Competitive Strategy
CX	Customer Experience
DFEA	Department of Finance and Economic Affairs
DJ	Disc Jockey
DMADV	Define, Measure, Analyse, Design, Verify
DTI	Department of Trade and Industry
EFT	Electronic Funds Transfer
GAULIBA	Gauteng Liquor and Informal Business Association
GDP	Gross Domestic Product
GLA	Gauteng Liquor Act
GP	Gauteng Province
IBM	International Business Machines
IM	Innovation Management
IP	Innovation Project
KWATSADUZA	Kwa-Thema, Tsakane, and Duduza
NLA	National Liquor Act
NSBA	National Small Business Act
NTHA	National Tourism and Hospitality Association
POS	Point of Sales
QFD	Quality Function Deployment
RBV	Resource-Based View
R&D	Research and Development
SAB	South African Breweries
SBA	Small Business Administration (United States)

SEDA	Small Enterprise Development Agency
SMEs	Small and Medium Enterprises
SO	Strategic Orientation
TA	Thematic Analysis
TV	Television
UNISA	University of South Africa
USA	United States of America
VAT	Value Added Tax
vCIM	Value-Added Corporate Innovation Management Framework
VIP	Very Important Person
VVIP	Very-Very Important Person

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Chapter 1: Introduction and Background

1.1 Introduction

The small and medium enterprises (SMEs) sector is crucial to a country's economy on the basis of its employment creation, positive contribution to the Gross Domestic Product (GDP), and tax revenues (Motsepe & Fatoki, 2017:232; Wolmarans & Meintjes, 2015:89; Badenhorst-Weiss & Cilliers, 2014:2). It is in this context that governments regard the SME sector as a strategic tool for economic growth. However, the SME sector is encircled by the hurdle of possible failure, whose trajectory is estimated at 90% as a result of a strong competitive environment engrossed by large multinationals (Paul, Parthasarathy & Gupta, 2017:328; Makopo, de Klerk & Donoghue, 2016:184; Karanja, Muturi, Mukabi, Kabata, Wahome & Kayogo, 2013:113).

Accordingly, under such conditions of increasing competition, only innovation management (IM) could enhance a management role to maintain competitiveness and survival (Stawasz, 2013:8). Thus, the IM practices by SMEs are central to successful improvement and innovative management strategies for evading competitive pressures (Naude & Chiweshe, 2017:2; Karanja et al., 2013:113).

Given the above, the researcher intends to investigate innovation management in small and medium enterprises and establish how innovation management could enhance competitiveness in SME liquor retailers whose core business is fundamentally premised on selling liquor products. Accordingly, the current chapter provides a background of South African SMEs, the liquor retail market, as well as competitiveness in SMEs, and innovation management in SMEs. Furthermore, the chapter presents an overview of the research questions and objectives accruing from the identified research problem, as well as the adopted research methodology. While the adopted research methodology was instrumental in the attainment of the objectives of the study, it also guided the main components of the research in varying degrees of detail throughout the study (Sekaran & Bougie, 2016:94).

1.2 Background

Small and medium enterprises are fundamental to national economic development, especially for emerging and developing countries facing major unemployment, poverty, and income distribution challenges such as South Africa (Paul et al., 2017:328; Naude & Chiweshe, 2017:2; Wentzel, Smallwood & Emuze, 2016:1479). SMEs also play a crucial role in skills development since most recipients start their business without any formal skills training. These recipients are then assisted by the Small Enterprise Development Agency (SEDA), an agency of the Department of Small Business Development with both funding and skills development.

The Department of Trade and Industry (DTI) has recognised SMEs such as the liquor retail sector as key role players in the economy by playing a critical role in the marketing, distribution, and manufacturing of liquor products such as wines, spirits, and beer in the country (Mrasi, 2016:31; Ledwaba, 2015: 14-15). The liquor industry in South Africa competes with both national and international manufacturers, distributors, and marketers in a range of liquor products. This industry was valued at an estimated R106.1bn in 2016, with an expected growth of 10.3% in 2017, a 4.2% in 2018, and 3,6% in 2019 (Shand, 2017:1). In 2019, the industry was forecasted to reach an increase of 20.2% since 2014 (Thlacoane, 2018:36).

Despite the positive contributions made by the liquor industry, its SME retail sector continues to experience the existence of illegal liquor retailers who are competing to meet the liquor and recreational demand of consumers (Charman et al., 2013:585). Such competition was also evident and highly exposed during the recent Level-1 lockdown of the COVID-19 risk-adjusted strategies in South Africa with consumers buying illegal, previously unknown, and sometimes unbranded alcohol (De Villiers, 2020). The illegal liquor retailers generally evade regulatory controls such as taxes and develop and practice competitive coping strategies to serve consumers (Charman et al., 2014:641). Furthermore, the SME liquor retailers are faced with the competitive threat emerging from mainly Asian expatriates who are opening large liquor retailers in the township market according to a semi-organised bulk-buying model in terms of which these liquor retailers are able to sell liquor at very low prices with no evidence of paying taxes (Shand, 2017:24). On the other hand, the well-known large liquor retailers have resources to

enable them to gain a competitive advantage and drive SME liquor retailers operating near them out of business (Mrasi, 2016:43; Shand, 2017:24).

Given the above environment, the South African government has implemented regulations intended to restrict and manage the supply and access of liquor products with measures such as closing or emigrating illegal operators, reducing operating hours, and increasing the minimum legal drinking age. The government also phased out those shebeen permits that were difficult to monitor and introduced new licences that are renewable annually subject to an inspection of the liquor premises complying with health requirements (Herrick et al., 2015:25; Charman et al., 2014:641). The term "shebeen" comes from the Irish word for illegal traders, and these liquor traders have become a core part of people's lives, providing entertainment and comfort for many migrant workers (Modise, 2020:6). Shebeens are mainly operated by many black people to earn an income, especially women who could not find employment opportunities (Smithers, 2019). However, legislative measures have not reduced the number of illegal retailers significantly. The mushrooming of the illegal liquor retailers is blamed on the new liquor and licensing legislation, which has resulted in resistance by shebeen owners and informal liquor traders. The latter have cited limited resources and funding as impediments to migrating into the formal system and converting to new rules and regulations, which required that formal and proper structures be erected on the premises. These challenges of migrating into the formal system further increased competition in the liquor retail market, especially in the townships (Charman et al., 2013:585-586).

The strong competitive environment within which SMEs operate has engendered a deteriorating 2.1% survival rate, while the global average is 7.6% (Worku, 2016:134). Such a state of affairs provides clear evidence that South Africa is lagging in the sustenance of SMEs, whose survival and performance could be mitigated by means of mentorship and entrepreneurial training programmes; as well as the prohibition of illegal traders (Motsepe & Fatoki, 2017:232; Karanja et al., 2013:117).

The high rate of competitive changes in the business environment has compelled SMEs to be innovative since innovation is the fundamental tenet in building successful and competitive business organisations (Calvo-Mora et al., 2016:661; Sandada & Mangwandi, 2015:122). Notwithstanding, SMEs can realise competitive performance,

growth, and sustainability through IM practices that increase operational efficiencies in the business and survive in the market. While IM practices can provide a competitive advantage, organisations that practice IM are poorly understood in the literature (Cheng & Chen, 2017:13; Aromaa & Eriksson, 2014:31).

Both globally and in South Africa, research findings on SMEs have shown that they are sustainable, and also contribute to the national economy (Fatoki, 2019:1429; Wang, 2016:167). However, failure to sustain them is a concern for governments. It is on the basis of such perceived failure by the government, that the current study is guided by the following research question:

How could SMEs liquor retail owners or managers in the Ekurhuleni municipality deploy Innovation Management to enhance their competitiveness?

Emanating from the above-cited research question, this research then premises on the investigation of the practice of IM in the enhancement of SME competitiveness.

1.3 Research Problem

This section details the problem statement, the research objectives, and questions, as well as the purpose of the study.

1.3.1 Problem statement

The background has highlighted the importance of innovation to foster competitiveness of SMEs. Hence, it is crucial to investigate the concepts of IM and competitiveness in the context of SME liquor retailers. While competitiveness has been widely studied in the literature, scientific evidence is still limited in the context of SMEs, compared to large established organisations (Ripoll-Sempere & Moll, 2017:507; Carvalho & Costa, 2014:90; Hervas-Oliver, Quinn, McKitterick, McAdam & Brennan, 2013:83). While great consideration has been given to the management of challenges in SMEs, this has been inadequate (Hervas-Oliver et al., 2013:83). These challenges inhibit the dynamic growth and sustainability of SMEs and include finance, management skills, corruption, poor infrastructure, and coping with competition. In this regard, this research primarily seeks to address the gap posed by these challenges by adopting a different approach to the

competition-oriented management of SMEs. The approach centralises IM in the management of SMEs and analyses how IM could enhance SME competitiveness. Therefore, the main problem investigated in this study premises on how IM could used to enhance competitiveness of SME liquor retailers in the Ekurhuleni Municipality.

1.3.2 Research objectives

The primary research objective of the study is:

- To establish how IM could enhance competitiveness in SME liquor retailers in Ekurhuleni Municipality.

The secondary research objectives are to:

- Establish what innovation management is and how it can be of use to organisations.
- Establish what competitiveness is and how it can be of use to organisations.
- Establish what SMEs liquor retailers in Ekurhuelni understand as IM.
- Explore what SMEs liquor retailers in Ekurhuelni understand as competitiveness.
- Ascertain how IM is practiced by SME liquor retailers in Ekurhuelni.
- Develop an IM framework to enhance competitiveness of SME liquor retailers.

1.3.3 Research questions

The primary research question of the study is:

- How could IM enhance competitiveness in SME liquor retailers in Ekurhuleni Municipality?

The secondary research questions are:

- What is the nature of innovation management and how can it be of use to organisations?
- What is the nature of competitiveness and how can it be of use to organisations?
- What do SME liquor retailers in Ekurhuelni perceive as innovation management?
- What do SME liquor retailers in Ekurhuelni perceive as competitiveness?
- How is innovation management practiced by SME liquor retailers in Ekurhuelni?
- What IM framework can assist to enhance competitiveness of SME liquor retailers?

1.4 Purpose of the Study

Research on the SME liquor retailers is significant, considering the role these businesses play in creating a source of income for many South Africans. These enterprises provide an important business activity and economic participation for the socio-economically marginalised (Wentzel et al., 2016:1479; Karanja et al., 2013:113). Despite the direct and indirect negative impact on health and escalated criminal activities, the SME liquor retailers form a greater part of the value chain of the liquor industry and contribute to job creation, tax revenue, and GDP of the country.

This research is fundamental and significant to the developmental agenda of SMEs as it seeks to investigate IM and its enhancement of competitiveness for SMEs in liquor retail. The fact that these types of enterprises operate in a strictly regulated environment and highly competitive market, establishing their IM practices are essential for ensuring the growth and competitive sustainability of these businesses. For this reason, a better understanding of innovation management and its enhancement of SME competitiveness will help in the management and sustainable growth of these enterprises.

Furthermore, the researcher noted the paucity of studies on SME liquor retailers, IM, and competitiveness in SMEs. It is in that regard that the study will contribute to the body of knowledge on SME liquor retailers and the extent to which IM can be used to enhance competitiveness in South African SMEs. The findings of the study could also contribute towards developing a structured IM framework to assist SME liquor retailers in enhancing their IM practices and ultimately leading them to become more competitive and sustainable in their environment.

1.5 Review of Literature

A review of existing literature and scholarship on SMEs, IM, competitiveness, and the liquor industry in South Africa was undertaken in this study, with emphasis on the most current literature sources. However, relevant older sources were not ignored (Sekaran & Bougie, 2016:94). Discussions in this section begin with an overview of the literature on SMEs and the liquor industry in South Africa, followed by IM and competitiveness in SMEs.

1.5.1 Small business enterprises (SMEs) and liquor retailers in South Africa

The definition of small and medium enterprises (SMEs) is widespread but has not reached any level of uniform or universal acceptability, since the definitions of SMEs are mainly influenced by frameworks of national boundaries (Paul et al., 2017:329; Wentzel et al., 2016:1478). For instance, in the United States of America (USA), the Small Business Administration (SBA) (2018) defines SMEs as an independent business that has fewer than 500 employees (Adisa, Abdulraheem & Mordi, 2014:3). Paul et al. (2017:328) and Adisa et al. (2014:3) add further that SMEs are small-scale producers that operate in lower-scale economies, based on ownership, freedom, operation, and funding characteristics, as well as job quotas. Meanwhile, Wentzel et al. (2016: 1479) propound that SMEs are classified according to the number of people employed, annual turnover, and gross assets.

In South Africa, SMEs are defined according to the framework issued by the National Small Business Act/NSBA (No. 102 of 1996) (Department of Trade and Industry/DTI, 1996). The NSBA (102 of 1996) illuminates further that SMEs are juristic persons with separate legal powers, encompassing co-operative enterprises and non-governmental organisations that are generally managed by one owner or more, including the management of its branches or subsidiaries and has operation(s) in any sector or subsector of the economy. These operations include a broad range of small firms, from survivalist self-employed businesses to well-established medium-sized enterprises that employ at least 200 people (NSBA, 1996). The NSBA (1996) further classifies small businesses according to four categories, namely: survivalist, micro, small and medium enterprises; all of which are discussed below.

1.5.1.1 Survivalist enterprise

This small business category is sometimes referred to as pre-entrepreneurial businesses and includes hawkers, vendors, and subsistence farmers. They generate income that is predominately less than the minimum income standard, or below the poverty line. However, their business practices resemble that of the micro-enterprise sector (NSBA, 1996).

1.5.1.2 Micro-enterprise

This small business category usually lacks formality in terms of registration status and includes businesses such as spaza shops and many forms of household industries (NSBA, 1996). Micro-enterprises generate a turnover of approximately R150 000 per year and employ less than 10 people

1.5.1.3 Small enterprise

This small business category includes businesses that are generally more established than very micro-enterprises, and deploy more complex business practices (NSBA, 1996). Small enterprises employ at least 50 paid employees.

1.5.1.4 Medium enterprise

This small business category is often characterised as more established, with decentralised management powers, and employs at least 200 paid employees (NSBA, 1996).

In South Africa, the narrative of the SME sector is without the rhetoric of the apartheid regime that produced survivalist businesses because of restrictive policies. Contrastingly, the post-apartheid government has included SMEs in the national economic development and transformation agenda (Lebusa, 2013:77-78; Wentzel et al., 2016:1479; Lebambo & Shambare, 2017:1). The outcomes of such inclusivity are evidenced by the fact that 91% of formal businesses are small and medium-sized enterprises and contribute about 60% to national employment, and approximately 34% to South African GDP (Fatoki, 2019:1429). It is projected that approximately 90% of new jobs will be created by the SME sector by 2030 (Struwig & Lillah (2017:1). However, notwithstanding these positive contributions, the sector suffers from a high failure rate due to lack of experience and funding, as well as the intensely competitive environment in which they conduct their businesses.

It has also been noted that the SME sector in both South Africa and the rest of the world operates in survival mode as they are mostly surrounded by a culture of failure, estimated at 90% (Makopo et al., 2016:184; Wolmarans & Meintjes, 2015:91-92). The survival rate

of newly established SMEs in the country is 2.1% within the first three years of inception, whereas the global average is as high as 7.6% (Worku, 2016:134). Additionally, approximately 75% of newly established SMEs in South Africa do not succeed beyond the first five years (Motsepe & Fatoki, 2017:232). Such a high rate of business failure portends that 90% of newly established SMEs in South Africa cease to exist within a decade. Factors such as access to finance, management skills, and battling with competition contributed to the list of challenges faced by this sector. Interestingly, competitiveness looms larger than other challenges that have an impact on SMEs' failure (Motsepe & Fatoki, 2017:232; Wentzel et al., 2016:1479-1480; Lekhanya, 2015:412).

Naude and Chiweshe (2017:2) and Karanja et al. (2013:113) intimate that SMEs' management practices constitute their success. Therefore, SMEs need to strengthen their management and innovation practices in order to thwart competitive pressures. Accordingly, SMEs ought to be both creative and innovative, producing valuable, inimitable, and irreplaceable offerings to customers; while also operate more profitably than their competitors (Naude, & Chiweshe, 2017:1; Yufra & Sudjatno, 2017:43). In the case of South African SMEs, their management practices ought to focus on effective resource deployment for long-term sustainability.

Globally, the liquor industry faces strict regulatory controls, which include unequivocal adherence to legal age as part of retailing conditions. In South Africa, the liquor industry is regulated through the National Liquor Act (No. 59 of 2003) (NLA) and provincial liquor regulations as part of the transformation agenda of the post-apartheid South African government intended to facilitate SMEs liquor retailers' sustainable growth (Shand, 2017:26-27; Mrasi, 2016:24; Ledwaba, 2015:17). The NLA was specifically designed for the "regulation of manufacture and distribution of liquor" (NLA, 2003:11) under the jurisdiction of the Minister of Trade and Industry. At the provincial level, respective provincial authorities and legislatures regulate the liquor industry. In Gauteng Province (GP) for instance, the Gauteng Liquor Act (GLA) (No. 2 of 2003) is vested in the Department of Finance and Economic Affairs (DFEA) with a focus on controlling the micro-manufacturing, distribution, and sale of liquor products to consumers. The GLA also compels that the Gauteng Province Liquor Board should oversee applications for liquor licences and compliance with all on-site consumption regulations including conditions of buildings, as well as health and safety standards (GLA 2003:2).

The new post-1994 democratic government introduced new laws to formalise the liquor industry by integrating illegal retailers into the legal framework (Charman et al., 2013:585-586). In this regard, the NLA and GLA came into effect as a result of the amendment of the discriminatory apartheid-era South African Liquor Act (No. 27 of 1989), which was detrimental to the liquor industry due to its restrictive race-based access to liquor (Mrasi, 2016:24; Charman et al., 2013:585). The new government inherited a liquor industry fraught with 70% unlicensed and illegal liquor operations which emerged in response to the demand among black South Africans for access to liquor within their residential areas. There were an estimated 190,000 to 250,000 informal and unlicensed liquor retailers in South Africa selling over 4.1 billion litres of alcohol (Shand, 2017:24; Charman et al., 2013:580). These illegal retailers out-performed the legal market by far in terms of volume and accounted for approximately 90% of beer volume sales (Charman et al., 2013:584; Shand, 2017:24).

Despite the prevalence of strong regulatory mechanisms, South Africa remains with a large number of illegal liquor retailers, the majority of whom have been the target of liquor regulations for many decades but continued to operate illegally despite the intentional licence restrictions (Herrick et al., 2015:3; Smit, 2014:60). Ironically, these illegal liquor retailers also sell the same products sold by legal and regulated manufactures (Charman et al., 2013:580).

The GLA (2003) provides for the issuance of on- and off-consumption liquor retail licences. Charman and Petersen (2015:4) posit that the majority of SME liquor retail businesses are predominately found in townships and informal settlements, especially on-consumption liquor outlets. Accordingly, on-consumption licence holders (e.g. taverns, shebeens, night clubs) are obliged to ensure that their business was conducted on proper facilities with at least a single toilet for males and another for females; a separate place to cook and serve food sold to patrons; and 'no smoking' signage in designated areas on the premises. Most notably, the tavern, shebeen, or nightclub ought to close at 02h00 in the morning. Charman et al. (2013:585) augment that on-consumption liquor operations occur mainly at outlets such as restaurants and provide a place for social gatherings and drinking. This type of SME liquor retailers form part of people`s lives in the townships by providing recreational, entertainment, and leisure venues (Herrick et al., 2015:15). Off-

consumption operations, on the other hand, are outlets that strictly provide for 'take away' liquor sales only, such as bottle stores (GLA 2003; Shand 2017:4). Patrons are not allowed to drink liquor on the premises, which must be closed by 18h00.

1.5.2 Innovation management in small and medium enterprises (SMEs)

Newness or novelty is a frequently used term in definitions of innovation (Walker et al., 2015:408). Although there is no common definition of innovation, there is a consensus among researchers that innovation is about the novelty of product, method or business processes (Adla, Gallego-Roquelaure, & Calamel, 2020:1520). It is also clear that innovation concerns the deployment of a new or different solution to business product or operating practices (Dossou-Yovo, & Keen, 2021: 23; Meroño-Cerdán & López-Nicolás, 2017:213). Innovation management (IM) then, is defined as the discipline of managing the newness in an organisation in terms of the organisational model, systems, practices, processes, and products, and is practiced at all levels of an organisation (Hervas-Oliver et al., 2017:508; Sharma, 2016:61; Walker, Chen, and Aravind (2015:408-409). Innovation management is also viewed as the commercialisation of newness and business practices that improve processes, new business models that improve performance, and new organisational models that organise responsibilities (Azis, Darun, Kartini, Bernik & Harsanto, 2017:393; Walker et al., 2015:409).

As a management discipline, IM impacts operational changes through value-creation, support activities, and rests within the creative implementation of the newness (Cheng & Chen, 2017:12 Azis et al, 2017:393). IM has economic significance as it impacts productivity and positive organisational culture through the management of newness in organisations (Walker et al., 2015:407). In addition, IM has the capacity to advance SMEs' economic objectives more rapidly. Thus, managing with innovative practices enhances the organisation's ability to also operate competitively (Cheng & Chen 2017:12). However, despite the assertion of IM as a source of competitiveness in SMEs, scholarship on SME innovation management is limited, compared to big business organisations (Hervas-Oliver et al., 2017:507; Yufra & Sudjatno, 2017:44; Quinn et al., 2013:83-84).

In literature, IM seems to be a broad term describing a multifaceted process that has generated much interest across several disciplines and is generally referred to as a vague

concept emanating from general innovation (Quinn et al, 2013:82). While there is no universal definition of innovation, there is consensus among scholars suggesting that innovation concerns the novelty of goods, processes, and organisational practices. According to Nicolaides (2014:4) and Cheng and Chen (2017:12) innovation refers to the newness or improvement in business processes and models designed to radically increase business performance in respect of a new or enhanced product, process, or organisational practice. It means a new solution to a current problem or a new problem (Krause & Schutte, 2015:164). On the other hand, Walker et al. (2015:408) attribute innovation to the adoption of a new system, policy, programme, process, product, or service in order to increase the value to an organisation.

It is on the basis of the newness of processes, introduction to market or industry, and the supply network that innovation increases business value. Thus, the economic value of innovation is realised when it is efficiently provided to the market and has proven to make huge increases in value creation and contributions to the economic growth and development in national and global economies (Azis et al., 2017:393; Nicolaides, 2014:1). In this regard, innovation then becomes an important driver of economic growth and business performance, and a fundamental to competitive advantage and winning customers (Nani, 2017:63; Walker et al., 2015:409). The outcomes are mainly observable when the performance of a product or process is enhanced by the element of newness. However, innovation is not naturally produced, but rather a product of an exploited or institutionalised invention or creative idea aimed at commercialisation (Gronum, Steen, & Verreyne, 2016:590-591). Therefore, innovations are developed to bring about newness to business or customer experiences, and firms should adopt greater innovation, including new operations, services, customers, and markets in order to remain competitive (Azis et al., 2017:393; Cheng & Chen, 2017:13).

1.5.2.1 Innovation management processes

Until recently, the literature on innovation has focused on the types of IM processes such as radical and incremental innovation, process and product innovation, and marketing and organisational innovation (Yufra & Sudjatno 2017:42). For Fuentes and Soto (2015:171) and Nicolaides (2014:4), innovations are divided into several classes, including technological, non-technological, and organisational innovations. Although

innovation literature identifies the existence of non-technological and organisational innovations, studies in this regard are limited, compared to those on technological innovations (Aromaa, & Eriksson, 2014:31; Fuentes & Soto, 2015:172; Walker et al., 2015:407). Innovation processes such as technological, non-technological, and organisational innovations; radical and incremental innovations; and process, products, and service innovations are discussed below.

1.5.2.1.1 Classifications of innovations

Innovation classes may come as technical innovations related to innovation processes, and typically involve the use of technology to develop value-added services for consumers (Cheng & Chen, 2017:13). Meanwhile, non-technological innovations relate to marketing innovations that are created for customers in order to improve the competitiveness of the company in the marketplace. While the technological sphere of innovation has produced competitive advantages for economic growth, the broader definitions of innovation identify different types of non-technological innovation (Aromaa, & Eriksson, 2014:31; Nicolaidis, 2014:4).

1.5.2.1.2 Degrees of innovation

Degrees of innovation are either new (radical), or improved (incremental) innovation (Nicolaidis, 2014:4). Radical innovations or inventions induce fundamentally new changes that completely change the existing knowledge, product, operating practice, or market experience (Hurni & Grösser, 2017:48; Nicolaidis, 2014:4). Accordingly, radical innovations are produced mainly by means of research and creative idea generations implemented to produce new value whereas incremental innovations consist of minor and continuous improvements in existing products and processes (Nicolaidis, 2014:4). Incremental innovation, on the other hand, refers to the process of making small changes in the current product of the organisation, such as the improvement or configuration of an existing innovation or technology (Manders, de Vries, & Blind, 2015:2; Rodrigues & Pereira da Costa, 2015:60).

1.5.2.1.3 Types of innovations

Innovation types or forms include process, products, service, and business model innovations (Nicolaidis, 2014:4). Product innovation relates to the introduction of a new product to the market, while process innovations relate to new mechanisms introduced to the operation to render a service or enhance production (Beyene, Shi & Wu, 2016:127; Walker et al., 2015:408). Service innovation relates to the process through which a company increasingly changes service delivery processes to improve customer experiences. Service innovation mainly refers to the management of operations, services, and delivery activities that influence changes on the business forefront (Cheng & Chen, 2017:12). A business model innovation (BMI) refers to the process of modifying the current business model of a company or developing a new one (Ulvenblad, Barth, Bjorklund, Hoveskog, Ulvenblad, & Stahl, 2018:309). Valter, Lindgren, and Prasad (2018:99) added that BMI is a continuous, dynamic, collaborative, cyclical, and immersive activity involving constructive learning and exploration.

1.5.2.2 Overview of innovation management frameworks

The ability to adapt to a new business environment requires innovativeness based on careful planning and implementation (Bassiti & Jhoun, 2013:9). The reviewed literature indicates that organisations use IM as a means of increasing their market competitiveness amidst the turbulent business environment that compels organisations to adapt to changes occurring in their environment (Bassiti & Jhoun, 2013:9; Cohn, 2013:6).

An organisation's market competitiveness could depend largely on its innovation management framework, but the nature of several innovation areas poses problems that need to be addressed in some productivity-oriented ways (Cohn, 2013: 6-7). The challenges in IM processes mainly emerge in the management of innovations, rather than on how innovative ideas are sourced (Bassiti & Jhoun, 2013: 7). Thus, a lack of understanding and inadequate implementation of the IM framework may lead to difficulties in managing innovations (Cohn, 2013: 7). Table 1.1 below depicts the IM frameworks offered to advance the management activities of innovation within organisations.

Table 1.1: Frameworks of Innovation Management

Model/Framework	Description of the model
A linear model of innovation; Innovation Team Model; and Innovation Value Chain	These were the initial innovation models of innovation. However, these models could manage individual innovations on a project level with a lack of strategic management of innovation.
Open-Innovation	Takes advantage of the external contributions from the ideation to commercialisation of innovations.
Axiomatic Design Model of Innovation Continuum	Focuses on delivering product and service innovation by commencing with the functional requirement.
10 Types of innovation Model by Dublin	Based on 10 types of innovations that aim to foster the competitiveness of an organisation by integrating its variables. However, the model does not address corporate and strategic innovation.
Value-Added Corporate Innovation Management (v-CIM) Framework	Based on the idea of managing innovations in a multi-dimensional and balanced approach to foster competitiveness.

Source: Cohn (2013:8-9)

Table 1.1 above illustrates IM frameworks, each of which is described in terms of its primary model tenets in respect of the IM frameworks offered to advance the management activities of innovation within organisations.

1.5.3 Competitiveness in small and medium enterprises (SMEs)

The 21st century began with events indicative of a turbulent business environment that forces organisations to depend largely on competitiveness (Zonooz, Farzam, Satarifar, & Bakhshi, 2011:60). These turbulences were primarily the result of globalisation, amongst others, which operates in a ‘double-edged sword’ strategy, which provides incentives on the one hand; and hinders those who lag behind, on the other hand (Ocloo, Akaba & Worwui-Brown, 2014:290). The turbulent market conditions forced organisations to seek unconventional ways of survival and growth (Beyene, Shi & Wu, 2016:126). With globalisation, competitive pressures remain a major challenge for most economies (Jianguo, & Banwo, 2015:3). Thus, the presence of global business activities raises competitive pressures on SMEs, leading to the closure of SMEs (Hartnack & Liedeman, 2017:3; Venter et al., 2014:33).

Although SME literature calls for competitiveness in SMEs, competition remained the sector's biggest challenge (Tselepis, Mastamet-Mason & Antonites, 2016:2; Badenhorst-Weiss & Cilliers, 2014:3; Venter et al., 2014:33; Lebusa, 2013:77). In South Africa, SMEs operated in a low competitive environment during the apartheid era, because of the racially induced liquor retail and consumption. Blacks were restricted to consume and trade illegally home-brewed sorghum beer and were not allowed to visit pubs that had a variety of liquor beverages only reserved for Whites (Lebusa, 2013:77-78). During the post-apartheid era, SMEs began to experience competitive pressures which became the biggest challenge as a result of the changing socio-economic transformation agenda of the post-1994 democratically elected government. For instance, shebeens became organised and sold a variety of alcoholic beverages other than sorghum beer. Consequently, their client base started growing and shebeen owners had to be innovative to attract customers. Such innovative measures, however small, included the introduction of music in their outlets. Rising competition in the shebeen environment saw other outlets even inviting live Disc Jockeys (DJs) and music artists to enhance their business competitiveness (Ocloo et al., 2014:290). Lest it becomes a challenge, the competitive environment requires building competitiveness over rival businesses to grow sustainably (Badenhorst-Weiss & Cilliers, 2014:3).

Competitiveness is crucial to improve the performance and sustainability of SMEs (Habánik, Kordoš, & Hošták, 2016:144-145; Badenhorst-Weiss & Cilliers, 2014:3). However, the literature on competitiveness in the SME liquor retail and consumer sector is limited (Carvalho & Costa, 2014:90; Venter et al., 2014:34). Conversely, competitiveness literature indicates a positive relationship between competitive action and market results. Since the SME sector makes a higher contribution to the economy, the sector needs new market knowledge to enhance its competitiveness (Jianguo & Banwo, 2015; 3; Venter et al., 2014:34). Given the above, it is evident that a significant amount of research on SMEs' competitiveness should be prioritised for the advancement of the SME sector.

Competitiveness in SMEs can be influenced by improving several business factors, including resources, systems, processes, and customer services. Organisations aiming to achieve above-average levels of customer satisfaction will change resources, human capital, and new knowledge-coordinating frameworks to create competitiveness (Cheng

& Chen, 2017:13; Carvalho & Costa, 2014:89). Accordingly, Zonooz et al. (2011:68) suggest that SMEs' competitiveness should be driven by coordinating internal and external factors, and SMEs' unique entrepreneurial abilities. Creativity and innovation in SMEs have been the focus of literature studies and are central to organisational survival. However, SMEs fail to produce aggressive competitive practices against their counterparts, in which case a strategic shift towards competitiveness needs to be practiced through proactive and novel management practices to unravel competitive pressures (Lebusa, 2013:83; Karanja et al., 2013:113).

Creative and innovative ways of meeting the ever-changing customers' tastes and preferences will enable SMEs' capacity to compete and grow, in a sustainable manner in the marketplace (Nani, 2017:79-80). Thus, organisations that practice IM can establish and maintain a competitive advantage, making IM fundamental to building competitiveness and as a pillar for strategic success in the market (Verdu-Jover, Alos-Simo & Gomez-Gras, 2017:331-332). IM should be adopted to help SMEs enhance their competitiveness and ameliorate their stringent resource challenges. It is lamentable that SMEs failing to innovate, face the risk of losing future value, and only those who innovate stand to survive in a competitive environment (Quinn et al., 2013:85; Cheng & Chen, 2017:18; Lebusa, 2013:78). Thus, the South African SMEs need to practice IM to effect growth, sustainability, and be able to withstand competition.

1.5.3.1 Measures of competitiveness in small and medium enterprises (SMEs)

The turbulent economic environment has compelled SMEs to uphold competitiveness as an important factor of survival and growth, considering the financial crisis of recent years in the global economy and consequent weakening of SMEs' competitiveness (Akben-Selcuk, 2016:1; Bianchi, Cosenz & Marinković, 2015:85). Accordingly, company competitiveness depends on the provision of value to customers over time, because competitiveness lies in the longevity of customer engagement. Thus, the survival of SMEs depends largely on how they drive their bottom-line through their competitive capability to serve a larger customer base (Tanu, Ahmed & Latif, 2018:2; Bianchi et al., 2015:85).

From the perspectives of scholars, competitiveness in SMEs is critical for entrepreneurs because of the influence and significant contributions it makes to a business (Ceptureanu,

2015:55). In the same vein, the competitiveness of a business depends largely on the execution of marketing activities relating to the interaction of the consumer, as well as the fulfillment of customer needs for commercial gain. Since customers respond differently to certain brands of liquor, SMEs must understand their client base and change according to their needs and new brands in the market (Tanu et al., 2018:1-2).

Scholars and experts have not developed cohesive measures of competitiveness, despite extensive debates on the subject. Currently, there are multiple measures of competitiveness in literature, which relate to good performance, sustainable competitive advantage, trade performances, costs management, and growth elements (Akben-Selcuk, 2016:1; Ceptureanu, 2015:61). In terms of the competitiveness nomenclature, the definition of firm competitiveness stresses the firm`s ability to do better against competing firms in terms of profitability, sales, or market share. The company's level of competitiveness is determined significantly by two main competitive factors: consumers and competitors (Tanu et al., 2018:3; Ceptureanu, 2015:56). The prospects of sales and financial tools were measures of competitiveness in the competitive market. The sales measures (i.e. efficiency, productivity, and profitability) require the business to deploy innovative marketing mechanisms to effect competitiveness. Furthermore, competitiveness can be sustained provided the appropriate balance is maintained between shareholder and customer value, as well as financial and human capital (Tanu et al., 2018:3; Ceptureanu, 2015:57). The following sub-sections highlights other views of SME competitiveness as advocated by Ceptureanu (2015:57):

1.5.3.1.1 Traditional view (cost-driven)

Traditional views aim to reduce costs, premised on the view that competitiveness is found in the most profitable activities, and costs should be reduced to enable the business to respond to the environment.

1.5.3.1.2 Classical vision (marketing-driven)

This is a combination of the traditional vision enhanced by marketing foresight elements. Such a marketing-driven view posits that increased business resilience is achieved through market reaction influenced by marketing activities.

1.5.3.1.3 Modern vision (time-driven)

Modern vision assumes that market requirements will change significantly over time in the foreseeable future. This vision is based on a flexible model of producing goods or services in line with changing customer needs.

1.5.3.1.4 Post-modern vision (globalisation-driven)

This vision considers the impact of changes that come with globalised business operations which bring about economic changes on a global scale in both a market system and its production and performance systems.

In tandem with these views, this research focuses on the mix of customer, competitor, and profitability measures. The researcher is resolute that determining the competitiveness of SME liquor retailers is premised on attracting and maintaining customers, surpassing competitors, and driving profitability in order to shed light on their competitiveness level.

1.6 Research Methodology

In this section, the discussion is largely focused on the research philosophy, the research approach, the research design, the research population, and sampling, as well as the data collection and data analysis.

1.6.1 Research Philosophy

Research philosophy refers to the philosophical principles underpinning the research design and processes of data collection in respect of the research problem and objectives of the study (Saunders, Lewis, and Thornhill, 2016:111). Positivism, realism, interpretivism, and pragmatism are some of the most well-known philosophical paradigms in research.

Positivism is a research philosophy based on the idea that the truth can only be studied through natural science (Creswell, 2014:6). Realism, on the other hand, is a research

philosophy based on scientific methods and assumes the independence of reality from the human mind (Rubin & Rubin, 2012:34). Interpretivism is a research philosophy that assumes that the truth can only be studied through social constructs and encompasses human interests (Thanh & Thanh, 2015:25). Meanwhile, the pragmatic research philosophy is based on the idea of different ways of interpreting the truth (Saunders et al., 2016:113).

The researcher adopted the interpretivism philosophy in this predominantly qualitative study. This research philosophical paradigm enabled the researcher to interpret phenomena (e.g., SME liquor retail competitiveness) from the perspectives and reality of the participants (lived experiences) (Saunders et al., 2016:113; Thanh & Thanh, 2015:25). The researcher's decision to adopt the interpretivism philosophical paradigm was further enhanced by this study's intention to explore the meanings and understanding of the participants (e.g., owners and managers of SME liquor retail outlets) as social actors on their perception of IM and competitiveness; and how IM could enhance competitiveness in SME liquor retailers in the Ekurhuleni Municipality.

1.6.2 Research Approach

Saunders et al. (2016:114) and Creswell (2014:19) differentiate between two main research approaches, the deductive and inductive approach. The deductive approach is concerned with a scientific inquiry that assumes a theory as the basis of concluding. The inductive approach, on the other hand, is the research process that starts with observations and the theory is proposed at the end of the research process (Saunders et al., 2016:114).

In this research, an inductive approach was adopted, and began with the articulation of a set of objectives, followed by patterns in the interpretation of phenomena linked to a particular theoretical perspective (Saunders et al., 2015:116; Rubin & Rubin, 2012:34). In this research, the empirical data collected was analysed and interpreted for the development of a framework for the findings.

1.6.3 Research Design

The research design used for this study is explained and includes the methodological approaches, the nature of research design, research strategies, and time horizons. The choice of the research design is also predetermined by the nature of the research problem (Leedy & Ormrod, 2016:270; Thomas, 2013:113).

1.6.3.1 Methodological approach

In research methodologies, the research design encompasses the qualitative, quantitative, and mixed-methods approaches (Leedy & Ormrod, 2016:154; Creswell, (2014:87). The qualitative approach premised on an understanding of social or human experiences based on the detailed views of informants in their natural setting. On the other hand, the quantitative approach focuses on the objective investigation of phenomena based on numerical measurements and patterns of inferences (Leedy & Ormrod, 2016:154). 2012:132; Mkansi & Acheampong, 2012:134).

The purpose of this research is to investigate IM and how it could enhance competitiveness in SME liquor retailers in Ekurhuleni Municipality. The qualitative approach was adopted for purposes of gathering the necessary information in terms of the views of participants, rather than the numerical investigation of a problem (Mkansi & Acheampong, 2012:134; Rubin & Rubin, 2012:38).

1.6.3.2 Nature of research design

In research methodology, research designs basically include exploratory, descriptive, and explanatory studies (Sekaran & Bougie, 2016:94; Mkansi & Acheampong, 2012:135). An exploratory research design is deployed largely for a better understanding of the nature of the problem or the unit of analysis under investigation where very few or no studies have been considered in the area under examination. Descriptive designs, on the other hand, help to explain and understand some phenomena as they unfold and the relationship between variables is explained in real-time (Saunders et al., 2016:144; Van Zyl, 2014:197-198).

In this research, the researcher adopted a combination of both the exploratory and descriptive designs. Hervas-Oliver et al. (2017:507), Carvalho and Costa (2014:90), Venter et al. (2014:84), and Quinn et al. (2013:82) lamented the observable paucity of cogent literature concerning scholarship on SME competitiveness and its slant to big business organisations. It is in this regard that an exploratory approach is a viable option because there are limited studies on IM and competitiveness in SME liquor retailers. Secondly, the descriptive approach enhanced the detailing and full explanation of the phenomenon of SME competitiveness as it unfolded in real-time from the researcher's engagement with the selected interviewees (owners and managers of SME liquor retail outlets).

1.6.3.3 Research strategies

Research strategies include the experimental, surveys (interviews or questionnaires), case studies, ethnography, and grounded theory (Saunders et al., 2016:121; Creswell, 2014:97; Van Zyl, 2014:198). The experiment strategy mainly involves a determination of whether or not any causal links exist between research variables. On the other hand, survey strategies seek to study specific attributes of the study population and may include survey interviews or questionnaires. Meanwhile, a case study research strategy involves reference to a particular scenario as the locus of specific units of analysis or variables of interest to the researcher in certain conditions and contexts (Saunders et al., 2016:118; Van Zyl, 2014:218-219). Ethnography is a research strategy that seeks to explore and describe the influences of the environment on the experiences, perceptions, and worldview of particular groups or categories of participants or respondents regarding the phenomenon being investigated. The grounded theory focuses mainly on predicting and explaining behaviour in order to develop or build theory (Anderson, 2015:135; Thanh & Thanh, 2015:27).

In this research, the semi-structured interview was adopted (see sub-section 1.6.6). The rationale for this strategy premised on the researcher's desire to obtain valid and reliable first-hand data pertinent to the research questions (Saunders et al., 2016; Van Zyl, 2014:219).

1.6.3.4 Time horizons

The time horizons for research can be cross-sectional or longitudinal. The cross-sectional study approach is described as research where data is collected just once within a prescribed period for snap results (Sekaran & Bougie, 2016:106). The longitudinal study, on the other hand, is applied in research where the data will be collected over an extended period. In this research, cross-sectional was adopted, in terms of which data was collected within six weeks that excluded weekends.

1.6.4 Research Population

The research population is defined as the larger group of units, objects, or individuals from which the researcher derives a representative sample (Saunders et al. 2016:212; Sekaran & Bougie, 2016:236; Cooper & Schindler, 2014:338). Additionally, the research population exhibits or possesses the fundamental traits, qualities, or items in which the researcher has an interest, and from whom data can be sourced to make some inference in relation to both the research problem and questions entailed in the study. Therefore, a research population should include all the people or institutions whose opinions, behaviour, preferences, and attitudes will yield information to answer the research question (Saunders et al., 2016:212; Mkansi & Acheampong, 2012:139).

For the purpose of this research, the population is all SME liquor retailers with on-consumption and off-consumption liquor licences in the Ekurhuleni Municipality. The total number of 505 SME liquor retailers were represented by four (4) liquor associations in the Ekurhuleni Municipality. The researcher is further resolute that these associations are the only easily accessible and relevant, making them the most appropriate gatekeepers for the target population for the research. From this population, the researcher selected a target population from which the actual 21 sampled interview participants were selected. Figure 1.1 below indicate the population of the research per liquor associations.

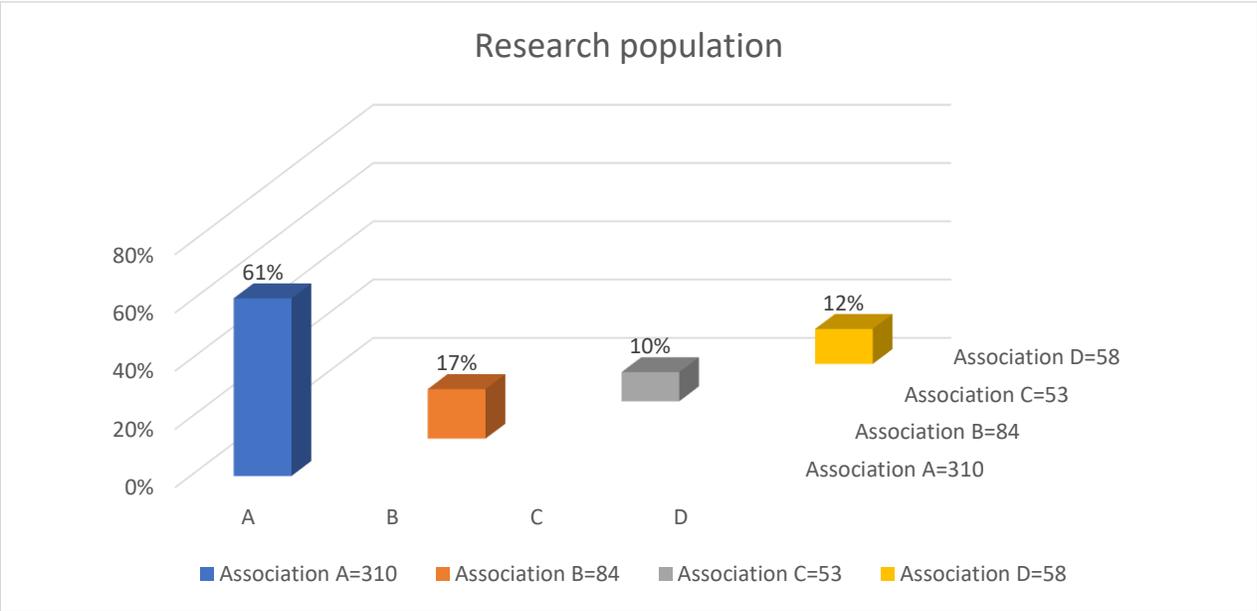


Figure 1.1: Research population

Figure 1.1 above depicts the four liquor associations and their composition, represented as follows: A: Gauteng Liquor and Informal Business Association (GAULIBA/Tembisa); B: Boksburg-Vosloorus Food and Beverage Association (BVFBA); C: National Tourism and Hospitality Association (NTHA) Daveyton Branch; and D: Kwa-Thema, Tsakane, and Duduza (KWATSADUZA) Liquor Association.

The combined total of all the above-cited and legally registered associations and SMEs in Ekurhuleni is 505 (100%) SMEs. Association A (the biggest in Ekurhuleni) consists of 310 (61%) members, followed by Association B with n=84, (17%) members. Meanwhile, Association D has 58 (12%) members, followed by Association C with the least number of members (n=53, 10%). These associations represent both on-consumption and off-consumption SME liquor retailers, each with its name, physical address, and contact details within Ekurhuleni Municipality.

1.6.5 Sampling

Sampling refers to a systematic process of selecting a representative group or sub-set on account of its representative qualities or characteristics in relation to the larger group from which it was selected (Thanh & Thanh, 2015:24; Van Zyl, 2014:96). Contrary to a census (which aims to study the entire population), sampling is used when the population is too large, or when the population is not easy to construct. It is possible to answer research

questions regarding some aspects of the population from the selected sample because the sample constitutes units of analysis (e.g. people and institutions) from the research population (Thanh & Thanh, 2015:24; Neuman, 2014:97). On the main, two sampling strategies exist in the literature, both of which are outlined below.

1.6.5.1 Probability sampling

Probability sampling is a strategy in terms of which the chances are known for any member of the population of the study to be selected for involvement in the study (Saunders et al., 2016:119; Van Zyl, 2014:956). Examples of probability sampling include simple random sampling, stratified random sampling; interval or systematic sampling, and multistage probability sampling.

1.6.5.2 Non-probability sampling

Non-probability sampling is a strategy according to which the chances for any population member's selection is unknown (Saunders et al., 2016:119; Van Zyl, 2014:956). In non-probability sampling, a non-random and subjective system of sampling is administered in which members of the population do not have an equal, known, or predictable chance of selection in a sample frame. In this research, a non-probability purposive/judgment sampling strategy was adopted, based on the non-predictability or unknown chances of prospective participants' involvement in the study (Denzin & Lincoln, 2018:103; Sekaran & Bougie, 2016:236). Examples of non-probability sampling include quota sampling; convenience or availability/accessibility sampling; purposive or judgemental sampling; and cluster sampling. This research adopted non-probability, purposive/judgment sampling methods according to the following characteristics:

- Male or female owners or managers of SME liquor retail outlets, 18-65 years old;
- Owner or manager of the SMEs liquor retailer for at least a year;
- The SMEs liquor retailers must be in operation for at least one year;
- The SMEs liquor retailers must be in operation with an on-consumption or off-consumption liquor licences; and
- The SME liquor retailers must be operating in the Ekurhuleni Municipality.

1.6.5.3 Sample size

In research-based fieldwork, it is impractical to involve all members of a study population. This is caused by factors such as the logistically impossible availability of all members of the self-same research population at the same time, as well as limited budget and time restrictions (Sekaran & Bougie, 2016:112; Rubin & Rubin, 2012:39). Saunders et al., (2016:233-234) stated that interviews should be added until saturation is reached. Accordingly, the sample size refers to the actual number of research participants eventually selected for involvement in the study's empirical data collection (interview) processes. In this regard, 21 participants were purposively selected owners or managers of SMEs liquor retailers operating in the Ekurhuleni municipality were selected as a sample of the study. Table 1.2 below depicts the sample size in relation to the overall study population.

Table 1.2: Sampling plan

Association	Population	Percentage	Sample	Percentage
A	310	61%	10	48%
B	84	17%	5	24%
C	53	10%	3	14%
D	58	12%	3	14%
TOTAL	505	100%	21	100%

Table 1.2 above depicts the population and sample size of SME liquor retail associations in Ekurhuleni. Association A's population is 310 (61%), and its sample size is 10 (48%). On the other hand, Association B's population is 84 (17%), with a sample size of 5 (24%). In the same vein, Association C has a population of 53 (10%) and a sample size of 3 (14%), while Association D's population is 58 (12%), and has a sample size of 3 (14%).

1.6.6 Data Collection

The data collection process commenced after the formal approval of ethical clearance by the University of South Africa. Semi-structured interviews constituted the primary data collection mechanism in this study. A semi-structured interview is basically a conversation or dialogue between the researcher and the participants concerning particular aspects of the phenomenon under investigation (Moloi, 2014:58-59; Neuman, 2014:109). In such a

conversational context, the researcher has the latitude to pose formally structured questions in an informal or unstructured manner; adding or excluding some questions according to the flow and context of the conversational/dialogue rather than confined to predetermined questions. This is contrary to a structured interview in which the predetermined questions must be followed chronologically (Sekaran & Bougie, 2016:112). The semi-structured interviews became useful to this research in ensuring that insightful information is gained by driving the conversation on a contextual basis that suits the informational flow.

Consistent with the ethical protocols and considerations, the researcher approached and explained the purpose of the study to participants, encouraged interest and voluntary informed consent for participation in the study (Connelly, 2016:439). The interviews were personally conducted by the researcher. The interview questions were designed and developed in conjunction with the literature study and the relevant constructs identified in the research questions and their attendant objectives (Mertens, 2015:3). The interviews featured semi-structured questions and data were recorded using a voice recorder after the granting of verbal permission by the interviewees. The recorded data were then transcribed into transcripts for data analysis by the researcher.

A pilot study was conducted before the commencement of the actual data collection. A pilot study is defined as a pre-investigation research instrument used to discover weak points in the research design and approach, and to increase the trustworthiness of the study (Sekaran & Bougie, 2016:112; Cooper & Schindler, 2014:76). In this study, the pilot study was administered using 2 (two) owners of SMEs liquor retailers in Ekurhuleni municipality in order to refine themes and clarify questions that are uncertain and needed both modification and improvement. The two participants in the pilot study were not part of the final/actual interview process.

1.6.7 Data Analysis

Data analysis refers to the process of systematically organising, synthesising, categorising, and classifying patterns of data according to their frequently occurring themes (Herzog, Handke & Hitters, 2019:1; Neuman, 2014:97). In essence, the purpose of data analysis is to convert categories of information into meaningful patterns of data to

serve as a framework from which the findings of the study are derived as the evidence of the study.

1.6.7.1 Thematic analysis

In this research, data were analysed with the purpose to create themes from the transcripts using thematic analysis (TA). Herzog et al. (2019:1), Casselberry and Nolen (2018:808), and Clarke and Braun (2018:107) concur that the thematic data analysis process (which is preceded by data collection) involves the identification, categorisation, and reporting of common patterns (themes) found in the data (interview statements). Thematic analysis was adopted since it conformed to the study's explorative and descriptive approaches to the acquisition and interpretation of its interview-based data. Moreover, the thematic analysis method was deemed relevant insofar as it facilitates the analysis of perceptions, understanding, and experiences of the qualitatively obtained data (Herzog et al., 2019:2; Clarke & Braun, 2018:107). It is for this reason that thematic analysis is commonly used across qualitative designs such as interviews, focus groups, social media, policy documents, and press media articles (Herzog et al., 2019:4; Casselberry & Nolen, 2018:808). Figure 1.2 below is an illustration of the thematic analysis process as advocated by Clarke & Braun (2018:109)



Figure 1.2: Phases of thematic analysis
Source: Clarke & Braun (2018:109)

In administering data analysis for this research, the researcher applied phase one of the TA analysis to familiarise himself with the data. This process involved the transcription of the interview interactions into transcripts and then reading the transcript. Once the data of phase one was complete, the researcher proceeded to phase two of the TA by generating initial codes, after which the researcher then identified features of data that

were of interest and meaningful. After generating the initial codes, the researcher proceeded to phase three, searching for themes by analysing the collated data and sorting (combining and splitting) codes according to overarching or global themes. This phase was followed by the review of themes in phase four, in terms of which the researcher conducted a deep review of themes by questioning whether to combine, refine, separate, or discard initial themes (Winit-Watjana, 2016:430; Clarke & Braun, 2018:107). The researcher ensured that there was a clear distinction between themes. Next, the researcher administered phase five, which involved defining and naming themes and sub-themes. Furthermore, the researcher ensured that the themes were clearly defined. Finally, the researcher administered phase six by producing the research report. The analysis was transformed into interpretable writing which relates to the themes, research question and objectives, and literature review.

1.7 Validity and Reliability

In this sub-section, credibility, dependability, transferability, confirmability, and authenticity are described as strategies to ensure the trustworthiness of the study in respect of its processes and preferred data collection instrumentation (i.e. semi-structured interviews) (Ang, Embi & Yunus, 2016:1857; Welman, Kruger & Mitchell, 2012:214). It is on the basis of the trustworthiness of the research processes that the eventual findings could be believable as a record of the scientific rigour with which the self-same results were generated.

1.7.1 Credibility

Credibility relates to the assurance that the research findings reflect the truth provided by the participants and is an accurate version of the participants' original views (Anney, 2014:276; Welman et al., 2012:214). To ensure the credibility of this study, a member-checking method was applied and in terms of which transcripts were shared with participants to verify their versions so that they can be able to correct, clarify, or add information if necessary. The data interpretation, findings, and conclusions will also be shared with the participants. Such verification measures are relevant, especially insofar as presenting the findings as a true reflection of the participants' version of statements as captured in the interview audio recordings.

1.7.2 Dependability

Dependability seeks to ensure the reliability of the research by showing that similar findings will be reached if the research were repeated given a similar context (Anney, 2014:276; Creswell, 2014:106). To ensure dependability in the study, the researcher ensured that an audit trail of the entire study was properly documented. In this regard, the physical evidence of the research process was kept. This includes documents and voice recordings containing data, research methods, and decisions made during the research process as a whole; as well as and the reasons that informed such decisions.

1.7.3 Transferability

Transferability is the ability of the research findings to apply to other situations (Ang et al., 2016:1857; Welman et al., 2012:214). In this regard, transferability also relates to external validity/generalisability in quantitative research. In the case of the current study, transferability was established by means of the researcher's sufficient detailing of the research context for the benefit of other scholars to determine the applicability of the findings to other known settings (Welman et al., 2012:214; Denscombe, 2011:240). The researcher also kept field notes to ensure transferability by documenting all aspects related to the research process.

1.7.4 Confirmability

Confirmability refers to the degree to which the research findings do not reflect the opinions and imaginations of the researcher (Moon, Brewer, Januchowski-Hartley, Adams, & Blackman 2016:18; Denscombe, 2011:240). In this regard, confirmability allocates a degree of objectivity in quantitative research (Ang et al., 2016:1857). In qualitative studies, confirmability ensures that the findings are influenced by the participants' responses and not by the researcher's preconceived notions, interests, or worldview (Ang et al., 2016:1857; Moon et al., 2016:18). Confirmability was achieved by demonstrating that the findings are directly linked to the responses and actual experiences of the participants themselves. Accordingly, the researcher made a

conscious effort to follow, rather than lead, the direction of the responses by asking for clarification from the interviewees and not imposing certain views of his own.

1.7.5 Authenticity

Authenticity relates to the extent to which the research findings genuinely reflect the lived experiences of the participants as they lived and perceived them. Authenticity is also regarded as the means to ensure society's good and ensuring participants' direct benefit from the research findings (Babbie & Mouton, 2012:278). Accordingly, the authenticity principle embraces the need to empower and educate participants to improve their situations by incorporating their value systems (Johnson & Rasulova, 2016:27). Authenticity is further recognised as a principle of inquiry and understanding that involves learning, changing, negotiating, and ultimately acting fairly (Mishna et al., 2004:460). In this research, authenticity was maintained with the utilisation of an audio recorder to ensure that their responses were captured verbatim and unaltered.

1.8 Limitations and Assumptions

The limitations of the study relate to those specific conceptual and/or methodological aspects of the study with the potential to render the study ineffective or confined (Denscombe, 2012:69; Rubin & Rubin, 2012:99). On the other hand, assumptions of the study premise on the untested (hypothetical) value judgments made by the researcher without forms of evidentiary confirmation (Denscombe, 2012:69; Rubin & Rubin, 2012:99).

1.8.1 Limitations

The research confined the study only to SMEs liquor retailers with on-consumption or off-consumption liquor licences. Thus, the findings were not generalised to a larger population of SMEs given these focused categories. However, SMEs in other areas with the same characteristics may benefit from this research. Furthermore, the research was only confined to one municipality, the Ekurhuleni Municipality, and not other municipalities in Gauteng or other provinces. However, it is anticipated that SME liquor retailers with on-consumption and off-consumption licences from other municipalities and provinces will

benefit from this research and its findings insofar as aspects and areas of commonalities that are applicable in those contexts.

1.8.2 Assumptions

The researcher makes the ontological assumption that the nature of SME liquor retail is such that the retailers deploy some form of IM practice to boost their competitiveness, albeit informally. This was tested by means of questions that sought to determine how they innovated their business to win new customers.

The researcher further assumes that there will be an element of distrust amongst SME owners or managers about the intentions of the study. The distrust could arise from suspicions that competing businesses could know about their strategies. Such suspicions could then lead to a lack of disclosure of information that is pertinent to the research. In this regard, the possible assumptions were mitigated by assuring the confidentiality, privacy, and anonymity of their involvement in the study.

1.9 Contribution of the Study

It was envisaged that after establishing IM in SME liquor retailers, an IM framework will be developed to help SME liquor retailers enhance their practices and competitiveness. This framework will help SMEs, researchers, and academics to establish ways of improving competitiveness in SME liquor retailers.

1.10 Ethical Consideration

This research involved human participants and included confidential information. A clearance certificate was obtained from the Research Ethics Review Committee of the Department of Business Management, College of Economic and Management Sciences (CEMS), at the University of South Africa (UNISA) before the commencement of the data gathering process (UNISA, 2013:1).

The participants were assured anonymity and the purpose of the study was explained to them. The participants were also made aware that their participation in the study was not an obligation. Thus, they had the right not to answer any question they feel uncomfortable

responding to. Permission to record the interviews was obtained from each participant before commencing with the interviews.

1.11 Chapter Outlines

The study is laid out in the following six chapters, all of which collectively provide the logical structure and thematic organisation of the core research variables and units of analysis attendant to the research topic.

Chapter 1: Introduction and Background

In this chapter, an overview of the study is presented. This includes the background of the study, problem statement, research objectives, research questions, and the research methodology. The assumptions, limitations, as well as ethical considerations, are discussed.

Chapter 2: Small and Medium Enterprises, Liquor Retailers and Innovation Management

This chapter provides literature review perspectives and scholarship on the subject of SMEs, innovation management, competitiveness, and the liquor retail and consumption industry.

Chapter 3: Competitiveness in SMEs

Whereas the literature-focused discussion is provided on the subject of SMEs, innovation management, and the liquor industry, the concept of “competitiveness” constitutes a central focal point of discussion in the chapter.

Chapter 4: Research Methodology

This chapter essentially presents the research methodology in more detail than in Chapter 1. Accordingly, the core tenets of the chapter are the problem statement; research objectives and questions; research philosophy and approach; research design and strategies; data collection and analysis; as well as the sampling context of the study.

Chapter 5: Presentation and Analysis of Findings

The presentation and analysis of findings are discussed in this chapter. In this chapter, the findings pertain largely to the participants’ experiences, understanding, and knowledge concerning competitiveness and innovation management. It is on the basis of the analysed data that the researcher’s proposed IM framework was developed.

Chapter 6 Conclusion and recommendations

In this last chapter, the conclusions based on the findings of this study are discussed, and applicable recommendations are provided. Areas for further research are also presented.

Chapter 2: Small and Medium Enterprises, Liquor Retailers and Innovation Management

2.1 Introduction

The definition of SMEs encompasses a very broad range of firms, which also includes formally registered, informal, and non-value added tax (VAT) registered business organisations (DTI, 2008:4). Small businesses range from medium-sized enterprises such as established traditional family businesses employing more than a hundred people, to informal micro-enterprises. The latter category includes survivalist self-employed individuals from the poorest sectors of the population. The upper range is comparable to small- and medium-sized enterprises (SMEs) found in developed economies. In South Africa, the large majority of SMEs are concentrated on the lowest rungs in which survivalist firms are mostly found (Badenhorst-Weiss & Cilliers, 2014:4).

Small and medium enterprises (SMEs) are viewed as making a positive contribution to the economy of many countries, including South Africa (Makopo et al., 2016: 183; Wentzel et al., 2016:1478). These business enterprises also lead formal business establishments in the South African economy (Peters & Naicker, 2013:13). The South African government also recognises them as strategic tools for achieving its goals of increasing job creation opportunities, poverty reduction, and establishing equitable wealth distribution (Peters & Naicker, 2013:13; Wentzel et al., 2016:1478). However, despite the operations of active SMEs and government interventions in South Africa, their success rate remained below the world average (Wolmarans & Meintjes, 2015:88).

The challenges and poor success rate of SMEs have triggered a need for information about the drivers of SME success. In seeking interventions to these challenges, SMEs ought to adapt their management practices and competitive behaviours for success in a competitive business environment (Naude & Chiweshe, 2017:2; Struwig & Lillah, 2017:1). Furthermore, SMEs should develop their versatility and creative capacities as the only way to survive these competitive challenges.

The present chapter presents a literature review premising largely on innovation management (IM) and its enhancement of competitiveness in the sphere of SME liquor

retailers. Accordingly, this chapter provides a literature review on SMEs and the liquor retail market in South Africa. This chapter then explores the literature on IM in SMEs.

2.2 Overview of Small and Medium Enterprises (SMEs)

In this section, the definitions of SMEs are explored, followed by a discussion on the economic importance and contributions of SMEs and the challenges faced by SMEs.

2.2.1 Definition of SMEs

The concept of SMEs has been debated widely in the literature. However, there is still no uniform or all-encompassing definition (Wentzel, Smallwood, and Emuze, 2016:1478). Notwithstanding the lack of an inclusive definition, Paul et al. (2017:328) contend that an SME is a small-scale producer that only reaches lower-scale economies. From the international literature, the definition of SMEs is evidently derived from characteristics and typology standpoint (Cong & Thu, 2020:1; Adisa et al., 2014:3). However, the classification-based definition of SMEs tends to be more confusing in moments of temporary economic changes, which also indicates the conditionality of the definition of SMEs, depending on the reference point of who is defining it (Karadag, 2016:23; Katua, 2014:462). It is against such a context that SMEs are defined based on national boundary frameworks, which includes considerations of the number of employees, business size, capital disposal, asset value, industry type, and country of origin (Adisa et al., 2014:3; Katua, 2014:462; Kisto, 2014:25). According to Adisa et al., (2014:3), definitions of SMEs also consider service, proprietary features, freedom, funding, and the upper limit for jobs.

In the USA, the Small Business Administration (2018) defines a small business as an independent business with less than 500 employees. In Canada SMEs are defined as any enterprise that employs between 1 (one) and 499 people and has a turnover of less than \$50 million. Meanwhile, the limit in Germany is 250 employees, and 100 employees in Belgium (Katua, 2014:462). In New Zealand, SMEs have at least 19 employees or less, while China, on the other hand, uses multiple factors to define SMEs, such as employment quotas, sales volume, and value of assets (Katua, 2014: 462).

The National Small Business Act (No. 102 of 1996 as amended) in South Africa is a blueprint used for defining SMEs (DTI, 2008:4). In this regard, SMEs refer to business enterprises under the management of one owner or more, even at its branches or holdings, and have an operation(s) in any economic sector or subsector (NSBA, 1996). These business enterprises include a broad range of small firms which employ at least 20 paid employees, small enterprises which employ at least 50 paid employees; as well as medium-sized enterprises such as established family businesses that can employ at least 20 people (Wentzel et al., 2016:1478). In South Africa, SMEs are classified as businesses with less than 250 employees. Table 2.1 below indicates the classifications of a small business as prescribed in the new National Small Enterprise Act threshold (Oni, Agbobli & Iwu, 2019:65).

Table 2.1: The new National Small Enterprise Act threshold for defining enterprise size

Sector or subsector in accordance with standard industrial classifications	Size/ Class	Total full-time equivalent of paid employees	Total annual turnover
Agriculture	Medium	51-250	≤R35 million
	Small	11-50	≤R17 million
	Micro	0-10	≤R7 million
Mining and quarrying	Medium	51-250	≤R210 million
	Small	11-50	≤R50 million
	Micro	0-10	≤R15 million
Manufacturing	Medium	51-250	≤R170 million
	Small	11-50	≤R50 million
	Micro	0-10	≤R10 million
Electricity, gas, and water	Medium	51-250	≤R180 million
	Small	11-50	≤R60 million
	Micro	0-10	≤R10 million
Construction	Medium	51-250	≤R170 million
	Small	11-50	≤R75 million
	Micro	0-10	≤R10 million
Retail and motor trade and repair services	Medium	51-250	≤R80 million
	Small	11-50	≤R25 million
	Micro	0-10	≤R7.5 million
Wholesale trade, commercial agents, and allied services	Medium	51-250	≤R220 million
	Small	11-50	≤R80 million
	Micro	0-10	≤R20 million
Catering, accommodation, and other trades	Medium	51-250	≤R40 million
	Small	11-50	≤R15 million
	Micro	0-10	≤R5 million
Transport, storage, and communication	Medium	51-250	≤R140 million
	Small	11-50	≤R45 million
	Micro	0-10	≤R7,5 million
Finance and business services	Medium	51-250	≤R85 million
	Small	11-50	≤R35 million
	Micro	0-10	≤R7,5 million
Community, social and personal services	Medium	51-250	R70 million
	Small	11-50	R22 million
	Micro	0-10	R5 million

Source: Source: GCIS (2019:2)

The above table indicates sectors or sub-sectors of the economy used to classify SMEs in South Africa. In sub-section 1.6.4, the researcher indicated that the population in this research constitutes the SME liquor retailers with on-consumption and off-consumption liquor licences. This means that the retail and motor trade and repair services category is adopted in defining the SME liquor retailers (NSBA, 1996).

The classification of the medium, small, very small, or micro in Table 2.1 translates into the total equivalent of full-time paid employees, turnover, and total gross value of the assets. It is noteworthy that the SME liquor retailers are categorised into the retail and motor trade and repair services category. In this category, medium-sized businesses are those with a paid full-time staff of 51-250 employees. A small business is considered to have 11-50 employees, and a micro-business, 0-10 employees. The retail and motor trade and repair services category also defines SMEs as businesses with a total turnover that ranges between R80 million for medium-size businesses and R25 million for small businesses, and a further R7.5 million for micro-businesses.

There are several liquor retail licences issued by the Liquor Board guided by the Gauteng Liquor Act (GLA) (No. 2 of 2003) for selling of liquor products directly to consumers. These include on-consumption licences for operations such as a tavern, shebeen, and nightclub that sell liquor products for consumption within the licenced premises (Mrasi, 2016:2). The on-consumption liquor licence allows customers to consume alcohol on the premises, which are mostly restaurant-type retailers where customers are served food with alcoholic drinks to consume on these premises (Shand, 2017:4). The National Liquor Act (NLA) (No. 59 of 2003) also provides for off-consumption licences for retailers that sell liquor products to customers to consume away from the licenced premises (Mrasi, 2016:2). The off-consumption operations are different from the on-consumption licence operations in that the consumption of the product is not required to take place on the premises (Shand, 2017:4).

2.2.2 Economic Importance and Contributions of SMEs

According to Paul et al. (2017:328), the world of SMEs is captivating and central to national economic development for developing nations experiencing astronomical unemployment, poverty, and unfair income distribution like South Africa. Furthermore,

SME significance in the economy is widely acknowledged in both the developed and developing economies (Magalhaes & Hartanto, 2020:278; Karadag, 2016:23; Arthur-Aidoo, Aigbavboa & Thwala, 2016:1). However, SMEs make up the most businesses in the developing economies and are expected to drive economic growth and root-out economic challenges (Arthur-Aidoo et al., 2016:3; Wang, 2016:168).

Small business enterprises (SMEs) make up to 90% of businesses in both the developed and developing economies and they contribute to taxation, employment, and GDP (Muriithi, 2017:36). This sector is historically recognised as the engine of growth and leader in stimulating economic growth, creates jobs, inspires innovation, and empowering society. In developing countries, the SME sector drives economic growth and creates jobs, thus, assisting governments to redress inequalities, unemployment, and social development (Motsepe & Fatoki, 2017:232; Wang, 2016:167; Nkwinika & Munzhedzi, 2016:77).

According to Asikhia, and Jansen Van Rensburg (2015:2), SMEs worldwide help governments and individuals improve their economic, social, and environmental objectives through their creative competitive capabilities. In developed countries such as Japan, Korea, Taiwan, and many others, economic success is linked with SME activities Katua (2014:465). In addition, Akugri et al. (2015:262) found that SME successes are tied to a booming economic activity in Asian and American countries, which proves that SMEs drive innovations and add to economic growth through their job creation.

Motsepe and Fatoki (2017:232) and Wentzel et al. (2016:1479) affirm that SMEs help in the reduction of poverty and redistribution of income through employment creation. The economic prosperity of individuals, communities, and government can be driven by this sector through its creation of employment and making a positive contribution to GDP and tax revenue. Through their contribution to GDP, SMEs have established themselves as leaders in socio-economic activities (Karadag, 2016:22).

For instance, SMEs in Japan, account for 70% of employment and over 60% of total employment in most developing countries (Karadag, 2016:23; Wang, 2016:167). In China, SMEs represented 99.4% of all businesses and contributes 59% to GDP; SMEs account for 98.8% of businesses in the Netherlands, and 97% in Australia. Collectively, both the Netherlands and Australia contributed 31.6% and 51% to GDP respectively

(Wang, 2016:167). In Germany, SMEs contributed 57% to GDP, 55% in Japan, and 50% in Korea (Wang, 2016:167).

In the study by Akugri et al. (2015:262), it was reported that SMEs in Africa constituted approximately 90% of all businesses in rural and urban areas. In Kenya, SMEs contribute 40% to GDP, 50% to new employments, and 80% of total employment (Muriithi, 2017:37). Katua (2014:466) mentions further that in Nigeria, 97% of all businesses are SMEs and they provide 50% employment. In Sub-Saharan Africa, governments use SMEs to redress national development goals of poverty alleviation, unemployment, and distribution of income (Akugri et al., 2015:262).

Similar to trends worldwide, South African SMEs are important to the national economy (Makopo et al., 2016:184). Though history shows that the South African SME sector produced survivalist businesses due to restrictive policies of the apartheid government, the post-apartheid government is transforming the sector through the national economic development programme (Lebusa, 2013:75; Wentzel et al., 2016:1479; Lebambo & Shambare, 2017:1). Since the post-1994 democratic dispensation, the government has prioritised the promotion of SMEs as economic growth engines, considering also that SMEs in South Africa can create employment for the marginalised. Accordingly, SMEs constitute approximately 91% of formal businesses and contribute 60% to national employment and 57% to 60% to GDP (Motsepe & Fatoki, 2017:232; Struwig & Lillah, 2017:1; Nkwinika & Munzhedzi, 2016:77).

2.2.3 Challenges Facing SMEs

The SME sector makes a positive contribution to the economies of many countries. However, the sector suffers from the challenge of a 90% failure rate within five years of its existence (Wolmarans & Meintjes, 2015:91-92). According to Lekhanya (2015:412), the failure rate is 90% within a decade of newly established SMEs. The survival rate of SMEs in Africa is very low, with about five of every seven new SMEs ceasing operations in the first year (Muriithi 2017:40). In Nigeria, almost 80% of SMEs fail in the first five years (Gumel, 2017:796). This is despite the positive SME economic contributions and challenges slowing SMEs' developments (Karadag, 2016:22; Akugri et al., 2015:265; Wang, 2016:167).

The challenge of failure is also prevalent in South Africa, where only 2.1% of newly established SMEs survive the first three years (Makopo et al., 2016:184;). Meanwhile, the worldwide average success rate is as high as 7.6% (Worku, 2016:134). Contrastingly, Muriithi (2017:39) mentions that SMEs fail to survive beyond their first year, while Motsepe and Fatoki (2017:232) mention that around 75% of newly established SMEs in South Africa do not survive past their first five years. According to Karadag (2016:23), the major causes of SME failure are globalisation and institutional factors. Globalisation exerts competitive pressures and compels SMEs to consider competitive strategies (Arthur-Aidoo et al., 2016:1). This forces the sector to operate in a highly competitive environment, which most commonly cripples SMEs (Karadag, 2016:22; Makopo et al., 2016:184).

Other challenges experienced by SMEs include economic conditions and policies, as well as political and competitive environments; all of which differ from country to country (Arthur-Aidoo et al., 2016:3). In a study by Motsepe and Fatoki (2017:232), it was reported that several challenges lead to the failure of new SMEs in Sub-Saharan African countries, including South Africa. Such challenges are fuelled by lack of capital and management skills, corruption, poor infrastructure, and politics (Muriithi, 2017:36; Akugri et al., 2015:265; Alrabeei, 2014:48). These challenges also emanate from internal operations and the limited financial resources of SMEs, and external factors such as competition within the sector and from other retailers. Thus, a competitive environment infused by large and multinational businesses features on the external list of SMEs challenges (Paul et al. 2017:328; Karanja et al., 2013:114).

The 2.1% SME success rate in South Africa (against a global average of 7.6%) is indicative of the country's inadequate strides in fighting to enhance SMEs' sustainability and finding solutions to SME challenges (Worku, 2016:134). However, Motsepe and Fatoki (2017:232) intimate that financial skills, mentorship, and entrepreneurial training and orientations can have a positive impact on SME performance and survival. Also, information and training may lead to better management of SMEs' challenges (Arthur-Aidoo et al., 2016:4). However, Worku (2016:140) regards such approaches as the government's responsibility.

In Nigeria, the government applied legislative measures to help SME survive (Gumel, 2017:796). Meanwhile, in South Africa, SMEs relied on support-based structures to solve their survival challenges (Worku, 2016:140). These external support structures are traditional business practices that worsen SMEs' competitive capabilities and subsequently experiencing low performance (Karanja et al, 2013:114; Motsepe & Fatoki, 2017:232). In studies by Alrabeei (2014:48), it was recommended that future research on SMEs should follow more competitiveness and innovation-based inquiry than the financial resources-based approach. Thus, a focus on innovation management practices is paramount in addressing SMEs' challenges.

The modern solutions to SME challenges should shift towards innovative and information-based business practices, which will enable an innovative and adaptive practice to changes in the business environment (Karadag, 2016:30; Katua, 2014:465). Since innovativeness is critical in mitigating competitive challenges and enhancing market competitiveness and survival, the high rate of changes in the business environment compels that SMEs should be innovative for their survival (Karim, Salman, Genisa, & Rahmadanih, 2020:1; Cheng & Chen, 2017:12; Calvo-Mora et al., 2016:661). Therefore, it is imperative for South African SMEs to adopt innovativeness to mitigate challenges and become competitive enterprises (Stummer & Kiesling, 2021:144).

2.3 An Overview of the South African Liquor Industry and Legal Framework.

The South African liquor industry comprises of the manufacturing, marketing, and distribution of spirits, wine, and beer products (Ledwaba, 2015:14-15). This industry is highly competitive with national and international manufacturers, distributors, and marketers competing in a range of liquor products (Neethling, 2019:100). The industry was estimated to have a market value of R106.1bn in 2016, with an increase of 10.3% in 2017 (Shand, 2017:1). In the past few decades, the industry was reported to be dominated by local producers, until the entry of international marketers into the market (Ledwaba, 2015:14-15). About 3 (three) liquor manufacturers and brand distributors dominate the South African liquor market, namely: the South African Breweries (SAB), Distell Group Limited, and Brandhouse Beverages (Pty) Ltd. Together, they account for about 80% of the value and approximately 90% of volume in the liquor sector (Mrasi,

2016:26). These dominant players in the industry also influence the mushrooming and often uncontrollable SME liquor retailers.

Feyisa (2019:9) and Ledwaba (2015:14-15) allude that the liquor industry contributes immensely to the economy of a country through employment and tax revenue. In 2009/10, both the liquor manufacturing and retail sectors reported an estimated contribution of R93.2 billion to the country's economy, of which R4.6 billion was in taxes and added direct and indirect employment estimated at 961 000. These sectors also contributed over R60 million in social responsibility services (Mrasi, 2016:25-26). Mapulane (2014:4), on the other hand, adds that the liquor industry increased the national employment numbers by 21,300 in 2009. The industry further contributed 4.4% in 2013 to South Africa's GDP (Ledwaba, 2015:14-15).

Despite the positive rhetoric, the South African liquor industry ranks below top liquor producing countries like China, Russia, and India (Sowmya-Shree, Kavya, & Nagaraja, 2016:80). In India, there are over 330 distilleries, with approximately 140 that have the capacity to produce about 2 billion litres of ethanol annually; and with domestic ethanol market consumption estimated at 2085 million litres in 2012 - an increase from 1995 million litres of 2011 (Sriram & Achur, 2018:35). It is reported that the growth of India's liquor industry is positively influenced by the rise in GDP, consumption, social acceptability, and increasing income levels (Sriram & Achur (2018:35). Above all, the liquor industry in India contributes to the socio-economic and political objectives of the country (Sowmya-Shree et al., 2016:81). Contrary to the private selling of liquor in South Africa, the selling of liquor is the responsibility of the government in India (Sriram & Achur, 2018:35).

Globally, the liquor industry faces strict regulations, which include laws relating to the legal age of drinking and retail requirements (Shand, 2017:26-27; Mrasi, 2016:24). In India, the government has the power to regulate the liquor industry by issuing a permit or prohibiting the distribution of liquor. In the United States, Congress holds the powers to impose policies on liquor products in respect of Article 1 of the Constitution (Poduthase & Vellappally, 2016:67-68). In South Africa, the National Liquor Act (NLA) (No. 59 of 2003 regulates the liquor industry (Shand, 2017:26-27; Ledwaba, 2015:17). Under the jurisdiction of the Minister of Trade and Industry, the NLA focuses on liquor manufacturing

and distribution, while provincial laws such as the Gauteng Liquor Act (GLA) (No. 2 of 2003) are vested in the provincial Department of Finance and Economic Affairs and focus on liquor retailing and micro-manufacturing. The NLA provides strict regulations aimed at alleviating the dangers induced by the consumption of liquor (Mapulane, 2014:2; Mrasi, 2016:26).

The NLA came into was the result of an amendment of the erstwhile discriminatory South African Liquor Act (No. 27 of 1989) (Mrasi, 2016:24). This Act was detrimental to the South African liquor industry as it restricted the black population's access to liquor production and consumption, and subsequently gave rise to illegal liquor markets (Mrasi, 2016:24; Charman et al., 2013:585). Consequently, illegal liquor retailing became a major business opportunity for the black population during the apartheid era and became a phenomenon that attracted scholarly attention (Charman et al., 2014:628). Therefore, these illegal operations rose in response to black people's demands for access to liquor in their residential areas. It is in this context that the post-apartheid South African government inherited a liquor industry that was mostly 70% unlicensed and illegal liquor retailing (Ledwaba, 2015:19-20). The government's transformation agenda necessitated that SME liquor retailers be provided with sustainable growth initiatives (Mrasi, 2016:26). The new government then enacted new liquor regulations such as the National Liquor Act (No. 59 of 2003), and Gauteng Liquor Act (No. 2 of 2003), which were intended to formalise the liquor industry and migrate the illegal retailer into the mainstream legal framework (Charman et al., 2013:585-586).

However, the majority of liquor retailers continue to operate illegally due to the difficulty of adherence to operating licences (Herrick et al., 2015:3). These restrictions were unacceptable to shebeen and tavern owners. For instance, the new shebeen permits allowed the permit holder to sell less than ten cases of 12 x 750 ml bottles of beer per week. While these traders were still coming to terms with the new trading stipulations, the government then phased out the shebeen permits in 2013 and replaced them with on-consumption and off-consumption liquor licences, which the shebeen and tavern owners still found difficult to comply with. Most of them operating from their houses, which had to be converted into compliant business premises subject to regular visits by Liquor Board inspectors.

Despite the implementation of the new legislation (i.e., the NLA and GLA), illegal liquor trading remains high as the illegal retailers show little effort to migrate into the formal system (Charman et al., 2013:586). The South African Liquor Act (No. 27 of 1989) succeeded in polarising the production and consumption of liquor in South Africa. Presently, SME liquor retailers in high-income areas are in predominately white neighbourhoods and licenced, while those SME liquor retailers in the low-income areas are in predominately black neighbourhoods and operate illegally (Herrick et al., 2015:15-16). Due to the almost impossible rules for obtaining a liquor licence, many of these SMEs have become unprofitable and unlicenced family businesses that cannot legally buy liquor from legitimate brewers whose main requirement is a valid liquor licence. For their stock, they are either supplied by other illegal retailers or buy from friends and associates in the same business.

Illegal retailers have been the target of liquor regulations for many decades (Smit, 2014:60). Similarly, the current liquor regulations aimed at curbing illegal trading of liquor show no potential of reducing the number of illegal retailers (Charman et al., 2014:629). The majority of illegal liquor retailers operate small scale businesses with low sales volume. In this regard, the informal and illegal operations are a significant distribution channel of the formal liquor producers from whom they buy their supplies in significant quantities (Herrick et al., 2015:3; Charman et al., 2013:585).

The marketing and selling of liquor by the SME liquor retailers have become a business opportunity and means of making a living in historically excluded market areas such as townships (Herrick et al. 2015:3). The South African Breweries, as the leading liquor producer in South Africa, has targeted the township market through SME liquor retailers as their main market and distribute more volumes of liquor products to this market (Mrasi, 2016:21). This is recognition of the fact that SME liquor retailers are a final level of the liquor value chain and make an annual contribution to the liquor industry worth R40 billion (Shand, 2017:4; Herrick et al, 2015:3). Accordingly, the DTI has since recognised this form of business enterprise as a pivotal economic role player through job creation for the marginalised population of the country. However, the majority of township SME liquor retailers engage in business only as a means of earning an income due to unemployment. Consequently, most do not possess business skills and are then denied financial

assistance by agencies such as SEDA; hence, their failure to operate successfully within a year or two of inception (Mrasi, 2016:21).

In terms of the GLA, SME liquor retailers such as shebeens, taverns, and some restaurants and hotels are allowed to operate as on-consumption liquor licence holders who can sell liquor products for consumption within their premises; while the off-consumption liquor licence holders (for example, bottle stores and some big retailers) sell liquor products for consumption off their licenced premises. This reconfigures state of affairs has ushered-in growth in the South African liquor market and attracted new competition in the form of liquor chain retailers whose entry in the township market is another challenge that poses the biggest threat to SME liquor retailers (Neethling, 2018:101; Shand, 2017:4; Charman et al., 2013:585). The well-known and established retailers have more resources, thus a competitive advantage over SME township liquor retailers. Furthermore, recent studies have shown that SME liquor retailers operating near liquor chain retailers were soon put out of business since they cannot adequately meet the demands of their customers for a variety of liquor beverages on their shelves. Another competitive challenge is posed by the continued existence of illegal retailers who are competitive in meeting the liquor and recreational demand of customers (Shand, 2017:24; Mrasi, 2016:43; Charman et al., 2013:585). These illegal liquor retailers operate with stronger coping mechanisms to maintain their presence, competitive survival, and also evade regulative controls (Charman et al., 2014:628).

The liquor business has contradicting roles in the social and economic development of a nation (Marx, London, Burnhams, Ataguba, 2019:1). Similar to the alcohol itself, liquor retailers are sometimes viewed as archetypical of controversy surrounding ill-health and violent crimes, despite their important economic role (Herrick et al., 2015:7; Charman et al., 2014:624). The liquor trading business is sometimes viewed as trading in dangerous substances with harmful social impact (Matzopoulos, Walls, Cook, London, 2020:486). Also, the SME liquor retailers have come under fire as a danger to society, with the consumption of liquor linked to uncouth social manners displayed by intoxicated youth (Sakthi, 2015:45; Mapulane, 2014:2). Copious studies on liquor in South Africa have also explored liquor-related criminal and civil cases (Charman et al., 2014: 626).

Globally, problems linked to liquor consumption are increasing due to easy availability, among other factors (Sowmya-Shree et al., 2016:81; Poduthase & Vellappally, 2016:66). Some of the liquor-related cases relate to gang rape, drinking and driving, domestic violence, and generally unacceptable behaviours (Marx, London, Burnhams, Ataguba, 2019:1). Many of these challenges are experienced in the South African townships where SME liquor retailers make liquor easily available and subsequently influencing alcohol-related violence (Herrick et al., 2015:7-8; Sakthi, 2015:45). Given the prevalence of these harmful social impacts of liquor consumption in South Africa, an argument is made to justify the regulation of access and controls on liquor products.

In response to the negative liquor social impacts, liquor legislations have been promulgated to restrict access and regulating the place and time of sale (Smit, 2014:60; Herrick et al., 2015:22-23). The view is that the restrictions in supply and access to liquor products will eradicate the harmful impacts by closing illegal operators, reducing operating hours, and increasing the minimum legal drinking age. However, literature shows that there was no cogent correlation between restricting access to liquor products and reducing negative social impacts caused by alcohol consumption (Herrick et al., 2015:25). Instead, the restriction measures only harm manufacturers, distributors, and retailers` revenues and the economy. Serious considerations should be given to the control and regulatory initiatives of liquor retailing in the context where liquor retail is a crucial source of income, and the police and other structures of the law must also enforce the law in cases such as drunken driving and alcohol perpetrated domestic violence

In response to managing the gamut of challenges, SME liquor retailers and business owners ought to be adequately skilled and knowledgeable. In India for instance, the marketers of liquor rely on innovative practices to evade challenges and restrictions by deploying sponsorship, entertainment events, and surrogate strategies (Mrasi et al., 2018:30; Sowmya-Shree et al., 2016:84). In South Africa, established SME liquor retailers receive substantial support from several stakeholders, including manufacturers and brand distributors such as the SAB, Distell Limited, the government, Brandhouse Beverages, and financial institutions.

However, emerging retailers in the market find it difficult to be supported and depend on trial-and-error practices. The SAB has realised that a large number of illegal retailers

pursue their operations to earn a living and undertook some initiatives to boost their business acumen and trading conditions. Meanwhile, the government has embarked on programmes to resolve SMEs liquor retailer's challenges through different departments and agencies such as the DTI's Companies and Intellectual Property Commission (CIPC) (which manages the registration and compliance of businesses and intellectual property), and the SEDA (which provide business support, finance, and mentorships to SMEs through consultants (Mrasi, 2016:54; Charman et al., 2014:625).

2.4 Innovation Management in Small and Medium Enterprises (SMEs)

In this section, the definitions of innovation and innovation management (IM) are explored, followed by discussions on IM processes and IM in SMEs. This section then concludes with an overview of IM frameworks.

2.4.1 Definition of Innovation and Innovation Management

Innovation is a broad term and a multifaceted process that has engrossed much interest across several disciplines. Innovation is also a generally vague concept that involves applying creative thinking in finding solutions that impact positively on the economy and society (Schilirò, 2015:2; Quinn et al., 2013:82). Innovation is also viewed as a meaningful and dynamic process that has a positive influence on the operations of enterprises aimed at providing better products or services to customers (Lesáková, 2014:74). According to Rodrigues and Pereira da Costa (2015:60), the concept of innovation includes new processes and new business models at the organisational level. It is all about the conversion of novel ideas into sustainable actions or products that result in organisational improvement (Gupta & Barua, 2016:2).

Newness or novelty are frequently used terms in the definitions of innovation (Rodrigues & Pereira da Costa, 2015:60; Walker et al., 2015:408). While there is no universal definition of innovation, there is consensus among scholars that innovation is about the implementation of the novelty of goods, marketing mechanisms, improved products, processes; behaviour, systems, policies, programmes, devices, and organisational practices (Haned, Mothe & Uyen, 2014:492; Quinn et al. 2013:82; Manders et al., 2015:2). Despite the different terminological references, it is apparent that innovation relates to the

deployment of new or different thinking about a product or its related services within a differently conceptualised organisational setting in order to increase business performance, add value to the business and its customer experiences (Azis et al., 2017:393; Nani, 2017:64; Meroño-Cerdán & López-Nicolás, 2017:213).

Innovations are not naturally produced, but rather a product of an exploited or institutionalised invention or creative idea aimed at commercialisation (Gronum et al., 2016:590). This institutionalised mechanism relates to the management of innovations and processes of developing new products or services and commercialising them (Hurni & Grösser, 2017:47). According to Pertuz, & Pérez (2021:177), Hervas-Oliver et al. (2017:508) and Walker et al. (2015:409), IM is concerned with managing the newness in the organisational discipline, while Azis et al. (2017:393), intimate that IM is a management tool used to develop and commercialise the newness in business enterprises in terms of the organisational model, practices, processes, systems, and products managed at all levels of the organisation (Hervas-Oliver et al., 2017:508; Hurni, & Grösser, 2017:47). Furthermore, innovation management incorporates new business practices that improve processes and improve performance, as well as organising responsibilities and encouraging new and creative solutions in an organisation (Walker et al., 2015:408; Lesáková, 2014:78).

Informed by the multiple perspectives cited above, this research adopted the following definitions of innovation and innovation management:

- Innovation is newness or improvement which can either be the radically new or enhanced product, process, or organisational practice, a new option to a prevalent problem, or a resolution of a new problem and/or introduction of innovative products, production methods, markets, the supply of raw material sources and new business models aimed at increasing business performance; and
- Innovation management is an institutionalised discipline to manage innovation processes of new products, processes, services, or business models from development to the point of sale.

2.4.2 Innovation Management Processes

Previous studies on innovation, Meroño-Cerdán & López-Nicolás (2017), Yufra & Sudjatno (2017), Cheng & Chen (2017) and Koren & Palčič (2015) have emphasised the importance of understanding different types of innovation in an organisation. This has included the understanding of innovation in literature drawn from incremental and radical innovations, process and product innovations, and marketing and organisational innovations (Yufra & Sudjatno, 2017:42).

In this section, the classification, degrees, and types of innovations are presented. The classification includes technological, non-technological, and organisational innovations; degrees of innovations include radical and incremental innovations; while types of innovations include process, products, service, and business model innovations.

2.4.2.1 Classifications of innovations

Innovation management processes could be technical/technological (pertaining to processes that characteristically involve technology used to create customer value-added services), or non-technological (relating to marketing innovations that are rendered to customers to increase the organisation's market competitiveness) (Cheng & Chen, 2017:13; Pereira & Romero, 2013:360). However, innovations are not based on only the development and deployment of new technologies, but also include the adoption of new business models, organisational restructuring, and new marketing mechanisms. Figure 2.1 below depicts these classes of innovations.

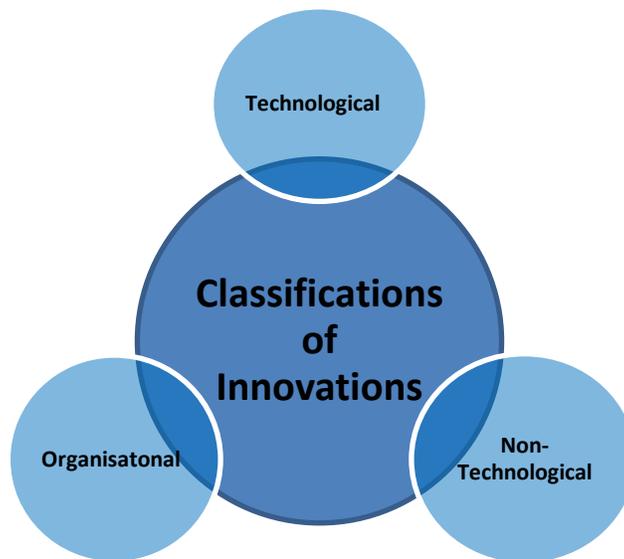


Figure 2.1: Classifications of innovations

Source: Author's compilation

The broader definitions of innovation management also identify another class of innovations that are organisational, while some studies defined all classes of innovation under a single category (Aromaa & Eriksson, 2014:31; Haned et al., 2014:492). Meanwhile, other studies distinguish between technological, non-technological, and organisational innovations, and others classify non-technical and organisational innovations under a single category (Koren & Palčič, 2015:27). Economists and technologists have for a long time focused their research solely on technological innovations, processes, and products than on other forms of innovations (Meroño-Cerdán & López-Nicolás, 2017:213; Olaniyi & Reidolf, 2015:214; Walker et al., 2015:407).

2.4.2.1.1 Technological innovations

Technological innovation relates to the adoption or implementation of machinery, tools, instruments, and systems to inculcate newness and improve and optimise production processes in the business operations of the organisation (Gupta & Barua, 2016:2; Rahmana, Yaacobb, and Radzic, 2016:512). Meanwhile, De Massis, Frattini, Pizzurno & Cassia, 2015:1-2) intimate that technological innovations relate to processes and activities that organisations use to “conceive, design, manufacture and introduce a new product, service or process”.

According to Haned et al. (2014:491), technological innovations have engrossed more attention in the literature. This class of investment intensive innovation is prone to use robust and systematic research and development (R&D), which usually comes with a hefty amount of money amounting to billions (Abdulwahed, 2017:1; Koren & Palčič, 2015:27; Rodrigues & Pereira da Costa, 2015:59). Notwithstanding their costliness, the R&D processes are important to ensure that firms renew and extend their technological competence, innovativeness, and competitiveness (Wang & Chen, 2018:785; Gupta & Barua, 2016:2).

Technological innovations are significant in influencing productivity, growth, competitiveness, and economic growth. Moreover, this class of innovation is mainly deployed to mitigate the burden incurred in the factors of production to create a competitive advantage (Rodrigues & Pereira da Costa, 2015:59; Nicolaidis, 2014:4). Other studies regard technological innovations as the key drivers of organisational changes. Through technological innovations, organisations can improve their performance and competitiveness and because of this reason, organisations tend to use them to enhance competitiveness (Rodrigues & Pereira da Costa, 2015:59; Haned et al., 2014:492).

2.4.2.1.2 Non-technological innovations

Non-technological innovations are described as innovations directed at implementing marketing-related activities (Walker et al., 2015:407; Pereira & Romero, 2013:362). This class of innovation is used to gain legitimacy and reputation externally, rather than creating value internally. Organisations that use them tend to realise their objectives quicker than those not innovating. Non-technological innovations also play an important role in supplementing and complementing technological innovations. Research on non-technological innovations is gaining importance and is viewed beyond the traditional R&D and technological innovations (Koren & Palčič, 2015:28; Meroño-Cerdán et al. 2013:362; López-Nicolás, 2017:209). The implementation of non-technological innovations leads to an increase in an organisation's market competitiveness and has a benefit for both the customer and the organisation.

2.4.2.1.3 Organisational innovations

The definition of organisational innovation is different from technological innovation; its main focus is on new changes related to structure, practices, arrangements, organisational culture, rules, and norms, rather than on new technology (Haned et al., 2014:492; Pereira & Romero, 2013:363; Razavi & Attarnezhad, 2013:226). Organisational innovation itself is described as the implementation of new organisational methods, business practices, restructuring the workplace or its external relations, and involves changes in processes of working and new ways of managing human resources (Gupta & Barua, 2016:2; Koren & Palčič, 2015:28). These changes are fundamentally institutional and relate to routines in an organisation, with a focus on administrative, organisational, and management innovation overlapping considerably in the definition of organisational innovation. Razavi and Attarnezhad (2013:227) describe organisational innovation as a mechanism adopted to address changing conditions of competition, technological changes, or advancement when producing newer systems, products, and techniques. It is mainly a system of organising new developments in the organisation. In this regard, organisational innovation could be viewed as facilitating technological innovations and development.

Organisational innovation remains a crucial source of business success in the increasingly dynamic and global economy and enables organisations to enhance the commercialisation of new market offerings (Verdu-Jover et al., 2017:331; Koren & Palčič, 2015:27; Pereira & Romero, 2013: 362). Additionally, organisational innovation is crucial in enhancing business performance, growth, and competitiveness. The benefits of organisational innovations include that they tend to improve performance and productivity by reducing administrative and transaction costs, improving employee morale, or reducing costs of supplies. However, organisational innovations are complex and require a careful decision on which model of innovation to use, considering that new product innovations should be integrated with organisational innovation for maximum outcomes (Verdu-Jover et al., 2017:331-332; Koren & Palčič, 2015:28; Attarnezhad, 2013:228).

2.4.2.2 Degrees of innovations

The degrees of innovation are two-fold, namely: new (radical), and improved (incremental) innovations (Nicolaidis, 2014:4). These are depicted in figure 2.2 below:

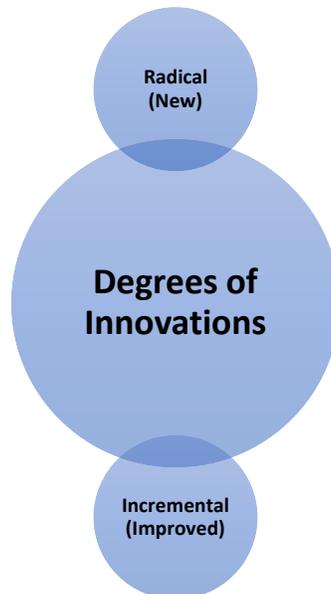


Figure 2.2: Degrees of innovations

Source: Author's compilation

2.4.2.2.1 Radical innovations

Radical innovations consist of completely new inventions that are usually produced with new knowledge. Radical innovations themselves are defined as the newness that fundamentally changes the organisation's competency (Manders et al.; 2015:2; Nicolaidis, 2014:4). This degree of innovation relates to innovations that vary from existing technologies. Furthermore, radical innovations are mainly produced by research and creative idea generations implemented to produce new value. Radical innovation also induces fundamental changes that completely alter the existing organisational practices and the market experience (Hurni & Grösser, 2017:48; Rodrigues & Pereira da Costa, 2015:60; Nicolaidis, 2014:4).

2.4.2.2.2 Incremental innovations

Incremental innovations consist of minor and continuous improvements in existing products or processes and result in the improvement or reconfiguration of an existing

innovation or technology (Rodrigues & Pereira da Costa, 2015:60; Nicolaidis, 2014:4). According to Manders et al. (2015:2), incremental innovation is the process of making small, easy, and secure, changes in the current product of the organisation, such that affordable and returns can be realised within reasonable timing. These changes can be achieved when existing systems or models are modified to attain advanced productivity (Rodrigues & Pereira da Costa, 2015:61; Nicolaidis, 2014:4).

2.4.2.3 Types of innovations

There are different types of innovations, and these include process, product, service, and business model innovations (Nicolaidis, 2014:4). According to Hurni and Grösser (2017:48) and Rahmana et al. (2016:510), innovations are categorised into four main types: product, service, process, and business model innovations. Figure 2.3 below depict these types of innovations.

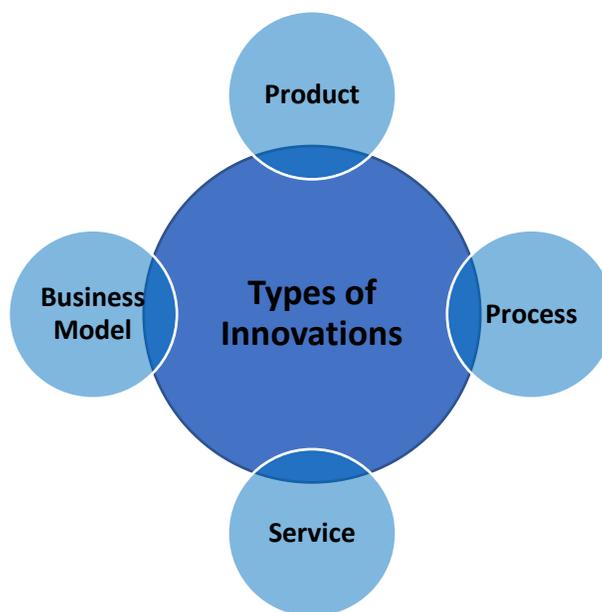


Figure 2.3: Types of innovations

Source: Author's compilation

2.4.2.3.1 Product innovation

Product innovation is typically considered as a mechanism for organisational renewal (Beyene et al., 2016:127). Different scholars have described product innovation in various ways. For example, Gupta and Barua (2016:2) define product innovation as

improvements in performance characteristics of a new product, or as a service introduced to satisfy the needs of customers. Meanwhile, Meroño-Cerdán and López-Nicolás (2017:213) assert that product innovation relates to the replacement or changes in the outdated products, improvements in a product, or entry into new markets. Dossou-Yovo, & Keen, (2021:26) adds further that product innovations or improvements impact on a product or service and enhances product or organisational competitiveness. Wang and Chen (2018:784) and Beyene et al. (2016:127) have also noted that product innovation is a process of renewal within organisations that accrue from the incorporation of knowledge within and without the very organisation.

2.4.2.3.2 Process innovation

Process innovation refers to the adoption of new mechanisms or methods introduced to an operation in order to enhance product performance or service provision as a means of reducing labour costs, efficient use of materials and energy, and improved flexibility (Hervas-Oliver et al., 2018:582; Meroño-Cerdán & López-Nicolás, 2017:213; Walker et al., 2015:408). It is noteworthy that process innovations are crucial in enhancing product performance and competitive rendering of services at the stage when the product design stabilises (Hervas-Oliver et al. 2018:582; Soetevent & Tadas, 2017:2; Lesáková, 2014:76).

2.4.2.3.3 Service innovations

The literature on service innovation also focuses on how services are innovated. Service innovation encompasses a much broader perspective than other types of innovations and refers to a dynamic process that involves the management of risk in evolutionary, non-linear, and interactive ways (Snyder, Witell, Gustafsson, Fombelle, & Kristensson, 2016:2403; Witell, Anderson, Brodie, Colurcio, Edvardsson, Kristensson, Lervik-Olsen, Sebastiani & Andreassen, 2015:437). Researchers are still finding it difficult to define service innovation despite the considerable attention given to its study. The tendency by researchers to define service innovation on technological bases has limited the scope and impact and further hinders the theoretical development of service innovation (Snyder et al. 2016:2403).

On the other hand, Cheng and Chen (2017:12) defined service innovation as a process through which a company increasingly change service delivery processes to improve customer experiences. Meanwhile, Snyder et al. (2016:2406) mention that service innovation relates to a new or improved service put into practice to generate value for the organisation by adding value to the customers' experiences and needs. Therefore, this process relates to creating and developing new value propositions by adding value in the management of operations, services, and delivery activities that influence changes on the selling point (Cheng & Chen, 2017:12; Witell et al., 2015:437; Skålen, Gummerus, Koskull & Magnusson, 2015:147). Additionally, service innovation is credited with creating customer value for employees, customers, alliance partners, business owners, and communities through new and/or improved service business models (Snyder et al., 2016:2403).

Service innovation can be studied from either the assimilation or demarcation perspective (Witell et al., 2015:439). The assimilation perspective posits service innovation in terms of introducing new technology, while the demarcation view posits service innovation as innovation service sector related (Witell et al., 2015:439; Skålen et al., 2015:148). The demand for the creation of new value propositions has caused firms to focus more on either service innovation outcomes, or on the process of service innovation itself. However, Snyder et al. (2016:2406) and Witell et al. (2015:439) propound that innovating a service ought to be new to both the customer and the firm, and be successfully adopted, launched, and disseminated in the sector.

Service innovation was first introduced by Jon Sundbo, Ian Miles, and Faïz Gallouj, and they have continued to develop an understanding of its theoretical premises (Witell et al., 2015:438). Since then, recent studies have indicated that service innovations are produced through service systems that interconnect and overlap into the firm, the market, and the macro environment. Furthermore, service innovation enables customers to improve their creation of value with new resources made available to them. Thus, its effectiveness relies on the integration of customer participation (Cheng & Chen, 2017:18). Service innovation also enables the creation of new opportunities and influences most of the daily activities. It is through service innovation that top companies like IBM and Starbucks have effectively managed their customer needs (Snyder et al., 2016:2403). However, service innovations are unsustainable since the change in competitive markets

happens at higher rates (Cheng & Chen, 2017:13; Witell et al., 2015:437). Thus, firms must continually improve their processes and market offerings to enhance their competitiveness in the turbulent business environment.

2.4.2.3.4 Business model innovations

Business model innovations are new operational processes or system modeling or modification in a business (Foss & Saebi, 2017:202). Such innovations are premised on the creation of a new value proposition and deployment of new systems to capture and deliver value to customers. This involves either reinventing elements of the value proposition or the operating model (Keiningham, Aksoy, Bruce, Cadet, Clennell, Hodgkinson, & Kearney 2019:431; Baldassarre, Calabretta, Bocken, & Jaskiewicz, 2017:17). Current definitions of business model innovation relate to how a firm creates, capture, and delivers value and mainly encompass unprecedented changes such as organisational change, innovation, turnaround, reengineering, transformation, mergers, and divestiture (Taran & Boer, 2015:304). Notably, business model innovation is the most effective and efficient form of innovation used to organise new ways of conducting business and enhancing competitiveness (Wirtz & Daiser, 2018:41).

Scholars agree that a business model innovation is a system that enables a firm to create and deliver value as well as generating revenue and maintaining a competitive position (Wirtz & Daiser, 2018:41; Taran & Boer, 2015:306). Business model innovation embodies a novel and holistic form of organisational innovation, and its primary aim is to generate more revenue by adding more product or service value to the customers (Keiningham et al., 2019:431; Foss & Saebi, 2017:200). Furthermore, business model innovation enables firms to adapt to market changes and survive and prosper within a dynamic and competitive market environment. It can be used by organisations as a considerable source of competitiveness and business performance. In studies by Foss and Saebi (2017:200) and Taran and Boer (2015:302), it was found that business model innovation was regarded in IBM's global chief executive officer (CEO) survey as a key to maintaining sustainability and competitiveness. As a result, organisations should strive to innovate their operating processes by making fundamental changes in their business model in a way that they create and deliver value. In the competitive business environment, organisations should also re-evaluate their models of business operations more

frequently as a means to sustainable competitiveness and survival (Keiningham et al., 2019:433; Taran & Boer, 2015:301).

2.4.3 Innovation Management Practices in SMEs

Innovation management has been recognised as a significant mechanism in the management of newness in a firm (Pertuz, & Pérez, 2021:177; Walker et al., 2015:408-409). This significance of IM practice has also generated interest in organisation and management research. However, scholar knowledge of IM practices in the case of SMEs is limited, as compared to that of established organisations (Didonet & Diaz-Villavicencio, 2020:986; Hervas-Oliver et al., 2017). In contrast, innovations are not only practiced in large corporations, but also in the SME sector, which already practices more innovative activities than large organisations (Quinn et al., 2013:83). Also, a study by Schilirò (2015:4) found that innovations were practiced in companies of any size, but more in the SME sector. It is clear that IM practice is critical in building competitiveness, improving governance, and capturing intellectual value, and should be prioritised by most firms. However, firms that practice IM are poorly understood in the literature (Aromaa, & Eriksson, 2014:31).

The literature on innovation depicts a positive correlation between innovativeness and economic achievements, and between innovativeness and SMEs' positive performance (Sandada & Mangwandi, 2015:122; Nicolaidis 2014:1). There is also literature-based evidence to support the positive relationship between innovation and economic achievements. This power of innovation is evident in aiding organisations to provide competitive and valued market offerings. Innovativeness can have a positive impact on organisational culture and productivity, and SMEs that practice innovation management achieves their economic objectives quicker than others (Martínez-Costa, Jimenez-Jimenez, & Castro-del-Rosario, 2019:283). In this regard, organisations that prioritise the integration of innovation practice are at the forefront of generating effective and competitive market solutions (Cheng & Chen, 2017:12; Olaniyi & Reidolf, 2015:214; Walker et al., 2015:409). However, this economic value of innovation is realised when it is efficiently provided to the market.

The increasingly competitive and dynamic market environment compels firms to adapt to market changes for enhancement of growth and profitability (Bassiti & Ajhoun, 2013:551; Hajikarimi et al., 2013:1079). Competition factors such as globalisation and rapid technological changes are compelling organisations to rely on IM practices and the ability to provide innovative products to the market for their competitiveness and survival (Martínez-Costa et al, 2019:282). The increasing competition entails that IM practice should become a key factor in ensuring growth and survival. However, SMEs are more prone to innovation barriers than large firms. This is because, at the SME level, inadequate internal resources and lack of expertise are more extreme than in large firms (Auer & Jarmai, 2015:1; Deshati, 2015:272; Lesáková, 2014:75).

The SMEs' challenges and shortcomings in literature have moved towards SMEs' performance, success, and finding solutions to overcome challenges (Rahmana et al., 2016:509). There is an assumption that the shorter lines of communication in SMEs have a flexibility advantage and can produce more innovations than large organisations. The flexibility advantage enables SMEs to develop new technologies, production, marketing methods, and transforming new ideas into commercialisation with ease (Deshati, 2015:269). Because of their flexibility, SMEs can innovate quickly in response to market demands, which is an advantage for SMEs to adapt quickly to a changing environment, and for this reason, they are regarded as the driving force of innovation (Didonet, Diaz-Villavicencio, 2020:988; Proenca, & Jiménez-Sáez, 2020:2; Auer & Jarmai, 2015:1).

According to Quinn et al. (2013:83), there are numerous conflicting findings regarding the types of innovation developed in the SME environment. However, Lesáková (2014:78) mentions that the IM activities in SMEs tend to be more human-oriented and mainly informal processes. In a study by Špaèek and Vacík (2016:9), it was found that SMEs rely on unambiguous and spontaneous IM mechanisms as compared to large organisations that tend to use sophisticated IM tactics. However, Gupta and Barua (2016:2) state SMEs are comparatively advantaged with huge innovation potential. Such potential is mainly influenced by several reasons, including competitiveness, less costly, improving efficiency, meeting customer expectations, managing stricter government regulations, and enhancing their corporate image (Herbst & Barnard, 2016:34). On the other hand, Lesáková (2014:81) views SMEs' innovativeness around products, technologies, processes, and services as a means of building their success and

competitiveness. The literature on IM also stresses the significance of mixing product, process, and organisational innovation to enhance effective management of newness in an organisation (Pereira & Romero, 2013:360). According to Haned et al. (2014:491), firms that deploy a range of classes of innovations provide more innovations to the market than those using a single set of innovations. Table 2.2 indicates a comparison of IM processes in SMEs and large businesses.

Table 2.2: Innovation management activities in SMEs and big businesses

Innovation Management Activities in SMEs and Big Businesses		
IM Activities	SMEs	Big Businesses
IM Formalities	Informal	Formal
IM Processes	Human-oriented	System/Technological-oriented
IM models	Straightforward/ Spontaneous models	Sophisticated IM models

SMEs contribute most to new product innovations and give greater consideration to R&D based innovations (Dossou-Yovo, & Keen, 2021:26; Deshati, 2015:269). However, Haned et al. (2014:491) argued that innovation at the SME level does not rely solely on R&D-oriented innovations. More frequently, managers focus their innovation efforts on improving products and services to enhance competitiveness and survival. This is because the deployment of technological innovation at the SMEs level tends to be of a low level, which prevents productivity (Rahmana et al., 2016:509). According to Pereira and Romero (2013:364), SMEs that deploy only technological innovations do not grow rapidly in terms of turnover and employment than those who deploy both non-technological and technological innovations. Other scholars argued that the success of innovation in SMEs could be enhanced by the simultaneous deployment of both non-technological and technological innovations. While it is clear that companies need to develop their services and products aggressively for effective competitiveness, the increased competition levels often propelled by new technology-inspired competitors, compels companies to adapt their business models to meet highly dynamic market conditions (Keiningham et al., 2019:431).

Quinn et al. (2013:82) contend that inconsistencies exist in the literature over SMEs' alignment to radical innovations and incremental innovations. Recent literature on SMEs shows some interest in incremental innovation, which is a factor of SMEs' comparative

flexibility and ability to develop incremental innovation at an affordable scale and faster speed than radical innovations. Similarly, Dossou-Yovo, & Keen, 2021:26 contend that the leading organisations are prioritising the deployment of organisational innovation and non-technological innovations, which has tended to enhance the success of technological innovation. Lesáková (2014:78) and Nani (2017:73) on the other hand emphasise that SMEs tend to imitate other best management practices around the world as a form of innovation. However, Nani (2017:62) questioned whether imitation practice is a form of innovation management. The latter author found that imitation practices were increasing business value and enhancing existing business practices.

SMEs ought to utilise IM to enhance their competitiveness and sustainability, which will help them discover new operating mechanisms that meet market conditions (Nani, 2017:64; Martínez-Costa et al, 2019:282). Managing innovation practices enhance the organisation's ability to operate for quality performance and increased customer loyalty and revenue (Pertuz, & Pérez, 2021:178). Evidently, SMEs should ensure the growth of the business by continuously inventing, innovating, and creating new value (Koren & Palčič, 2015:27). According to Haned et al. (2014:491), growth is achievable by deploying a broad set of complementary classes of innovations and focusing innovation on operations, customer service, and marketing mechanisms. SMEs facing resource and skills shortages can use IM as a critical developmental tool to enhance innovativeness and competitiveness, as well as derive benefits such as improved productivity, quality, product, legal and environmental compliance, as well as improved staff morale (Herbst & Barnard, 2016:34; Quinn et al., 2013:85). SMEs can also enhance their innovation practices by being meticulous, continuous, and goal-oriented in order to obviate unsatisfactory results and increase their productivity and profits (i.e., profits and market shares) by adapting to changes and perform better in international markets (Louw et al., 2018:155; Cheng & Chen, 2017:18; Rahmana et al., 2016:510).

In modern innovation research, competitive innovativeness is crucial in business practice (Koren & Palčič, 2015:28; Manders et al., 2015:1; Razavi & Attarnezhad, 2013:226). Researchers have strengthened attention to innovation because it enhances competitiveness in organisations. Accordingly, the practice of launching or introducing innovations through marketing, salesforce, and promotions could be viewed as a key factor for enhancing competitiveness. This makes business sense for an organisation that

innovates for competitiveness (Géraudel, Gast & Gundolf, 2017:354; Rahmana et al., 2016:510). When competitiveness is enhanced through innovation, SMEs tend to be more solid and effective against competitors (Adla, Gallego-Roquelaure, & Calamel, 2020:1519; Rodrigues & Pereira da Costa, 2015:61).

2.4.4 Overview of Innovation Management Frameworks

Increasing global competition, technological developments, and the quest for lucrative business prospects encourage organisations to develop capabilities needed to provide services and solutions that enhance their traditional product offerings (Zolnowski, Weiß, & Böhmman, 2014:718). Development of such capabilities and enhancing innovative product offerings allows organisations to manage their innovations progressively and effectively, the failure of which would cause organisations to be outcompeted (Keiningham et al., 2019:431). In the retail service sector, unprecedented technological development has infused significant change, creating prospects for opportunities and challenges for retailers. Consequently, IM frameworks have become focal interest points for research and practice (De Oliveira, Indulska, Steen, & Verreynne, 2019:1; Song, Ming, Han, Xu, & Wu, 2015:2252; Zolnowski et al., 2014:718).

IM frameworks also became an important management component for organisational performance, growth, and survival. As such, any business aspiring to compete successfully in the market relied on a practical and innovative business model to maintain its operations (Anderson, Potočnik, & Zhou, 2014:1298). Although a focus on IM is not fairly new, it has been perceived as a viable management discipline to resolve challenges that threaten the competitiveness and sustainability of businesses (Pierre-Benoit, 2017:79). This is also evident as strategies to generate competitive advantage have shifted from obsolete levers that interrogate managing cost and price factors for managing innovation and continuous development of new competitive capabilities (Bouwer, 2015:2). Accordingly, IM helps to manage new competitive capabilities in a well-structured innovation system from the ideation process up to commercialisation (Louw et al., 2018:156; Bouwer, 2015:2; Bassiti & Jhoun, 2013:12).

Innovations are amenable to being taught, learned, measured, and managed. However, managing innovations is a complex task that requires guiding principles (Erika, 2016).

Although the management of innovations is fundamental in developing a better-value proposition, organisations often face a challenge on how to manage innovation processes. This is because many organisations are imbued with the belief that innovations are simply unfeasible ideas; thus, managers mostly focus on managing and controlling resources than managing innovative processes (Erika, 2016; Bassiti & Ajhoun, 2013:551). In this regard, organisations should strive to significantly differentiate their market offering by changing their business models. However, to develop a better value proposition and exploit opportunities, IM frameworks have to be adopted as they are necessary to the successful management of innovation projects.

Accordingly, SMEs should adopt IM frameworks that are integrated, flexible, and objective-oriented in order to guide their innovation processes towards the desired value proposition (Louw et al., 2018:155; Song et al., 2015:2252). Such an IM framework should provide value to organisations and customers and without compromising environmental impact. Although it is poorly reported in the retail service industry literature, the IM framework integrates an online presence and digital channels to physical stores through social media and allowing customers digital interaction with organisations (De Oliveira et al., 2019:1; Song et al., 2009:571). In this regard, social media platforms such as Facebook, Twitter, Instagram and Snapchat, YouTube and Pinterest, Second Life, and LinkedIn are commonly used. Therefore, adopting an appropriate IM model will necessarily enable an organisation to properly manage complex innovative projects and enhance its competitiveness (Alvano & Hidalgo, 2012:62).

2.4.4.1 Definition of innovation management framework

Erika (2016) defines the IM framework as a systematic way of developing and managing innovations with elements of discovering, practicing, measuring, improving, and managing innovations. The framework is a systematic method for the translation of new ideas or solutions into economic benefits through commercialisation (Perry, Hunter, Currall, & Frauenheim, 2015:10). The IM framework is also viewed as a management method that provides a structured way of thinking and managing innovation projects towards predefined objectives. Therefore, the framework is essentially a method that enables organisations to manage complex innovations, from innovation ideas through to commercialisation (Otiniano, 2016:10; Alvano & Hidalgo, 2012:62).

IM frameworks involve the interlinkage and combination of critical items necessary to achieve a specific innovation objective (Budler & Trkman, 2019:1). Furthermore, IM includes multifactorial tools that enable an organisation to create, analyse, design, and capture value (Zolnowski et al., 2014:719). In this regard, IM frameworks are a system intended for managing innovation and are vital for growing long-term sustenance of the business (Otiniano, 2016;10). IM frameworks are then regarded as a blueprint for providing management with practical guidance for discovering, developing, and managing innovation projects (Perry et al., 2015:10; Alvano & Hidalgo, 2012:62).

2.4.4.2 Description of IM frameworks

In essence, IM frameworks are the basic enablers of innovation success and are used by organisations to develop and manage their innovations (Cohn, 2013:6-7; Erika, 2016; Pierre-Benoit, 2017:82). IM frameworks describe the practices, behaviours, and processes of an organisation to produce the expected outcomes reliably (Erika, 2016). These frameworks are often constituted by complex multiple domains and present mechanisms that must be used to achieve innovative project objectives. Additionally, IM frameworks help managers to identify activities and skills required to successfully meet organisational and project objectives (Otiniano, 2016:10; Cohn, 2013:6-7). They also assist in improving collaboration, communication, and managing progress. However, an IM framework is valuable insofar as it is associated with competent management or improved performance (Budler & Trkman, 2019:13).

In the study by Herrera and Hidalgo (2018), the TEMAGUIDE innovation model was explained as an IM model that explains the innovation process reflected in a cycle of five activities that include scanning, focusing, resourcing, implementing, and learning. However, TEMAGUIDE ignores strategic competitiveness activities. Accordingly, Song et al. (2015) proposed an integrated framework for the product-service system (PSS) innovation management consisting of three levels, namely: the strategic, tactical, and support levels. This PSS level of innovation model mainly tackles the business model question that explains the company's rationale, how it functions and generates value for its stakeholders. Although the PSS innovation model explains how organisations generate value, the model further lacks guidance on how organisations can enhance competitiveness. Mugge and Markham (2013) proposed an IM framework to assist

managers to innovate their businesses by reducing organisational elements into components for learning, practicing, measuring, improving, and managing innovations according to levels, competencies, and dimensions. The latter approach focuses on the practice embedded within the organisation and ignores market and competition activities.

Keiningham et al. (2019:435) proposed the Customer Experience-Driven Business Model Innovation (CX-BMI) Framework to link business model innovation to customer experiences. The three-step CX-BMI Framework is characterised by two distinct aspects: the customer experience and strategic orientation aimed at providing insightful value to managers. The first step pertains to creating and defining customer experience profiles using the customer’s emotional, cognitive, social, sensory, and physical profiles. The second step, strategic orientation, seeks to establish strategic profiles by defining the strategic orientation of the organisation and the related implications for the business model changes. Strategic organisational orientation is developed when a deliberate process is pursued, encompassing planned action and behaviour as the two critical CX-BMI Framework factors. This is achieved by answering questions such as: What decisions are made? Who makes these decisions? Why are these decisions made? (Keiningham et al., 2019:435). Figure 2.4 below illustrates the three-step CX-BMI framework and its applicable implementation factors.

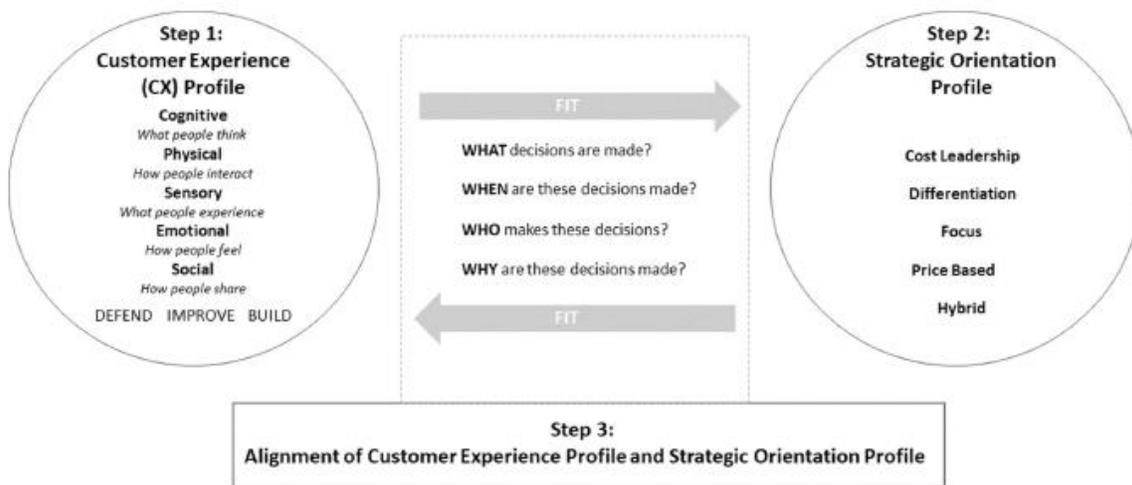


Figure 2.4: Customer Experience-Driven Business Model Innovation Framework (CX-BMI framework)

Source: Keiningham et al. (2019: 433)

Keiningham et al. (2019:431) elaborated that in a service organisation, the CX-BMI Framework enables the strategy profile to positively relate to performance when there is a strategic fit between strategy and its external environment. By implication, a strategy misfit will yield a negative organisational service performance. Although the CX-BMI Framework explains the link between business model innovation and desired customer experiences, the framework ignores how organisations compete and maintain competitiveness against competitors (Keiningham et al. 2019:431).

2.4 Summary

In this chapter, three critical variables that are the focus of the study were discussed, including SME liquor retailers, innovation, and innovation management in SMEs for the purpose of determining innovation management's capacity to enhance the competitiveness of SME liquor retailers. The chapter further provided multi-perspective definitions and explanations of SMEs in South Africa and globally. For a better understanding of the SME environment, their economic importance and challenges were discussed.

This chapter also discussed SMEs in the context of liquor retailers, in terms of which it was revealed that SME liquor retailers constitute a significant component of the liquor value chain in South Africa as the main market for the manufacturers and distributors of liquor products, especially in the township areas. The SME liquor retailers in South Africa were found to be operating under a strict regulatory environment for control of licensing, operating hours, and many other restrictions, which tended to render such regulations futile since a large number of illegal liquor retailers continue to operate in the market.

This chapter also addressed the concept of innovation management in the context of SMEs. The processes of innovation, their classification, degrees, and typologies were also discussed, including the practice of IM within the SME environment and the different frameworks that can be deployed. The next chapter focuses entirely on competitiveness in SMEs.

Chapter 3: Competitiveness in Small and Medium Enterprises (SMEs)

3.1 Introduction

The small and medium enterprise (SME) sector of the economy (particularly in the township markets) is facing increasing competition from large enterprises in South Africa (Magalhaes & Hartanto, 2020:279; Badenhorst-Weiss & Cilliers, 2014:1). To mitigate such competition, SMEs must “continually adjust, adapt, or redefine themselves” into an effective and sustainable enterprise (Lebusa, 2013:76). Accordingly, the growth and survival of township SMEs, in particular, depends on the enhanced innovativeness of their competitive strategies (Tselepis et al., 2016:2; Badenhorst-Weiss & Cilliers, 2014:1).

The current chapter presents a review of the literature on competitiveness in SMEs. In this regard, the chapter includes an exploration of the definition of competitiveness, and the concepts of competition and competitive advantage; followed by discussions on competitiveness in SMEs, with a particular focus on competitiveness in SME liquor retailers. Furthermore, this chapter discusses the SME measures of competitiveness and solutions challenges experienced. This chapter concludes with discussions on theoretical concepts of competitiveness.

3.2 Definition of Key Concepts

Competitiveness is characterised by comparative measures of economic or financial contestation between different companies in a similar industry and their external environments to garner a considerable degree of market advantage (Sachitra, 2016:2). The terms ‘competitiveness’, ‘competition’, and ‘competitive advantage’ are frequently used interchangeably in business and public discussions. The meanings of these concepts tend to depend on the problem at hand. Competition is the foremost measurement in economic activities, while competitiveness and competitive advantage are measurement concepts represented at the national, industry, and firm-level (Cong & Thu, 2020:1; Zelga, 2017:30; Sachitra, 2016:2). Researchers also intimate that competition produces competitiveness, while the competitive advantage is realised when a business responds to opportunities through competitiveness (Cong & Thu, 2020:1; Delp & Mayo, 2016:2; Herrera, 2015:1468; Utami & Lantu, 2014:30-309). Thus, the competitive

advantage of a business is first enhanced by its competitiveness (Sachitra, 2016:2). This encompasses a process of creating, maintaining, and sustaining superior value creation and delivery to customers such that competitors will not find it easy to emulate (Badenhorst-Weiss & Cilliers, 2014:3; Sachitra, 2016:2).

3.2.1 Competition

The concept of competition (which originates from 'compete'/ 'seek together) relates to the condition of rivalry caused by two or more parties striving to achieve the same business objective (Zelga, 2017:302; Utami & Lantu, 2014:308-309). Therefore, competition is commonly understood as a condition in which contending parties try to vie for something in which only one party can be victorious. At its core, competition characteristically entails rivalry with only one possible winner. This competitive rivalry occurs because of two or more competitors seeking to attain something that is not obtainable by all. According to Utami and Lantu (2014:308-309), the following four factors are valuable and influential in business competition:

- 1) The **competitors** are the firms and/ or potential new entrants that compete with each other or one another;
- 2) The **objects** of competition are the means for which competition exists, such as profits, market share, resources, and customers' satisfaction;
- 3) Competitive **capability** demonstrates the firm's durability in the competitive process;
- 4) The competed **results** show the reasonable benefits of competing objects amongst competitors.

3.2.2 Competitiveness

Competitiveness derives from the concept of competition (Cong & Thu, 2020:1; Utami & Lantu, 2014:30). However, competitiveness is a multi-faceted and popular theoretical concept with many different definitions in the literature. Competitiveness has become progressively significant among academics and organisations and is widely debated in literature but without reaching a comprehensive and universal definition (Ibarra et al., 2017:108; Manole, Nisipeanu & Decuseara, 2014:114; Sipa, Gorze-Mitka & Skibinski, 2015:446). Despite the extensive debates and research, this concept is still not well

understood (Anton, Muzakan, Muhammad, Syamsudin & Sidiq, 2015:63). Ibarra et al. (2017:110) elaborated that the paucity of a universally acknowledged definition of competitiveness is due to the many levels that it covers, which includes the firm, industry, and national levels. Accordingly, competitiveness can be described from the firm, industrial and national perspectives (Utami & Lantu, 2014:308-309). Table 3.1 below provides different definitions of the concept of competitiveness.

Table 3.1: Definitions of competitiveness

Author	Definition of Competitiveness
Habánik et al. (2016: 144-145)	Defines competitiveness from two perspectives, the national and business levels. At the national level, competitiveness is the ability of the national economy to set economic and political determinants of productivity in the country. At the business level, competitiveness is the business's ability to achieve a competitive advantage that enables the business to perform better in the market.
Carvalho & Costa (2014: 89)	"This concept is also understood as the ability to increase market share, profit, growth, value-added and to stay competitive for a long term".
Zonooz et al. (2011: 61)	Competitiveness is the organisation's "ability to persuade customers to choose their offerings over alternatives and the ability to improve continuously process capabilities".
Hove-Sibanda et al., (2017: 3)	Competitiveness is the business's capability to have mechanisms that produce a competitive advantage to provide a better offering than its competitors.
Jianguo & Banwo (2015: 3)	Defines competitiveness as the economic and political determinants of productivity in the country.
Komppula (2014: 361)	Defines competitiveness as an organisation's ability to attract and satisfy customers and to deliver goods and services that perform better than those offered by other organisations.
Ocloo et al. (2014: 4)	Views competitiveness as the extent of a country's product to compete in the global marketplace.

At the level of the firm, competitiveness relates to productivity growth emanating from the ability to sustain competitive advantage (Sachitra, 2016:3). However, when defining competitiveness, one must consider the "the raison d'être of an organisation", issues that need to be addressed, and elements of time and context (Zonooz et al., 2011:60). The definitions of competitiveness must also indicate a clear relationship between

international and domestic economic activities due to economic globalisation and its tendency to increase competitive pressures to all organisations (Habánik et al., 2016:146-147; Ocloo et al., 2014:290). Competitiveness at the firm level is regarded as the firm's ability to survive and succeed and is also concerned with the ability to increase profits and maintain a market position through improvement strategies, market leadership, and profitability in comparison with both the domestic and international competitors (Cong & Thu, 2020:1; Sipa et al., 2015:446; Utami & Lantu, 2014:309).

Competitiveness at the industry level is referred to as a comparative measure between firms operating in the same or related industry. It stresses the ability of individuals, companies, economies, or regions to maintain competitive strength to drive commercial benefits (Sachitra, 2016:2; Manole et al., 2014:114). Meanwhile, Ahmedova (2015:1105) defines industry competitiveness as the achievement and maintenance of an advantage of competition over a long period through continuous restoration and improvement. Anton et al. (2015:63) restated Porter's (1985:102) definition of competitiveness as carrying out the imitable and value-creating strategy that provides an industry competitive advantage.

The definition of competitiveness at the national level stresses the "set of institutions, policies, and factors that determine the level of productivity of a country" and relates to the enhancement and improvement of social, cultural, and economic variables of the country's citizens (Ibarra et al., 2017:110). The latter authors also allude that at the national level, competitiveness is closely related to competitiveness at a firm level. However, the firm-level definition shows a reasonably clear and forthright interpretation of the principle of competitiveness focused on productivity, growth, and profitability of companies (Sipa et al. 2015:446).

3.2.3 Competitive Advantage

Competitive advantage has been used extensively by strategic management researchers and practitioners in explaining what amounts to differences in performance and is defined and measured against other competitors (Sachitra, 2016:2; Sigalas, 2015:3). Thus, understanding of competitive advantage from a firm's viewpoint tends to be complex because a competitive advantage is a build-up process from a myriad of activities performed by a firm (Porter, 1985:33). According to Chahal and Bakshi (2015:382) and

Badenhorst-Weiss and Cilliers (2014:3), competitive advantage is the market advantage that an organisation possesses, and which enables the organisation to outperform its rivals. Such a differentiating factor that enables a firm to serve more customers than its competitors.

Competitive advantage is also based on measuring relative performance aspects such as profitability, financial performance, and opportunity costs, and is realised when an organisation can develop and maintain competitive attributes to surpass its competitors (Cegliński, 2016:58; Sigalas, 2015:4). Furthermore, such an advantage is the outcome of a rare, unique, and valuable resource that enables an organisation to have a competitive position in the market. It is only when an organisation has established a unique and sustainable resource that it will have a competitive edge by providing its market offering better than its competitors (Sachitra, 2016:2; Badenhorst-Weiss & Cilliers, 2014:3).

3.3 SME Competitiveness Challenges

The business sector ushered into the 21st century a business environment that required competitive agility to survive but also became the greatest challenge that produced higher competition for the SME sector (Ocloo et al., 2014:290; Zonooz et al., 2011:60). The competitive challenges only meant that the growth and sustainability of firms need competitive performance over rival businesses. While competitiveness behaviour is recommended by scholars in the SME literature, competition also continues to be the greatest challenge for the sector (Tselepis et al., 2016:2; Venter et al., 2014:33; Lebusa 2013:77). On the other hand, the literature shows a positive association between competitive action and business performance. It has also been suggested that research on competitiveness is increasing, but with growing concerns that knowledge on SMEs' competitiveness is lacking and should be prioritised to enhance the competitive ability of the sector (Jianguo & Banwo, 2015:8; Carvalho & Costa, 2014:90).

In today`s business operations, competition no longer exists exclusively at the domestic level but exists on a global scale. Globalisation opens opportunities for competitiveness, and those with a lack of competitiveness will suffer (Ocloo et al., 2014:290). In this regard, the last decade was characterised by globalisation and its high customer expectations and increased competition in business (Anton et al., 2015:62). In Nigeria, for instance,

SMEs are drowning in competition due to globalisation (Uchegbulam, Akinyele, & Ibadunni, 2015:326). In South Africa, the SME environment operated in a low competitive environment during the apartheid days. However, strong competition emerged and remains the greatest challenge for SMEs in the post-apartheid era (Lebusa, 2013:77-78; Karanja et al., 2013:114).

Evidently, the level of SME competitiveness is incongruent with the globalisation-induced competitive environment; hence, managers are pressured to devise competitiveness improvement models to thwart the challenge that gave rise to a lack of SME growth and survival (Badenhorst-Weiss & Cilliers, 2014:1). Due to this lack of competitiveness, SMEs are more prone to market vulnerability than large organisations. Accordingly, business operations should transform into competitiveness and survival (Carvalho & Costa, 2014:90; Sipa et al., 2015:453).

3.4 Competitiveness: A Solution for SMEs

The current and dynamic business environment is marked by constantly changing technologies and consumer tastes, which makes it highly necessary for businesses to offer competitive services to their consumers (Galvão, de Carvalho, de Oliveira, & de Medeiros, 2018:706). Accordingly, there is an increasing need for competitive actions and strategic shifts towards competitiveness by organisations. The SME sector finds itself in the midst of debates on how to increase and maintain competitiveness in the turbulent and competitive environment. This is because the turbulent market conditions compel organisations to seek unconventional ways of growth and survival, also considering the 2008 global economic crisis that compelled uncompetitive firms to restructure their operations or fall (Beyene et al., 2016:126; Manole et al., 2014:115). Therefore, SMEs need to improve their performance in accordance with sustainable competitive strategies.

Global competition in the 21st century and its resultant pressures and changing business environment compel that SMEs ought to strategically consider factors that reduce competitive pressures and build their competitiveness over existing competitors (Anton et al., 2015:60; Uchegbulam et al., 2015:326; Manole et al., 2014:116). Only when SMEs deploy innovation-oriented practices will they be able to cope in a globalised competitive environment.

Evidence in literature points out that competitive behaviour in organisations results in positive outcomes (Carvalho & Costa, 2014:89). However, this can be achieved with organisations deploying non-static, proactive, and novel management practices to achieve competitiveness (Hove-Sibanda et al., 2017; Lebusa, 2013:77). Competitiveness also enhances a firm's capacity to increase its market bargaining position and achievement of its economic objectives. Accordingly, SMEs could enhance their competitiveness by striving to do something better than others, doing something difficult to be imitated by others, doing something valuable for the customers, doing something hard to replace, and doing something that has a greater profit margin than that of the competitors. (Yufra & Sudjatno, 2017:43; Anton et al., 2015:60).

There are several ways for firms to build, enhance, and maintain their competitiveness, which includes carrying out activities aimed at differentiating the market offering from that of competitors (Uchegbulam et al., 2015:326). Factors such as “financial, human and technological resources; organisational structure and systems; productivity, innovation and quality; image and reputation; culture, product/service variety, flexibility, and customer services” also ought to be managed innovatively (Carvalho & Costa, 2014:89). In addition, human resources, working capital, management, and technological skills are also key to enhancing competitiveness and improved business performance (Anton et al., 2015:61). In the study by Madhovi and Dhliwayo (2017:9), customer relationship management (CRM) was mentioned as one of the key tools to manage a business in a competitive environment, which should be driven by coordinating external and internal factors, as well as unique entrepreneurial abilities. Therefore, organisations seeking to attain above-average levels of customer satisfaction should adopt a competitive strategy that is aligned to the desired competed results through innovation (Mazzola et al., 2018:1355).

In a study by Utami and Lantu (2014:320), the following factors were recommended as a mechanism to enhance the competitiveness of SMEs:

- 1) For the business owner: conducting business with passion translates the process of running a business into an enjoyable experience. Continuous innovation will increase business performance and more competitiveness. Having a growth strategy to ensure sustainability will make the business competitive.

- 2) For the government: simplifying the bureaucracies related to SMEs (e.g., tax burden) will enable fast growth. The government must provide support programmes to SMEs that open development opportunities.
- 3) For mediators: SME support institutions (e.g., mentors, banks, and academic institutions) should offer training to SMEs, mentor business owners, conduct research, and provide knowledge into SMEs' environment continuously, and make access to finance and investors conducive to SMEs.

Several studies reported that SME owners' entrepreneurial abilities and government support initiatives are the foremost factors influencing SME competitiveness (Jianguo & Banwo, 2015:12). However, the government influences the competitiveness of SMEs mainly by providing institutional rules and funding programmes through local government and agencies by making access to credit facilities, business licensing, promotion, marketing, and training (Yufra & Sudjatno, 2017:44-45). Cheng and Chen (2017:12) argue against the notion of government as an enabler of competitiveness, and that competitiveness is mostly enhanced through innovative activities within the business.

In a study by Priporas (2019:997), competitive intelligence (CI) was reported as the enabler of competitive action. However, CI was practiced more by large organisations, while SMEs used informal mechanisms. Notably, CI only helps organisations' legal and ethical mechanisms for gathering and analysing information about competitors and fraternal industries to better position the business competitively (Priporas, 2019:998). Such practices are crucial for SMEs operating with strict resources and within a competitive and global economy. SMEs can use CI to acquire information through methods such as frequent visits to competitors' premises and use the information to enhance their competitiveness (Priporas, 2019:1002).

Madhovi and Dhliwayo (2017:9) mentioned customer relationship management (CRM) as one of the key tools to help organisations to manage in a competition-stricken environment as it can increase and maintain customer loyalty. However, CRM is best suited to enhance the marketing activities of an organisation rather than competitiveness (Guha, Harrigan & Soutar, 2018:194). On the other hand, Madhovi and Dhliwayo (2017:2) mention that CRM could enhance competitiveness by enabling SMEs to understand customers and respond quicker and more competitively. CRM helps organisations to

understand customers better and to create value for them and leads to the enhanced competitiveness of the business (Galvão et al., 2018:707). As in service-oriented organisations (where the delivery of service occurs when there is an interaction between the provider and the customer), CRM enhances innovative processes (Madhovi & Dhliwayo, 2017:3).

In numerous scientific documents, competition was viewed as necessitated innovation (Azis et al., 2017:393; Sipa et al., 2015:447). Hence, in the competitive business environment, businesses embrace innovation as the main source for creating value and competitive advantage (Hajikarimi et al. 2013:1079). Innovation is fundamental to competitive advantage and winning customers and is regarded as a crucial source of competitiveness for any firm that seeks to survive and grow in competitive markets (Bassiti & Ajhoun, 2013:551; Cohn, 2013:6; Nani, 2017:64). Innovation is an important driver of competitiveness, sustainability, and business performance (Louw et al., 2018:155; Mazzola et al., 2018:1355; Walker et al., 2015:409). Dating as far back as the early 19th century, scientific literature found that innovation-oriented firms performed better than others. In the 20th century, only innovative firms have the competitive ability to survive in the market and provide innovations to the market faster than their competitors enhances their competitiveness (Louw et al., 2018:155; Yufra & Sudjatno, 2017:43).

Tselepis et al. (2016:2) recommended that innovation management (IM) practice should be used to enhance SME competitiveness, survival, and competence. Firms that practiced IM can establish and maintain a market competitive advantage. Hajikarimi et al. (2013:1079) affirm the view that many firms rely on their innovative capacity to enhance their success and survival. In this regard, it is irrefutable that SMEs can creatively and effectively build competitiveness, and those that fail to innovate run the risk of losing future value; and only those who innovate stand to survive in a competitive environment (Cheng & Chen, 2017:12; Sandada & Mangwandi, 2015:122; Sipa et al., 2015:447).

3.5 Measures of Competitiveness in SMEs

Competitiveness is a wide-ranging concept that consists of several measures, including the potential, process, and performance measurements (Utami & Lantu, 2014:320). Similarly, firm competitiveness emphasises the firm's ability to do better against

competing firms in terms of profitability, sales, or market share (Akben-Selcuk, 2016:1). However, Ceptureanu (2015:56) is of the view that the explanation of the measure of competitiveness “lies in scholars’ point of view”. Despite multiple debates, competitiveness emphasises the multiple measures of “good performance, sustainable competitive advantage, trade performances, costs management, and growth elements” (Ceptureanu, 2015:61). On the other hand, Ahmedova (2015:1105) asserts that a “company that can develop and uphold such opportunities that provide higher performance and sustainable profitability is considered competitive”. Sachitra (2016:5) added that other studies employed subjective competitiveness measures, including employee and sales growth.

In a study by Magalhaes & Hartanto (2020:281) and Utami and Lantu (2014:320), the potential, process, and performance measures were relayed as measures that should be attained or that affect the business and they include “the internal capability (financial capability, human resources capability, and innovation capability), the external environment (general environment, competitive environment, and supportive environment), owner characteristics (passion, motivation, personality, knowledge, skill, experience, and role as leader), and company characteristics (vision, mission, and value)”. Sachitra (2016:3) also asserted that competitiveness at the firm level tends to use costs, profitability, market share, and productivity as measures of competitiveness. Competitiveness can be measured through a broad-spectrum of concepts such as price, time cost, net income, flexibility, sales growth, and employee growth (Sachitra, 2016:5).

According to Manole et al. (2014:114), competitiveness determines productivity, while Ceptureanu (2015:57) is of the view that competitiveness measures involve elements of “productivity, efficiency, and profitability”. On the other hand, Ahmedova (2015:1105) and Ceptureanu (2015:57) allude that competitiveness can be measured based on induced higher productivity and profitability, which can be sustained when the appropriate balance is maintained between shareholder value, customer value, financial and human capital. For Sachitra (2016:3), competitiveness is analysed by using past or potential performance, or competitiveness indicators such as returns on assets, non-financial performance (customer satisfaction, employees’ growth), and competitor benchmarking. Accordingly, competitive advantage is then viewed as an indicator for measuring competitiveness and has the capacity to generate a firm’s profits (Sachitra, 2016:3).

At the level of the firm, competitiveness is measurable in terms of “product competitiveness, production efficiency, financial position, and organisational effectiveness in terms of restructuring and sales and demand stimulation” (Ahmedova, 2015:1105). In addition, competitiveness in the firm tends to be influenced by the competitive environment and can be measured through customers' and competitors' measures. In this regard, market share increases add to the improvement of competitiveness; therefore, market share is a convincing measure of the competitiveness at the firm, industry, or national level (Sachitra, 2016:4; Ceptureanu, 2015:56). Tanu et al. (2018:2-3) also averred that sales prospects and financial tools are measures of competitiveness in the competitive market. The sales measures require the business to deploy innovative marketing mechanisms to effect competitiveness (Tanu et al., 2018:3). Table 3.2 below summarises measures of competitiveness.

Table 3.2: List of measures of competitiveness

Number	Competitiveness Measures
1	Profitability
2	Sales
3	Market share
4	Costs management
5	Financial performance
6	Non-financial performance (Customer satisfaction, employees growth)
7	Productivity
8	Competitor performance

In sub-section 1.5.3.2, the researcher alluded that this research uses a combination of customer, competitor, and profitability measures to determine the competitiveness of SMEs. Such combination takes the form of measuring the competitiveness of SME liquor retailers through their attraction and maintenance of customers, their mechanisms to surpass competitors, and strategies to drive profitability.

3.6 Theories of Competitiveness

The theory of competitiveness can be traced from the 1980s with the work of eminent classical economics such as Adam Smith, Peter Drucker, and others (Ahmedova 2015:1105). This theory was fully developed in the 1990s with the advancements of the

classical theory of economics after the publication of Michael Porter's exegetic works (Ahmedova, 2015:1105). Porter (1990:76) viewed the theory of competitiveness at the level of the firm from the industrial and organisational viewpoints of competitive advantage. Porter also viewed competitiveness as a source of sustainable prosperity in the modern global economy, mainly because competitiveness is a significant source of national prosperity in the long-term (Sachitra, 2016:2; Utami & Lantu, 2014:310-312).

There are several competitiveness theories, but they are not widely used as a point of departure to construct competitiveness (Zonooz et al., 2011:60). Competitiveness relies on a competitive strategy, which is defined as a plan that enables management to compete in their chosen market, and as a mechanism for improving or maintaining competitive advantage; which involves several elements such as analysing the market environment, consumer behaviour, and market competition (Uchegbulam et al., 2015:327).

Research tends to use several theories to determine competitiveness, including the competitive advantage and competitive strategy model, the resource-based view (RBV), the core competence approach, and the strategic management approach (Utami & Lantu, 2014:309). Additionally, organisations rely on innovation as a means of enhancing competitive strategy in achieving market dominance and satisfying customers and stakeholders. The generic competitive strategies and the resource-based view constitute some of the principal aspects of Porter's theory of competitive strategy and competitive advantage model, as discussed below.

3.6.1 Generic Competitive Strategies

The generic competitive strategies have been widely studied in strategic marketing and management literature (Kaya, 2015:663). The theory of generic competitive strategies was first developed by Porter and has contributed immensely to the field of strategy and organisational research over many years (Uchegbulam et al., 2015:327). Porter (1980:35) asserted that generic competitive strategies are used by firms to outperform their rivals. These strategies are mainly based on the archetype of competitive strategy. As such, generic competitive strategies are used by organisations that seek to maintain efficiency or differentiation in the broad market (Uchegbulam et al., 2015:327; Kaya, 2015:663).

Organisations can improve their performance by adopting one or a combination of the generic strategies in order to achieve superior value, and as a mechanism to facilitate organisations' outperformance of rivals within an industry (Utami & Lantu, 2014:311). Porter's three generic strategies fundamentally focus on overall cost leadership strategy; differentiation strategy and focus strategy; all of which are discussed below.

3.6.1.1 Overall cost leadership strategy

Cost leadership strategy is concerned with cost concentrations. Porter (1980:35) alluded that the cost leadership strategy requires a great deal of cost control management. When deploying the cost leadership strategy, an organisation charges a lower price without sacrificing the quality of the product or service (Kaya, 2015:663; Utami & Lantu, 2014:311).

3.6.1.2 Differentiation strategy

The differentiation strategy, on the other hand, relates more to entrepreneurial activities than cost of the leadership strategy (Kaya, 2015:663). This strategy is a mechanism of creating a service or product that is unique to the industry (Porter, 1980:37). The differentiation strategy is deployed when an organisation produces unique services or products that consumers perceive to be different and of a better value than those of rivals and competitors (Utami & Lantu, 2014:311). The differentiation strategy enables a firm to create a defensible position and achieve above-average returns in the industry (Kaya, 2015:663; Porter, 1980:37). However, promoting a differentiation strategy involves enduring higher costs in a series of functional areas.

3.6.1.3 Focus strategy

A focus generic strategy exists where a firm chooses a specific market segment to serve its particular market efficiently (Utami & Lantu, 2014:311). Such a strategy is based on serving a particular segment, customer, limited geographical market, or product line more effectively or efficiently than those competing in a more diversified manner (Salavou, 2015:82).

3.6.2 The Resource-Based Approach

The resource-based view (RBV) theory is steeped in strategic management and is used to assess the value of a resource (Qureshi, 2016:97; Uchegbulam et al., 2015:329). Although the RBV theory resonates with the earlier work of industrial economists, the strategy and management literature has welcomed its influence on competitiveness (Lafuente, Szerb, & Rideg, 2020:555). This theory gained prominence through its focuses on the firm`s competitive ability and addresses how firms compete, develop and manage competitive resources to influence their performance (Ruivo, Oliveira & Neto, 2015:106; Qureshi, 2016:97).

The RBV theory also helps in explaining the effect of a firm`s internal resources on its competitive advantage (Uchegbulam et al., 2015:329). It premises on creating resources and core competencies as the basis for sustaining competitive advantage (Lafuente, Szerb, & Rideg, 2020:556). Also, the RBV is premised on the idea that the effectiveness and efficiency of the firm`s resources determine its competitive advantage. It is also based on the assumption that resources can be economically valuable, fairly scarce, and unique when they induce a firm`s performance (Ruivo et al., 2015:106). Despite its prominence in the field of strategy, RBV is criticised for its inward focus by tending to ignore market demands; whereas other theories in strategy acknowledge the link between resources and market dynamics (Qureshi, 2016:97).

Furthermore, the RBV theory analyses resources based on the collection of tangible and intangible resources (Qureshi, 2016:98). The tangible resources pertain to the observed and quantified physical resources that a firm uses (Utami & Lantu, 2014:311). Additionally, these resources are transparent, easily duplicable, and highly visible to competitors, and include all resources with physical attributes such as buildings, machinery, and materials (Qureshi, 2016:100). Notwithstanding that their economic value is relatively easy to measure, tangible resources are often easily imitated by competitors (Qureshi, 2016:100; Kull, Mena & Korschun, 2016:3).

In contrast to tangible resources, the intangible resources are relatively invisible and less vulnerable to imitation by competitors (Kull et al., 2016:3; Qureshi, 2016:100). Moreover, intangible resources cannot be quantified, and include the organisation`s human capital

related to trust, managerial capabilities, and knowledge; innovative resources such as scientific capabilities and databases; ideas, and capacity to innovate; as well as reputational resources such as reputation with customers and suppliers; production methods; brand power, copyrights and trademarks, and patent; and technological innovations (Utami & Lantu, 2014:312; Qureshi, 2016:100).

Managers are more concerned with gaining sustainable competitive advantage, which enables firms to sustain competitive advantage by creating, applying, and maintaining capabilities and resources that cannot be imitated (Qureshi, 2016:98; Kull et al., 2016:2;). However, all resources of a firm do not necessarily contain similar levels of potential to become sources of sustainable competitive advantage (Qureshi, 2016:99). The resources will provide a sustainable competitive advantage by providing economic value, while its inimitability and non-substitutability provide a distinct method of generating economic value associated with the resource (Nason & Wiklund, 2018:34-35). The firm's resources should also display some measure of resilience against imitation by competitors to maintain their competitive advantage (Nason & Wiklund, 2018:34-37).

3.7 Summary

Competitiveness is a theoretical concept that is believed to be a comparative measure between firms, industries, or nations. This concept is very important in unraveling challenges of competition, competitive activities, and behaviour. As with the world of SMEs (which face competition as the cause of failures), competitiveness in the business community is believed to be a measure of growth and sustainability. Thus, the survival and growth of SMEs will largely depend on how they build and maintain their competitiveness.

Accordingly, this chapter discussed the concept of competitiveness in the context of SMEs. In these discussions, competitiveness challenges in SMEs and some of the inherent solutions to help SMEs loomed largely. This chapter also discussed measures that are used to determine the competitiveness of an organisation, as well as competitiveness theories. The next chapter (Chapter 4) discusses the research methodology as a roadmap for collecting and analysing data. The chapter also entails discussions on the ethical considerations in the study.

Chapter 4: Research Methodology

4.1 Introduction

Van Zyl (2014:3) describes research as an investigation, a methodological and organised search for relevant information to discover new knowledge on a particular subject. Meanwhile, Sekaran and Bougie (2016:2) define research as an inquiry into finding solutions to a problem by investigating and analysing situational factors. Such investigation included working to improve research work already undertaken by other researchers. On the other hand, Cooper and Schindler (2014:4) view research as a systematic investigation providing information to guide decision-making. In the business environment, research is regarded as a systematic and organised inquiry used to discover solutions for work-related problems (Sekaran & Bougie, 2016:2). Collectively, the above perspectives posit research as an inquiry on discovering something new and different.

Accordingly, in research, the primary step involves knowing where the problem exists. Among others, such a step involves an unambiguous articulation of the problem identified; hypothesis formulation or possible solutions; gathering, organisation, evaluation of data; deductions and consequent conclusions; as well as testing conclusions for their relevance to the hypotheses (Sekaran & Bougie, 2016:2; Leedy & Ormond, 2016:22-25; Van Zyl, 2014:3-5). According to Cooper and Schindler (2014:4), research involves the “planning, acquiring, analysing and distributing relevant data, information, and insights to decision-makers in ways that mobilise the organisation to take appropriate actions that, in turn, maximize performance”. Thus, in research, several steps are followed to find a solution to the problem identified.

Following the background and review of the literature and attendant identification of the existing gaps in Chapters 1, 2, and 3, the current chapter outlined aspects of the primary steps to be followed in investigating the research problem and finding new knowledge, the research methodology. These included the problem statement, research philosophy, research approach, research design, study population and sampling methods, collection of data and its analysis, trustworthiness, contributions of the study, and limitations of the study. A discussion on the ethical considerations then concludes the chapter.

4.2 Problem Statement

This investigation addressed the concepts of IM and competitiveness from the context of SMEs. While the concept of competitiveness is studied widely in literature, the concomitant findings on this concept in the context of SMEs remained limited (Carvalho & Costa, 2014:90; Venter et al., 2014). The concept of IM in the context of SME on the other hand was also limited compared to studies in large organisations (Hervas-Oliver et al., 2017:507; Quinn et al., 2013:83). While great consideration has been allocated to management challenges faced by SMEs as the dynamic elements of growth and sustainability, such consideration has not been enough to aid SMEs to grow or be competitive.

Given the above, the research problem in this study is situated in the exploration and description of management practices that could aid SMEs to be competitive. In this regard, the research problem concerns challenges prevailing in management practices as a factor of SME competitiveness. In addressing this gap, this study took a different approach, from focusing on how to manage challenges faced by SMEs, to how SMEs could be managed competitively. Such an approach placed IM at the centre of the management of SMEs and analysed how IM could enhance competitiveness in SMEs. Thus, the main problem investigated in this study was IM and how it could enhance competitiveness of SME liquor retailers in the Ekurhuleni Municipality.

4.2.1 Research Objective

The primary research objective of the study is:

- To establish how IM could enhance competitiveness in SME liquor retailers in Ekurhuleni Municipality.

4.2.1.1 Secondary research objectives

The secondary research objectives are:

- Establish what innovation management is and how it can be of use to organisations.
- Establish what competitiveness is and how it can be of use to organisations.

- Establish what SMEs liquor retailers in Ekurhuelni understand as IM.
- Explore what SMEs liquor retailers in Ekurhuelni understand as competitiveness.
- Ascertain how IM is practiced by SME liquor retailers in Ekurhuelni.
- Develop an IM framework to enhance competitiveness of SME liquor retailers.

4.2.2 Research Questions

The primary research question is:

- How could IM enhance competitiveness in SME liquor retailers in Ekurhuleni Municipality?

4.2.2.1 Secondary research questions

The secondary research questions are:

- What is the nature of innovation management and how can it be of use to organisations?
- What is the nature of competitiveness and how can it be of use to organisations?
- What do SME liquor retailers in Ekurhuelni perceive as innovation management?
- What do SME liquor retailers in Ekurhuelni perceive as competitiveness?
- How is innovation management practiced by SME liquor retailers in Ekurhuelni?
- What IM framework can assist to enhance competitiveness of SME liquor retailers?

4.3 Research Philosophy

Research philosophy is described as a theoretical idea that systematically provides new insights into the nature and development of knowledge (Saunders et al., 2016:124). On the other hand, Denzin and Lincoln (2018:104) and Winit-Watjana (2016:429) view research philosophy as a general term referring to the scholarly perspective that underpins knowledge development and the nature of that knowledge concerning research. Accordingly, research is then defined as the optimal approach for investigating knowledge in a given field (Myers, 2013:6).

At an intellectual level, two major concerns emerge when considering research philosophy, namely: ontology and epistemology concerns. Ontology premises on worldviews and theories about reality and its nature (Denzin & Lincoln, 2018:102;

Saunders et al., 2016:110). In other words, researchers take a stance on their understanding of the nature and functionality of knowledge (Scotland, 2012:9).

Epistemology, on the other hand, delves into the determinants of satisfactory knowledge in the particular field of study (Saunders et al., 2016:112). According to Denzin and Lincoln (2018:102), epistemology is the theoretical premises, thought process, and association of the unknown and the known, the invisible and the visible; in terms of which researchers test and believe reality according to the processes for achieving such testing. According to Saunders et al. (2016:124-125), factually oriented researchers and those who focus on the feelings and attitudes of the respondents will necessarily adopt different philosophies concerning the research methodologies adopted (Mkansi & Acheampong, 2012:132). Consequently, each paradigm has its own ontological and epistemological assumptions. There are several research paradigms in research methodology, which include: pragmatism, positivism, interpretivism, and realism, all of which are explained below.

4.3.1 Positivism

According to Neuman (2014:98), there is an assumption amongst scholars that a positivist philosophy is a science. This is because the positivism philosophy is based on the idea that the truth can only be studied through natural science (Saunders et al. 2016:135; Neuman, 2014:98). Positivists are imbued with the idea of the objective reality of particular patterns that can be predicted or explained by theories (Winit-Watjana, 2016:430). Furthermore, positivism was related to the field of social sciences that applies to natural science (Mkansi & Acheampong, 2012:134).

In positivism, the researcher would likely focus on observable social reality with the results relating to law-like generalisations that characterise the natural and physical sciences (Saunders et al., 2016:135-136). In addition, positivist researchers use quantitative approaches and often use experiments, surveys, statistics, and significant reliance on theory-based research using deductive reasoning (Winit-Watjana, 2016:430; Neuman, 2014:99). The data collection in positivism is likely to be directed by an existing theory in developing hypotheses that will be tested and confirmed or refuted later (Saunders et al., 2016:136).

4.3.2 Realism

Realism is posited as a philosophy in research that is based on scientific methods that assume the independence of reality from the human form of conceptualisation (Saunders et al., 2016:139). Its focus is on the ability to address natural and social sciences by providing a platform for a variety of methods to be used (Mkansi & Acheampong, 2012:134). Saunders et al. (2016:139) added further that in realism, there is an assumption that reality exists independent of the human mind. As such, this paradigm acknowledges an incomplete fact, but identifies the differences inherent in social interactions or research methodologies with researchers as part of what is being studied and can influence the analyses (Winit-Watjana, 2016:430).

4.3.3 Pragmatism

The pragmatism philosophy is based on the idea that different ways of interpreting the truth may exist (Saunders et al., 2016:143). In addition, pragmatists believe that the truth is what is useful, although some researchers can manipulate the very interpretation of the truth (Winit-Watjana, 2016:431). On the other hand, Saunders et al. (2016:143) posit the centrality of the research question as to the most appropriate determinant of the pragmatic approach, according to which pragmatic or practical solutions are provided or speculated using both inductive and deductive reasoning approaches consonant with real-life problems and challenges (Saunders et al., 2016:144; Winit-Watjana, 2016:431).

4.3.4 Interpretivism

Interpretivism is a research philosophy that assumes the social construction of the truth from a human-interest point of view (Saunders et al., 2016:144). According to Winit-Watjana (2016:430), interpretivism maintains the construction of many subjective facts from individual interpretations. Thus, interpretivism is concerned with people rather than objects as units of analysis and elevates the researcher's need to understand human differences in their roles (Saunders et al., 2016:140). Furthermore, interpretivism seeks to find 'meanings' or create information through qualitative data instead of quantitatively oriented objective facts (Winit-Watjana 2016:430). In interpretivism, the term 'social

actors' is very important as humans interpret the social roles of others following their own set of meanings (Saunders et al., 2016:140).

In this research, interpretivism was adopted largely as a factor of the qualitative nature of the study (Saunders et al., 2016:140; Thanh & Thanh, 2015:25). Also, the interpretivism philosophy was chosen because the researcher sought to explore the meanings and understandings of the participants as social actors on what they understood as IM and competitiveness, as well as how IM could enhance competitiveness in SME liquor retailers in Ekurhuleni Municipality. Other research philosophies were not suitable because their focus was not on exploring the meanings and understandings of the participants as social actors. For instance, positivist philosophy studies the truth through natural science, whereas realism philosophy uses scientific methods to understand reality. In such a context, interpretivism presents a social scientific viewpoint that contrasts positivism (Winit-Watjana, 2016:430).

4.4 Research Approach

Saunders et al. (2016:145) differentiate between two main research approaches, the deductive and the inductive approach, both of which determine whether the research will adopt a deductive approach (in which a theory is adopted for hypothesis testing) or the inductive approach (in which the collected data is used for developing theory). Both of these two approaches are discussed below.

4.4.1 Deductive Approach

A deductive approach assumes the centrality of theory as the basis of arriving at conclusions (Saunders et al., 2016:146; Zalaghi & Khazaei, 2016:26). The deductive approach begins by identifying or assuming a theory and deriving from the hypothesis and then revising the theory (Woiceshyn & Daellenbach, 2018:185). The assumptions about the theory are assertions the researcher considers to be true at first about a phenomenon (Leedy & Ormrod, 2016:36; Sekaran & Bougie, 2016:28; Zalaghi & Khazaei, 2016:26). A deductive approach takes place when the conclusion is reached logically from a set of theoretical premises, which involves a process of developing a theory and then testing the theory against the analysed data (Leedy & Ormrod, 2016:36; Saunders

et al., 2016:146). Accordingly, the process involves a step-by-step, systematic, and rigorous approach to finding a solution to a phenomenon (Sekaran & Bougie, 2016:24; Zalaghi & Khazaei, 2016:24).

To ensure scientific rigour, the deductive approach requires that the researcher should be both objective and impartial of data collection processes and instruments by using methods such as the questionnaires (Saunders et al., 2016:146). Therefore, the researcher makes a series of hypotheses while using a deductive approach and then tests the hypothesis using a relevant methodology. Evidently, the deduction approach starts from any theoretical basis that can deduct from any number of alternate assumptions, which is done by testing hypotheses to ascertain whether a general theory is capable of explaining a particular problem (Sekaran & Bougie, 2016:28; Woiceshyn & Daellenbach, 2018:186). However, the deductive approach contrasts with the inductive approach, in which the researcher examines a phenomenon and arrives at a general conclusion on that basis.

4.4.2 Inductive Approach

In contrast with the deductive approach, the inductive approach does not proceed from pre-existing truth, belief, or theory but proceeds from an observation (Leedy & Ormrod, 2016:37). Therefore, the inductive approach establishes theory by observing a specific phenomenon and begins with a set of objectives, looks for patterns in the interpretations, and then develops a theory (Saunders et al., 2016:147; Zalaghi & Khazaei, 2016:24).

Moreover, the inductive approach interrogates the gaps between the logic of the argument on the one hand, and the facts and the conclusions on the other such that there is an agreement between the conclusion and the facts or observations. (Leedy & Ormrod, 2016:37). The purpose of the inductive approach is to enhance a better understanding of a particular state of affairs and the nature of the problem, by analysing the collected data and thereafter developing a theory (Saunders et al., 2016:147). When several results have been correctly analysed, the inferences can be extended to other groups with similar conditions (Zalaghi & Khazaei, 2016:25). However, the inferences must be tested, reviewed, or rejected. In the inductive approach, the researcher forms part of the data collection process and observations should be undertaken with optimal impartiality and

without any bias or prejudgement (Saunders et al., 2016:147; Zalaghi & Khazaei, 2016:25).

The researcher deemed it useful and practical to link these research approaches to the various research paradigms. In doing so, it is a recognition that the deduction approach was more positivism-inclined, while the inductive approach was interpretivism-oriented (Saunders et al., 2016:147). Accordingly, the adopted interpretivism approach in this study coheres with the inductive research approach in the investigation of IM's enhancement of competitiveness in the Ekurhuleni Municipality SME liquor retailers.

4.5 Research Design

Research design is a plan or data collection, measurement, and analysis blueprint for answering the research questions and realisation of objectives. This process includes determining different designs, strategies, and time horizons (Saunders et al., 2016:162; Cooper & Schindler, 2014:124). In this section, the types of research designs are discussed, including the methodological approaches, the nature of the research design, research strategies, and time horizons.

4.5.1 Methodological Approach

The qualitative and quantitative approaches constitute two of the main research methods. According to Neuman (2014:107), the difference between qualitative and quantitative methods lies in their emphasis and terminology. Saunders et al. (2016:165) mention further that the major difference between qualitative and quantitative methods is mainly numeric (numbers for the quantitative) and non-numeric (words for the qualitative) data. In the research process, researchers often seek to know and understand what happened, or how often things happened. In this case, a quantitative method would serve the purpose. However, to understand how people attach meanings to their experiences, the qualitative method was used (Cooper & Schindler, 2014:144). Qualitative and quantitative methods are discussed below:

4.5.1.1 Quantitative approach

Leedy and Ormrod (2016:154) and Cooper and Schindler (2014:146) describe the quantitative approach as a research design method that investigates phenomena based on numbers and measurable systems and questions. Neuman (2014:167) also emphasises the numeric focus of quantitative methods, whose purpose is to measure something rather than understanding it through prosaic expressions. Quantitative data consists of participant responses based on coded, grouped, and reduced to numbers to enable statistical manipulations with the usage of instruments such as questionnaires in data collection and graphs or statistics in data analysis (Saunders et al., 2016:166; Cooper & Schindler, 2014:4). Notwithstanding, Cooper and Schindler (2014:146) stated that researchers often use the survey instrument as a dominant data collection instrument. In business research, quantitative methods could be used to measure consumer behaviour, knowledge, opinions, or attitudes.

4.5.1.2 Qualitative approach

Qualitative methods have been in existence for thousands of years, much longer than the quantitative variants (Cooper & Schindler, 2014:4; Van Zyl, 2014:213). Characteristically, the qualitative approach is word-oriented (prosaic) in its processes, and its purpose is to answer the researcher's questions in respect of why and how things occur in the manner they do and to facilitate an in-depth understanding of phenomena (Saunders et al., 2016:168; Cooper & Schindler, 2014:114). The qualitative inquiry process seeks to enhance the understanding of social or human problems in accordance with the detailed viewpoints of informants in their natural surroundings (Leedy & Ormrod, 2016:270). Researchers intimate that qualitative approaches are appropriate for soft data such as words and diagrams to capture intangibles such as perceptions, motivations, emotions, and experience (Cooper & Schindler, 2014:114; Neuman, 2014:167).

Furthermore, qualitative methods tend to be exploratory and predominately use a variety of methods to collect data, such as ethnography, interviews, focus groups, case studies, action research, grounded theory, and observation (Saunders et al., 2016:168; Van Zyl, 2014:213). In this regard, qualitative methods may utilise content analysis for the transcripts drawn from participants' expressions, behavioural observations, and traced evidence from the physical environment in the data analysis stage.

Leedy and Ormrod (2016:270) illuminate that research design is predetermined by the research problem. The purpose of this research was to investigate IM and how it could enhance competitiveness in Ekurhuleni Municipality SME liquor retailers. Accordingly, this research adopted the qualitative approach to gather the required information. The qualitative approach was the best option since this research sought to understand the views of participants rather than a numerical investigation of a problem (Saunders et al., 2016:168; Cooper & Schindler, 2014:114).

4.5.2 Nature of Research Design

In research methodology, there are several research designs, which include exploratory, descriptive, and explanatory designs.

4.5.2.1 Descriptive research design

Descriptive research design is undertaken as a means to establish and describe the particularities of existing phenomena with the view to producing a profile that the researcher can use to describe a phenomenon of interest as they happen (Sekaran & Bougie, 2016:43-44; Saunders et al., 2016:175; Van Zyl, 2014:12).

4.5.2.2 Explanatory research design

An explanatory study is deployed in cases the study intends to explain the relationship between variables (Saunders et al., 2016:176; Sekaran & Bougie, 2016:43). Such a study tries to explain why and how the phenomenon occurs by exploring and measuring causal links between variables (Cooper & Schindler, 2014:13; Babbie, 2016:22).

4.5.2.3 Exploratory research design

An exploratory research design is undertaken when information about the identified problem is limited, and for developing incipient ideas and steps towards concrete research questions (Sekaran & Bougie, 2016:43; Neuman, 2014:133). An exploratory study is relevant when a clear idea of the problems cannot be established, in which case a preliminary study is undertaken for more insightful knowledge about phenomena (Sekaran & Bougie, 2016:43), Cooper & Schindler, 2014:129). Exploratory studies are

also undertaken and new information will enable the viable development of a theoretical framework where information is limited.

The present research adopted the exploratory research design was adopted as a viable option to augment the currently limited studies about IM and competitiveness in SME liquor retailers. The latter view is supported by Carvalho and Costa (2014:90) and Venter et al. (2014:33), who all agree that literature on competitiveness is growing with concerns about the paucity of knowledge on SMEs competitiveness. As a result of limited research in this study area, the current research explored SME competitiveness rather than describing or explaining it. In addition, the researcher explored IM practices in SMEs and how IM could be used to enhance competitiveness in SMEs.

4.5.3 Research Strategies

Research strategies are methods of study that should allow the researcher to address the research question and achieve the study objectives (Saunders et al., 2016:177-178). Experiment, survey (interviews or questionnaires), case studies, ethnography, and grounded theory are the research strategies mentioned in this section. Saunders et al. (2016:178) report that some of the study methods were susceptible to deductive approaches, while others were more applicable to inductive reasoning and could be applied to exploratory, descriptive, and explanatory analysis.

4.5.3.1 *Ethnography*

Ethnography is a strategy of research that seeks to explore cultural groups in their familiar territory in order to "describe and explain the social world in which research subjects live in the way they would describe and explain it" (Van Zyl, 2014:218-219). Additionally, ethnographic work is useful for performing profound cultural analysis over a long period, since the researcher must submerge himself or herself in the area of study (Saunders et al. 2016:188; Quinlan et al., 2015:318). According to the latter authors, ethnography is also entrenched in the inductive approach and is mostly relevant if the researcher seeks to gain insights and be able to interpret reality from the viewpoint of those who are involved in the experience of such reality. Thus, the interviewer and the participants are viewed as working together with in-field analysis and unstructured interviews (Cooper & Schindler, 2014:158).

4.5.3.2 Grounded theory

Grounded theory is a research strategy used to "predict and justify behaviour" for creating or building theory (Saunders et al., 2016:193). This is done to develop general principles or hypotheses for analysing the relevant data of the study (Cooper & Schindler, 2014:158). The grounded theory approach is useful for research aimed at predicting and explaining behaviour, with the emphasis placed on developing and explaining the unfolding data (Saunders et al., 2016:193). Moreover, the grounded theory strategy allows researchers to predict and clarify compartment and its related variables by focusing on the production of data theory, which renders grounded theory to the inductive approach (Saunders et al., 2016:248-149; Quinlan et al., 2015:320).

4.5.3.3 Experimental strategy

According to Saunders et al. (2016:178), the experimental strategy is a research strategy that determines whether causal relationships exist between variables. It pertains to experiments involving particular actions and observing their concomitant outcomes (Babbie, 2016:22). Saunders et al., 2016:178).

4.5.3.4 Case study

A case study research strategy involves studying real-life phenomena, events, or situations over an extended period (Saunders et al., 2016:184; Cooper & Schindler, 2014:165). For Saunders et al. (2016:184-185), a case study is "a strategy for doing research which involves an empirical investigation of a particular contemporary phenomenon within its real-life context using multiple sources of evidence". Because of the lengthy process of conducting case studies, a lot of details and insight can be realised (Van Zyl, 2014:217). Thus, this research strategy is relevant if the researcher seeks to gain a detailed understanding of the context of the research area (Saunders et al., 2016:185).

4.5.3.5 Survey

The survey is a research strategy that seeks to study some aspects of a population by means of instruments such as an interview or questionnaire. In business and management research, this strategy is commonly used for questions such as who, what, how much, where, and how many (Saunders et al., 2016:181; Van Zyl, 2014:198).

In the current research, a semi-structured survey interview strategy was adopted as a “purposeful discussion between two or more people” in which authentic and reliable data pertinent to research questions could be realised (Saunders et al., 2016:310).

4.5.4 Time Horizons

The research time horizons relate to the timeframes and contextual references of the data collection (Sekaran & Bougie, 2016:105; Van Zyl, 2014:253). These research time horizons are categorised into cross-sectional or longitudinal and are detailed below.

4.5.4.1 Longitudinal time horizon

A longitudinal study is applied in research in cases of data being collected at “more than one point in time” (Van Zyl, 2014:253). On account of its strength in studying change and development, a longitudinal study also applies when the researcher wants to study the phenomena at more than one point in time to answer the research question (Saunders et al., 2016:200; Sekaran & Bougie, 2016:105)

4.5.4.2 Cross-sectional time horizon

The cross-sectional study (which tends to use the survey strategy and qualitative methods) is described as research where data is collected just once in any given period (days, weeks, or months) (Sekaran & Bougie, 2016:104); Saunders et al., 2016:200).

In this research, the cross-sectional time horizon was adopted. The researcher aimed to collect data at one point in time, rather than at multiple points in time. Accordingly, the data collection was undertaken in six weeks, excluding weekends.

4.6 Population

A research population is defined as the total or entire group of items, units, or participants who possess the traits, features, and characteristics of interest to the researcher, and from whom data can be sourced to make some inferences (Sekaran & Bougie, 2016:236; Cooper & Schindler, 2014:338; Van Zyl, 2014:95). For representativity purposes, all institutions and people whose opinions, preferences, attitudes, and behaviour, are relevant to the research question, should be represented by means of a sample (Saunders, et al., 2016:212).

Based on the various discussions regarding the research population in qualitative studies, this research included all SME liquor retailers with on-consumption and off-consumption liquor licences in the Ekurhuleni Municipality as the targeted population. Table 4.1 below illustrates the population of the study in respect of the total number of both licenced on-consumption and off-consumption liquor linked to each liquor association in the Ekurhuleni Municipality (also refer to section 1.6.4).

Table 4.1: Population of the study

Association	A	B	C	D	Total
Population	310	84	53	58	505

In terms of the table above, members of four (4) liquor associations in the Ekurhuleni Municipality constituted a combined research population of 505 members.

4.6.1 Study Area

The title of this research indicates that the research focuses on SME liquor retailers in the Ekurhuleni municipality. Like other South African metropolitan cities, the City of Ekurhuleni (which was the study area for this research) was also characterised by small business activities and particularly the SME liquor retailers. This metropolitan area is located in the eastern part of Gauteng Province. As depicted in Figure 4.1 below, the Ekurhuleni Metropolitan Municipality is bordered to the north-east by Bapsfontein; in the north-west by Tembisa; Daveyton and Etwatwa to the east; Nigel to the south-east; Katlehong to the south-west; and Bedfordview to the west.

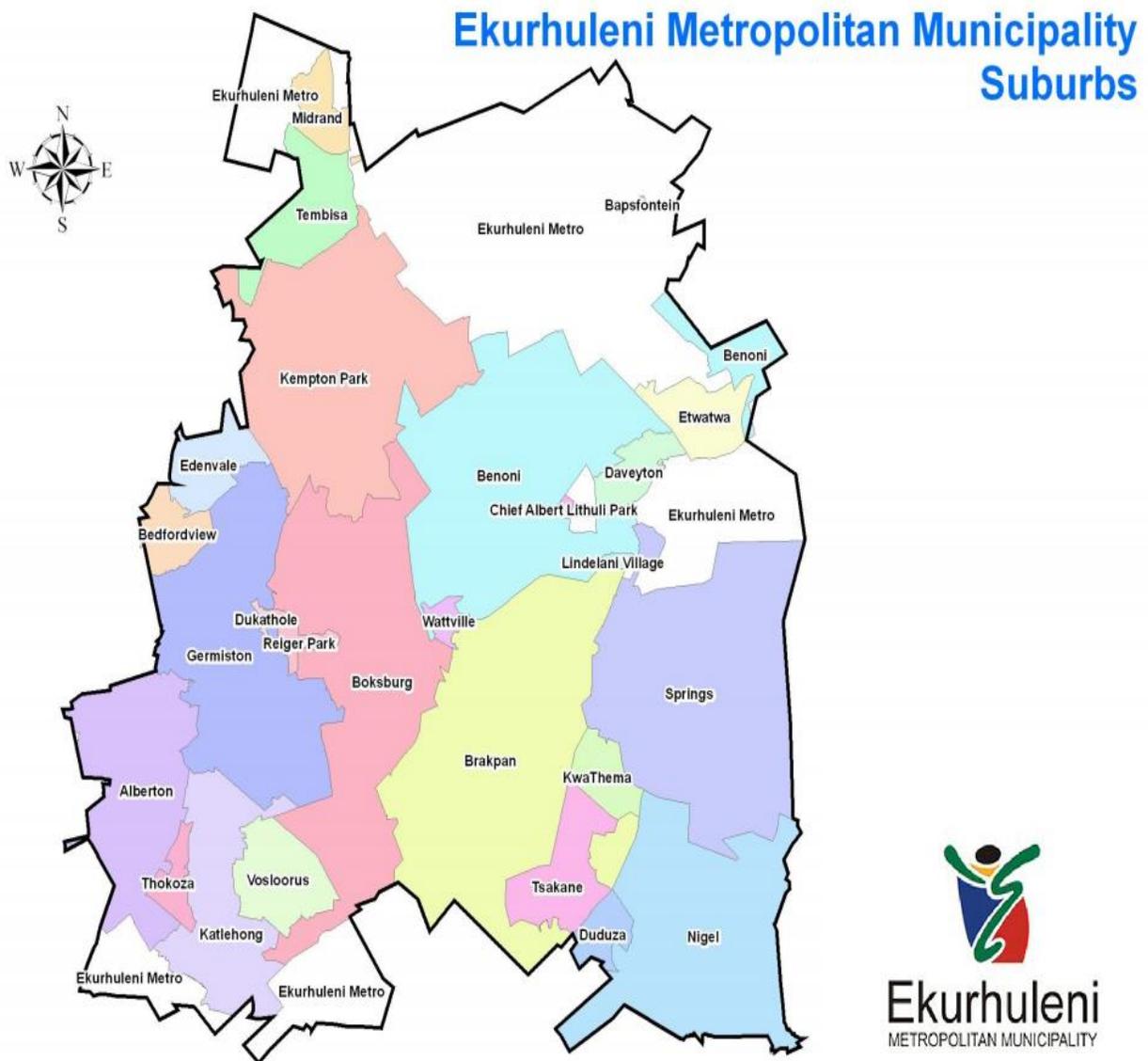


Figure 4.1: Map of Ekurhuleni Metropolitan Municipality
Source: Multi-Waste www.multi-waste.co.za

The Ekurhuleni metropolitan municipality includes several cities and townships which emerged through the re-gerrymandering of the erstwhile spatial dispensation of the apartheid government with various pieces of racial legislation such as the Slum Act of 1934 and the Group Areas Act of 1950. These were promulgated and enforced to restrict the rights of the black population (Bedfordview & Edenvale News, 2018). For example, Daveyton was established as a result of the influx of black people establishing informal settlements in Benoni during the period between 1940 and 1954 (Malinga, 1997:43); with Bedfordview proclaimed a whites-only area on 12th February 1965 (Bedfordview & Edenvale News, 2018).

This study took interest in the SME liquor retailers within the city of Ekurhuleni Metropolitan Municipality, motivated by their prospects to induce a means of survival and their role in creating and providing employment among most of the previously disadvantaged and underprivileged South Africans. This research also explored the extent of SME liquor retailers' management of innovations as a means to enhance their competitiveness.

It was a view of the researcher that SMEs across industries should practice IM. The literature review in the previous chapters also supported the notion of competitiveness through innovations (Carvalho & Costa, 2014:90; Venter et al., 2014:33). Adopting innovation and competitiveness-oriented practices in the SME environment could contribute towards economic growth, improved employment, and reduced poverty in the city of the Ekurhuleni Metropolitan Municipality. The SME liquor retailers faced challenges that threatened their survival, such as illegal operations, crime, large-chain retailers entering the market, and other legal challenges. Research into how SMEs liquor retailers could use innovation management to enhance their competitiveness could be crucial in assisting these SMEs to grow sustainably.

4.7 Sampling

Sampling is the subset or units of analysis of the research population, which may be individuals or institutions (Sekaran & Bougie, 2016: 237; Cooper & Schindler, 2014:338). The primary reason for sampling is to enable the researcher to make certain inferences on the basis of a smaller representative group (sample) derived from the larger group (study population). In this regard, a sample is different from the census, which aims to study the entire population (Neuman, 20014:248. According to Trochim and Donnelly (2007), it is possible to answer research questions about some population aspects from the chosen sample. Sampling is conducted because it would be virtually impossible to collect data from all population members; and time, cost, and human resources would impose some restrictions (Sekaran & Bougie, 2016:237). Furthermore, sampling is undertaken for reasons such as low cost, expedited data collection, greater accuracy of results, and availability of population elements (Saunders et al. 2016:274).

There are two types of sampling methods to choose from, the probability or non-probability sampling methods (Cooper & Schindler, 2014:348; Sekaran & Bougie, 2016:240). Both are discussed below.

4.7.1 Probability Sampling

The probability sampling strategy applies in the case that the chance for any member of the population of the study to be chosen is known (Neuman, 2014:248; Van Zyl, 2014:956). It is based on the notion of random selection, in which every member of the population has an equal chance of being selected to the sample frame (Sekaran & Bougie, 2016:240). This entails the use of a random selection of units of analysis to form a sample frame (Cooper & Schindler, 2014:358). In probability sampling, the possibility of answering the research questions objectively using the subset of the population is certain. When using probability sampling, the choice of the unit of analysis is usually made by field workers on the data collection point (Cooper & Schindler, 2014:358). Saunders, Lewis, and Thornhill (2016:276) listed the following stages for determining probability sampling:

1. Identifying a suitable sampling frame according to the research question(s) or objectives.
2. Deciding on appropriate sample size.
3. Selecting the most suitable sampling technique and selecting the sample.
4. Checking that the sample is fairly representative of the research population.

4.7.2 Non-Probability Sampling

Non-probability sampling relates to a sampling strategy in which the chance for any member of the population of the study to be chosen is unknown (Van Zyl, 2014:956; Neuman, 2014:248). In non-probability sampling, a non-random and subjective system of sampling is administered in which members of the population do not have an equal chance of being selected to the sample frame (Saunders et al., 2016:295; Sekaran & Bougie, 2016:247). This sampling method is primarily based on purposeful or subjective strategies rather than methodological principles (Marshall, Cardon, Poddar, & Fontenot 2013:12).

According to Hennink, Kaiser, and Marconi (2016:1) and Guest et al. (2006:61), qualitative researchers most commonly apply a purposive sampling method when deciding on a sample for the research. This was mainly due to the random nature of the choice of participants in purposive sampling, in which this form of non-probability sampling allows for the researcher's judgment when choosing participants (SAGE, 2006; Cooper & Schindler, 2014:358). This method of sampling is based on deliberately selecting participants and focusing on the qualities or traits possessed by the participant in relation to the purpose of the research (Tongco, 2007). However, purposive sampling is limited in that the researcher may succumb to biases and the findings may not be easily generalised from the sample to the population (Cohen, Manion, & Morrison 2007:115).

There are two major purposive sampling types, judgment sampling, and quota sampling. In judgment sampling, the focus is on including participants who have the homogeneous characteristics required by the researcher; whereas, in quota sampling, certain groups are chosen according to specific characteristics (Sekaran & Bougie, 2016:248). Quota sampling, on the other hand, is used to improve representation by including pertinent characteristics (Cooper & Schindler, 2014:359).

In this research, non-probability purposive sampling was adopted as the appropriate sampling method which facilitated the selection of suitable participants in the sampling frame. The following criteria were used for the selection of the sample for this study:

- 1 Male or female owners or managers, 18-65 years old;
- 2 Must be the owner or manager of the SMEs liquor retail for at least a year;
- 3 The SMEs liquor retail must be in operation for at least one year;
- 4 The SMEs liquor retailers should be operating with an on-consumption or off-consumption liquor licence;
- 5 The SME liquor retailers should be operating in the Ekurhuleni Municipality.

4.7.3 Sample Size

Deciding on adequate sample size is an important process, just as selecting a research topic and research design. This process is managed differently in both qualitative and quantitative research. There is still a lack of evidence or guidelines in the literature on the

composition of an adequate sample size for a qualitative study (Marshall et al., 2013:11). In qualitative research, researchers apply a smaller sample than in quantitative research (Mason, 2010:1). In qualitative research, the selection of sample size is informed by several factors “including the study purpose, research design, characteristics of the study population, analytic approach, and available resources” (Hennink et al., 2016:1). Furthermore, elements such as the researcher’s interest, the study purpose, “what’s at stake, what will be useful, what will have credibility, and what can be done with available time and resources” add to the sample size factors and considerations (Marshall et al., 2013:12). This process must be determined inductively and must continue until saturation is reached (Guest et al., 2006:61). However, this process must ensure the size of the sample is sufficient to address the interests of the study and not allow repetition overflow of data or perceptions (Mason, 2010:2).

As it appears to be at the centre of sampling size selection, saturation is then described as the data collection point where thematic issues are identified, and additional data served as repetition or redundancy (Hennink et al., 2016:2). This concept entails the process in which the data collection has reached a point at which the continual new data adds nothing new into the study (Marshall et al. 2013:11). However, the concept of saturation has become a principle that guides the determination of the adequacy of a purposive sample (Guest et al., 2006:60; Hennink et al., 2016:1). In this regard, Hennink et al. (2016:3) assert that several studies called for precision in reporting saturation, with only a few of those studies providing empirical data on saturation.

Qualitative researchers tend to select the size of their samples subjectively. This was because determining the sample for interviews was often difficult for researchers (Marshall et al., 2013:11). Subsequently, the reliance remained on the concept of saturation. According to Guest et al. (2006:79) and Hennink et al. (2016:3), where the sample is formed by a group with relatively similar elements, 12 interviews are adequate. This was because, at this point, data collection experiences a point of diminishing return as more data makes no addition of new information (Mason, 2010:1). In the study by Marshall et al. (2013:13) a sample of at least 20-50 in grounded theory was found to be relevant and a sample of at least 4-6 was relevant in a case study. Guest et al. (2006:61) on the other hand, found that in ethnography and ethnoscience, 30-50 interviews were relevant, with 20-30 interviews for grounded theory, for phenomenology, at least 5-25

interviews. Hennink et al. (2016:1) found that while using a sample of 25 in-depth interviews, saturation and thematic issues were determined at nine interviews.

Based on the various discussion regarding the size of the sample in qualitative studies, the researcher selected 21 participants in the Ekurhuleni Municipality who were either owners or managers of SME liquor retails. this study. Although Saunders et al., (2016:233-234) asserted that interviews ought to be added until saturation is reached, this does not necessarily answer the question of how many participants are required for the sample. In this regard, Guest et al. (2006:61) postulated that 12 interviews should be adequate if the goal is to understand commonalities within a reasonably homogeneous population. Accordingly, the population of this study constituted a homogenous group from four (4) liquor associations in the Ekurhuleni Municipality, from whom the sample was selected. This selection is depicted in table 4.2 and the numbers selected from each liquor association were based on the size of the total population and to ensure inclusion from all four liquor associations.

Table 4.2: Sampling plan

ASSOCIATION	POPULATION	PERCENTAGE	SAMPLE	PERCENTAGE
A	310	61%	10	48%
B	84	17%	5	24%
C	53	10%	3	14%
D	58	12%	3	14%
TOTAL	505	100%	21	100%

4.8 Data Collection

According to Sekaran and Bougie (2016:111), the methods of data collection are an essential aspect of research design, and each of these methods has its advantages and disadvantages. This involves arranging data collection methods, contacting participants, and recording data (Van Zyl, 2014:156). Interviews and questionnaires are some of the commonly used data collection instruments used in research and are explained below.

4.8.1 Questionnaires

Sekaran and Bougie (2016:142) describe questionnaires as data collection instruments with a pre-developed set of questions, and with closely defined alternatives to which respondents record their answers. Questionnaires contain standardised questions that enable all participants to respond to the same focus areas as directed by the researcher (Van Zyl, 2014:147). The process of administering questionnaires usually takes the form of face-to-face, telephone interviews, or postal methods for completing the questionnaire form administered personally by the researcher or electronically depending on circumstances (Regmi, 2016:641). Questionnaires can also be administered by the participants themselves, or by the researcher or fieldworkers, provided that the researcher has time and costs advantages (Saunders et al., 2016:387). Notwithstanding, questionnaires have a disadvantage in that they take time to be developed (Van Zyl, 2014:148).

4.8.2 Interviews

Interviews are discussions or conversations between the researcher and the participants with the purpose of sharing information, which can be challenging because it is different from discussing a topic with a friend or co-worker (Saunders et al., 2016:388; Van Zyl, 2014:198). An interview enables the researcher to collect authentic and reliable data that is pertinent to the research questions and objectives. It has been noted that interviews are valuable data collection methods in exploratory research (Sekaran & Bougie, 2016:113). Interviews come in different forms, such as telephone or face-to-face interviews, online interviews, and interviews through the use of electronic media (Sekaran & Bougie, 2016:113).

Interviews may be conducted in a structured, semi-structured, or unstructured method (Sekaran & Bougie, 2016:113; Van Zyl, 2014:199). The structured interviews relate to the interviewer-administered process in which questions are predetermined. They are conducted with planned questions at hand and are based on seeking explicit answers by asking clear and focused questions (Sekaran & Bougie, 2016:115; Van Zyl 2014:199). The semi-structured interview, on the other hand, is a data collection tool where the researcher has the latitude to pose questions in an unstructured manner, or exclude some

questions, given the conversational flow or context (Saunders et al., 2016:391; Molo, 2014:58-59). This is contrary to a structured interview where the predetermined questions must be followed chronologically (Sekaran & Bougie, 2016:113). In administering a semi-structured interview, the researcher may change the order of questions depending on the flow of the conversation and has the flexibility advantage to adapt, adopt and change questions (Saunders et al., 2016:391; Sekaran & Bougie, 2016:113).

In the unstructured interview process, the interview process is without a planned sequence of questions to be asked, which allows for a broader understanding to be heard from the interviewee (Sekaran & Bougie 2016:115; Van Zyl 2014:199).

In this study, semi-structured interviews were used as the primary data collection instrument. The semi-structured interviews were useful for this research in ensuring that insightful information was gained by directing the conversation on a contextual basis that suited the informational flow (Saunders et al., 2016:391).

The researcher sent e-mails to chairpersons of the four liquor associations to request permission to interview the association members. Specific information such as names, addresses, and contact details of SME liquor retailers with on-consumption and off-consumption liquor licences were requested (see Appendix D). The responses from the chairpersons of the liquor associations were received through emails (see Appendix E).

The researcher made appointments in advance through telephone calls with the selected participants. The interviews were administered by the researcher at the participants' business premises. In collecting the data, the researcher approached the participants and explained the research purpose to them. At the same time, the researcher encouraged interest and objective indulgence in the research. Before the commencement of the interviews, the participants signed consent forms (see Appendix B) and gave the researcher permission to audio record the interviews. The interview schedule (see Appendix C) was used to collect the data for the study. The recorded data were transcribed into transcripts for analysis by the researcher. All the interview transcripts were coded. For anonymity, the participants were allocated pseudonyms prior to the transcription process. The Atlas-ti computer program was used to analyse the data.

4.8.3 Pilot Study

Before the data collection, a pilot study was administered to discover weak points in the research design and approach and to increase the trustworthiness of the study (Cooper & Schindler, 2014:76) The pilot study was administered with two (2) owners of SMEs liquor retailers in Ekurhuleni municipality in order to refine themes and clarify questions that were uncertain and needed both modification and improvement. The two pilot study participants were not involved in the final study and its data collection process since they already had prior knowledge of the interview questions.

4.9 Data Analysis

Cooper and Schindler (2014: 86) describe data analysis as the process of organising, examining, and categorising the collected data to discover habitual relationships and correlational factors of phenomena. After the conclusion of the data collection, the researcher transcribed the data into transcripts for data analysis for understanding and gaining insights from the collected data. In this study, the researcher used qualitative thematic analysis to analyse the data collected from the interviews.

4.9.1 Thematic Analysis

For the purpose of this research, data were analysed to induct themes and categories from the interview transcripts using the thematic analysis (TA) (Herzog et al.,2019:1). The thematic analysis itself is defined as a process of “identifying, analysing, and reporting patterns (themes) within data” (Castleberry & Nolen, 2018:808). Thematic analysis has been commonly used by qualitative researchers “to explore the experiences and views of specific groups” from interview-based data and is more applicable in “analysing experiences, perceptions and understandings” in qualitative data (Clarke & Braun, 2018:107). Data analysis is commonly used across most qualitative designs encompassing data derived from interviews, focus groups, social media, policy documents, press articles or any other type of text” (Castleberry & Nolen, 2018:808; Herzog et al., 2019:4).

The TA method is extensively used such that its potential as an analytic is often unnoticed. Nonetheless, the TA has increased in popularity mainly due to its distinct analytic method

but still posits confusion in terms of “what it is, what philosophy underpins it and what ‘best practice’ looks like” (Clarke & Braun, 2018:107). Compared with other known methods (e.g. discourse analysis, grounded theory, and interpretative phenomenological analysis), it is only recently that TA has gained recognition as a method on its own (Herzog et al., 2019:3). The process outlined in Figure 4.2 and derived from Clarke and Braun (2018:109) was adopted for this study.



Figure 4.2: Process of thematic analysis
Source: Clarke and Braun (2018: 107-110)

The researcher began with phase one of the TA analysis by familiarising himself with the data. This process involved the transcription of the interviews into transcripts and then reading the transcript. Following the familiarisation, the researcher began with phase two by generating initial themes, after which meaningful data of interest were identified. Following the generation of initial themes, the researcher proceeded to phase three, searching for themes by interpreting collated data and synthesising them according to overarching themes (Clarke & Braun, 2018:107). Phase four followed, during which themes were reviewed by combining, refining, separating, and discarding superfluous or redundant themes. This was ensured that there was a clear distinction between individual and group or global themes (Clarke & Braun, 2018:108). The researcher then administered phase five which involved defining and naming themes and sub-themes. The themes, codes, and descriptions of codes used to analyse data collected are depicted in Table 4.3. Finally, the researcher administered phase six by producing the research report reflecting the transformed analysis into interpretable writing related to the themes, research question, study objectives, and literature review (Clarke & Braun, 2018:108). The selected themes were discussed in chapter five (5) as the data were presented.

Table 4.3: Themes, codes, and description of codes

Themes	Codes	Description of codes
Understanding of IM	Understanding of innovation	An understanding of what innovation is in the SME liquor retail sector.
	Understanding of IM	An understanding of what IM is in the SME liquor retail sector.
	Understanding of IM processes	An understanding of what IM processes (classifications, degrees, and types of innovation) are in the SME liquor retail sector.
Understanding of competitiveness	Understanding of competitiveness	An understanding of what competitiveness is in the SME liquor retail sector.
	Competitor knowledge	This is how the participants know about their competitors.
	Competitive strategy	The competitive strategy of the SME liquor retailers.
	Competitive challenges	The competitive challenges faced by SME liquor retailers.
	Competitive impacts	The impacts caused by competitive challenges.
	Competitive solutions	The solutions deployed to counter competitive impacts.
	Competitive outcomes	The outcomes experienced after deploying competitive solutions.
Applied IM processes	Applied IM processes	The IM processes (Classifications, degrees, and types of innovations) that are applied in the SME liquor retailers.
	Combination or a mix of IM processes	The mix or combinations of IM processes (classification-degree-type) applied in the innovative ways of doing business, the new process applied, or strategy adjusted in the SME liquor retailers.
	Outcomes of innovations Implemented	The outcomes of the applied IM processes in the innovative ways of doing business, the new process applied, or strategy adjusted.
IM framework	Framework for practicing IM	The framework used in practicing IM
	Competitive objectives for innovations	The setting of competitive objectives for innovations.
	Collaboration practices	Doing business together with other people or businesses.
	Launching of innovations	The introduction of innovations to the customers.
	Social media practices	The use of social media platforms.
	Measures of competitiveness	How competitiveness is measured.

4.10 Validity and Reliability

According to Fade (2003:140), research must be measured by the quality of the methods deployed. Whereas quantitative research is measured through issues of validity and reliability, qualitative research may require a different approach. In qualitative designs, validity and reliability are described through strategies for trustworthiness. Guba and Lincoln (1989) (in Johnson & Rasulo, 2016:26) suggest certain strategies should be used to achieve trustworthiness. Moon et al. (2016:17) also alluded that the researcher needs to provide satisfactory information to enable readers to determine the quality of the research through the model of trustworthiness. In establishing trustworthiness, “the researcher needs to employ a systematic process of sorting through the data to find common themes or categories by eliminating overlapping areas” (Ang et al., 2016:1858). Lincoln and Guba (1985, cited in Shenton, 2004) and (Ang et al., 2016:1857) describe trustworthiness as a system that addresses credibility, transferability, dependability, and confirmability, and includes authenticity; all of which are discussed below.

4.10.1 Credibility

Credibility refers to the assurance that the research findings reflect the truth provided by the participants as an accurate version of their original views (Moon et al., 2016:18; Anney, 2014:276). Credibility is equivalent to internal validity in quantitative research and can be measured by strategies such as data and method triangulation, peer debriefing, and member checking (Ang et al., 2016:1857; Moon et al., 2016:18). To ensure credibility, a member-checking method was applied, which Ang et al. (2016:1858) describe as “a mechanism used to determine the accuracy of the qualitative findings through taking the final report or specific descriptions or themes back to the research participants and to check the opinion of the participants about the accuracy of the findings”. Furthermore, Hadi and Closs (2016:645) aver that member-checking is often regarded as the most relevant method to ensure credibility. Ang et al. (2016:185) mention further that member-checking relates to carrying out a follow-up interview and allowing the participants to make amends to comments in the event the findings do not accurately reflect their narrated interview statements. After the transcription process, the transcripts were shared with the participants to verify their versions and be able to correct, clarify, or add information where necessary.

4.10.2 Transferability

Transferability (which relates to external validity/generalisability in quantitative research) is defined as the ability of the research findings to apply to other situations under the same conditions as the original setting (Ang et al., 2016:1857; Shenton, 2004:69-70). Transferability was established in this study with the researcher's provision of sufficient details regarding the context of the research in order to enable readers' judgment of the relevance and applicability of the findings to other known settings. The researcher also kept field notes, which also ensured transferability by documenting all aspects related to the research process (Hadi & Closs, 2016:645; Moon et al., 2016:18).

4.10.3 Dependability

Dependability seeks to ensure the reliability of the research by showing that similar findings will be consistently reached in the event the research was repeated elsewhere given a similar context (Ang et al., 2016:1857; Moon et al., 2016:18). According to Moon et al. (2016:18), dependability constitutes a process of ensuring that "research procedures are documented, allowing someone outside the research to follow, audit, and critique the research process".

Dependability was ensured by keeping and documenting the physical evidence and data collection mechanisms of the research process, such as field notes, memos (Moon et al., 2016:18). Hard copies were stored safely and contained information such as memos, hard copies containing data, research methods, and the researcher's decisions and reasons for such decisions. All the physical evidence will be kept safely for five years in a locked cupboard/filing cabinet at the University of South Africa for future research and academic purposes, with the electronic versions stored on a password-protected computer. Further use of the stored information will be subject to the approval of the Research Ethics Review Committee where necessary. After five years, hard copies will be shredded, and the electronic copies will be permanently erased from the hard drive storage of the computer by means of a relevant software programme.

4.10.4 Confirmability

Confirmability refers to the degree to which the research findings do not reflect the opinions and imaginations of the researcher (Ang et al., 2016:1857; Moon et al., 2016:18). Accordingly, confirmability relates to the degree of objectivity that assures that the findings are authentically influenced by the participants' responses rather than the researcher's predilections (Ang et al., 2016:1857). The researcher adequately reported on the steps taken throughout the research process and ensured he did not impose his personal views over the participants' (Moon et al., 2016:19). Accordingly, the researcher followed the participants' responses with probing questions for data saturation, rather than leading the participants to respond in a particularly preferred manner.

4.10.5 Authenticity

According to Johnson and Rasulova (2016:27) and Fade (2003:144), authenticity is an added criterion to the process of trustworthiness and relates to the extent of the research findings' reflection of the experiences of the participants as they perceived and lived them. Meanwhile, Mishna et al. (2004:460) regard authenticity as the means to ensure good for society, and that participants benefit directly from the research findings. This principle embraces the need to empower participants to improve their situations by incorporating their value systems in the undertaken research (Johnson & Rasulova, 2016:27). Meanwhile, Johnson and Rasulova (2016:27) assert that authenticity is recognised as a principle fostering inquiry and understanding that involves a process of learning, negotiating, changing, and ultimately acting. Mishna et al. (2004:460) intimate further that authenticity ensures that fairness is maintained in the research process, understanding about the phenomena is reached, and action is encouraged.

In ensuring authenticity, the researcher and participants negotiated the construction of truth by maintaining mutual respect and compromising different perspectives (Johnson & Rasulova, 2016:27). In addition, participants were made comfortable and allowed to exert their views on issues that are important to them rather than issues that are important to the researcher. The researcher also ensured that the research findings contained sufficient and extensive descriptions that support each point made during the analysis, and also provided a summary of the findings to the participants (Mishna et al. 2004:461;

Fade 2003:144). However, Johnson and Rasulova (2016:28) argued that the authenticity principle remains unclear on how exactly consensus is to be reached, or how disagreements are addressed. In this regard, the researcher can enhance the authenticity of qualitative research through member checking and respondent analysis for consensus (Fade, 2003:144). However, Johnson and Rasulova (2016:29) proposed that the researcher ought to deploy checklists for the rigour that addresses issues of engagement, negotiation, and action. Following are the steps were taken by the researcher to ensure the authenticity of the findings:

- The researcher ensured that a pertinent representation of people who have relevant relationships and understanding of the phenomena was chosen as a product or factor of purposive sampling;
- The researcher negotiated the potential directions of the interviews and the articulation of findings;
- The researcher respected the participants' diverse views, values, and experiences regarding the phenomena of SME liquor retailers;
- The researcher ensured that the participants had the opportunity to recommend reasonable changes to the transcripts where necessary; and
- The researcher ensured that the participants gained access to the finding to enable them to improve their businesses.

4.11 Ethical Consideration

This research involved human participants and include possible confidential information. A clearance certificate was obtained from the Research Ethics Review Committee of the Department of Business Management, College of Economic and Management Sciences (CEMS), at the University of South Africa (UNISA) before the data collection process was commenced.

The researcher and the participants discussed the Participant Information Sheet before commencing with the interviews, and both parties signed the Informed Consent Letter (Appendix B) as a demonstration of understanding the nature and level of involvement in the study. The purpose of the research was also explained, including the right to privacy and anonymity of participants. They were also informed that they were participating in their own volition in the research, and not as an obligation. As such, they had the right to

refuse to answer the question with which they were uncomfortable. The permission to voice records the interviews was also obtained from each participant before commencing with recordings.

4.12 Summary

This chapter essentially provided a discussion of the research methodology adopted in the study, beginning with a brief introduction and followed by a discussion of the research design. The methodology of the study was then presented and discussed in terms of the study population, the sampling context, and research instruments. The exploratory and descriptive nature of this research necessitated that semi-structured interviews be employed as the principal research instruments of collecting primary data. The interview schedule was piloted with two SME liquor retail managers before it was finalised and used to conduct the final interviews with the 21 sampled participants. The SME liquor retailers were identified through purposive sampling, and the researcher conducted the interviews over six weeks. The chapter further presented the data analysis processes, according to which all interview transcripts were coded for both thematic analysis and participant anonymity.

This chapter also discussed trustworthiness criteria in respect of reliability and validity issues. The applicable ethical considerations were also presented, including informed consent and all the rights pertaining to participants. The next chapter presents the research findings and concludes the study.

Chapter 5: Analysis and Presentation of findings

5.1 Introduction

The previous chapter addressed the research methodology that was applied in order to address the main aspect of the research problem, which is: **To investigate innovation management and how it could enhance competitiveness in SME liquor retailers in Ekurhuleni Municipality.**

The primary research question of the study was: *How IM could enhance competitiveness in SME liquor retailers in the Ekurhuleni Municipality?* As stated in sub-section 2.2.3, SMEs' failing trajectory emanate from the highly competitive environment they operate in (Karadag, 2016:22; Makopo et al., 2016:184). As a result, Karadag (2016:30) proposed that a modern solution to competition-based challenges should take a shift towards innovative and information-based business practices. Thus, innovativeness is critical in mitigating competitive challenges and could enhance market competitiveness and survival (Sandada & Mangwandi, 2015:122; Cheng & Chen, 2017:12). The following research objectives and questions were investigated.

5.1.1 Research Objectives

The research purpose was accomplished by attaining the following research objectives:

- Establish what innovation management is and how it can be of use to organisations.
- Establish what competitiveness is and how it can be of use to organisations.
- Establish what SMEs liquor retailers in Ekurhuelni understand as IM.
- Explore what SMEs liquor retailers in Ekurhuelni understand as competitiveness.
- Ascertain how IM is practiced by SME liquor retailers in Ekurhuelni.
- Develop an IM framework to enhance competitiveness of SME liquor retailers.

5.1.2 Research Questions

The secondary research questions which this research has endeavoured to answer are:

- What is the nature of innovation management and how can it be of use to organisations?
- What is the nature of competitiveness and how can it be of use to organisations?
- What do SME liquor retailers in Ekurhuelni perceive as innovation management?
- What do SME liquor retailers in Ekurhuelni perceive as competitiveness?
- How is innovation management practiced by SME liquor retailers in Ekurhuelni?
- What IM framework can assist to enhance competitiveness of SME liquor retailers?

5.2 Analysis and Presentation of Findings

This section presents findings of the qualitative research and analysis of data collected from 21 interviews conducted with owners and managers of SME liquor retailers in the Ekurhuleni municipality. The study's empirical data were collected during the last trimester of 2019 before South Africa and the world was confronted by the global Covid-19 pandemic and subsequent social and economic lockdowns. Therefore, the findings of this study are not affected by the Covid-19 pandemic's impact. The information presented, is based on the actual data collected and the responses of the participants regarding the questions contained in the interview schedule (refer to Appendix C). Pie charts and graphs are used to present the findings. These findings are presented in accordance with the various sections addressed by the semi-structured interviews (refer to Appendix C):

- Section 1: Background Information about liquor retailers;
- Section 2: Operational challenges faced by SME liquor retailers;
- Section 3: Liquor retailers understanding of innovation management;
- Section 4: Liquor retailers understanding of competitiveness;
- Section 5: The application of innovation management by SME liquor retailers; and
- Section 6: Innovation management frameworks already deployed by SME liquor retailers.

5.2.1 Background Information About Liquor Retailers

Questions pertaining to the background information of the liquor retailers assisted the researcher's selection of the correct participants to be interviewed as explicated in sub-sub-section 4.7.2. Hence, the participants were requested to indicate whether they practiced IM, their position in the business (owner or manager), the participant's number of years operating the business, and the number of years the SME liquor retailer had been in operation. To better understand the participating SME liquor retailers, the researcher also established their employment status and the type of liquor operating licence held. This was critical in ensuring that the participating SME liquor retailers are practicing innovation management and are legally permitted to sell liquor and have experience in the liquor retail business. The findings revealed the following:

5.2.1.1 Practicing innovation management

All the participants interviewed (n=21, 100%), indicated that they practiced IM in their businesses. This indicates that the correct SME liquor retailers were identified to provide details about the practices of IM.

5.2.1.2 Positions held by participants in the business

It was critical to establish the position of each participant in order to determine the role they occupy in practicing IM. Figure 5.1 represents the distribution of positions held by the participants.

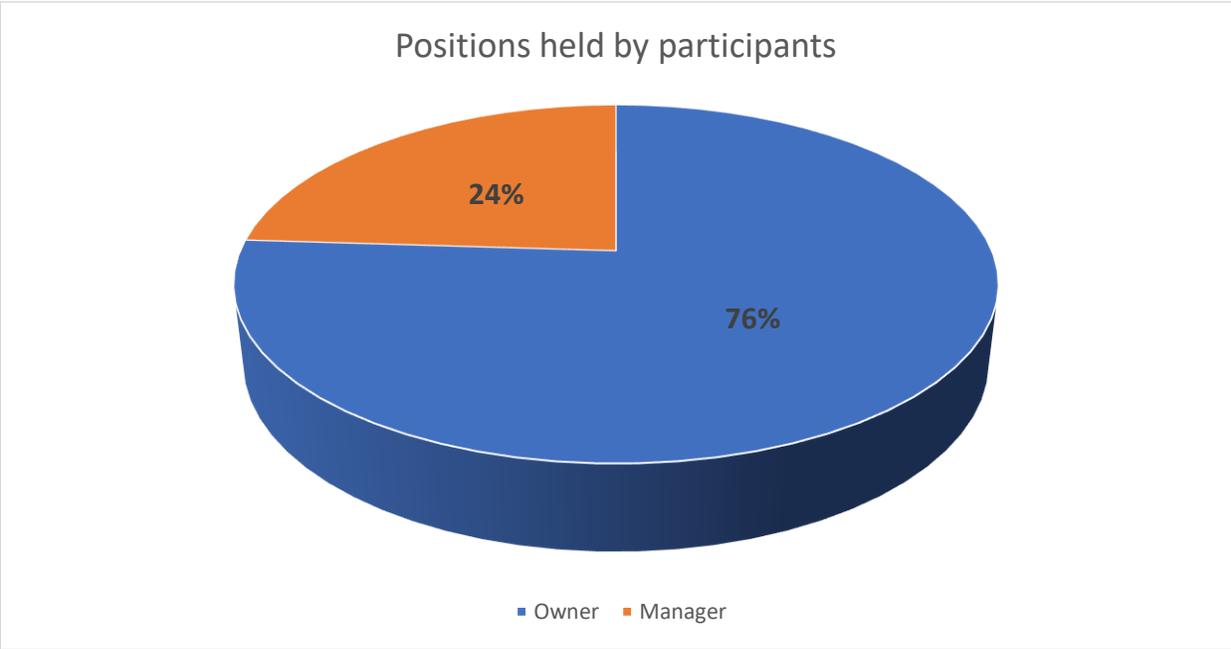


Figure 5.1: Positions held by participants

The majority of the participants (n=16, 76%) in this study were owners of the business, while the other (n=5, 24%) were participating in their respective positions as managers. As discussed in Section 4.7.2, one of the criteria required to participate in the study was: only participants that were either owners or managers of the SME liquor retailer as they had the knowledge about their IM practices. All the participants met these criteria, hence ensuring the data collected could provide a more accurate understanding of the IM practices of liquor retailers.

5.2.1.3 Number of years in operation: SME liquor retailer

In determining the number of years the SME liquor retailers have been in operation, the findings in Figure 5.2 below, reveals that four (n=4, 19%) of the liquor retailers had been in operation between 1 (one) year and 3 (three) years. Seven (n=7, 33%) of the liquor retailers had been in operation for between 4 (four) and 10 years, while six (n=6, 29%) were in operation for 11 to 14 years. Therefore, only four (n=4, 19%) operated for 15 to 25 years.



Figure 5.2: Number of years in operation: SME liquor retailer

5.2.1.4 Participants' experience in operating the business

It was imperative to establish the experience and knowledge of the participants in the operations of the liquor retailer in order to provide the information required for this study.

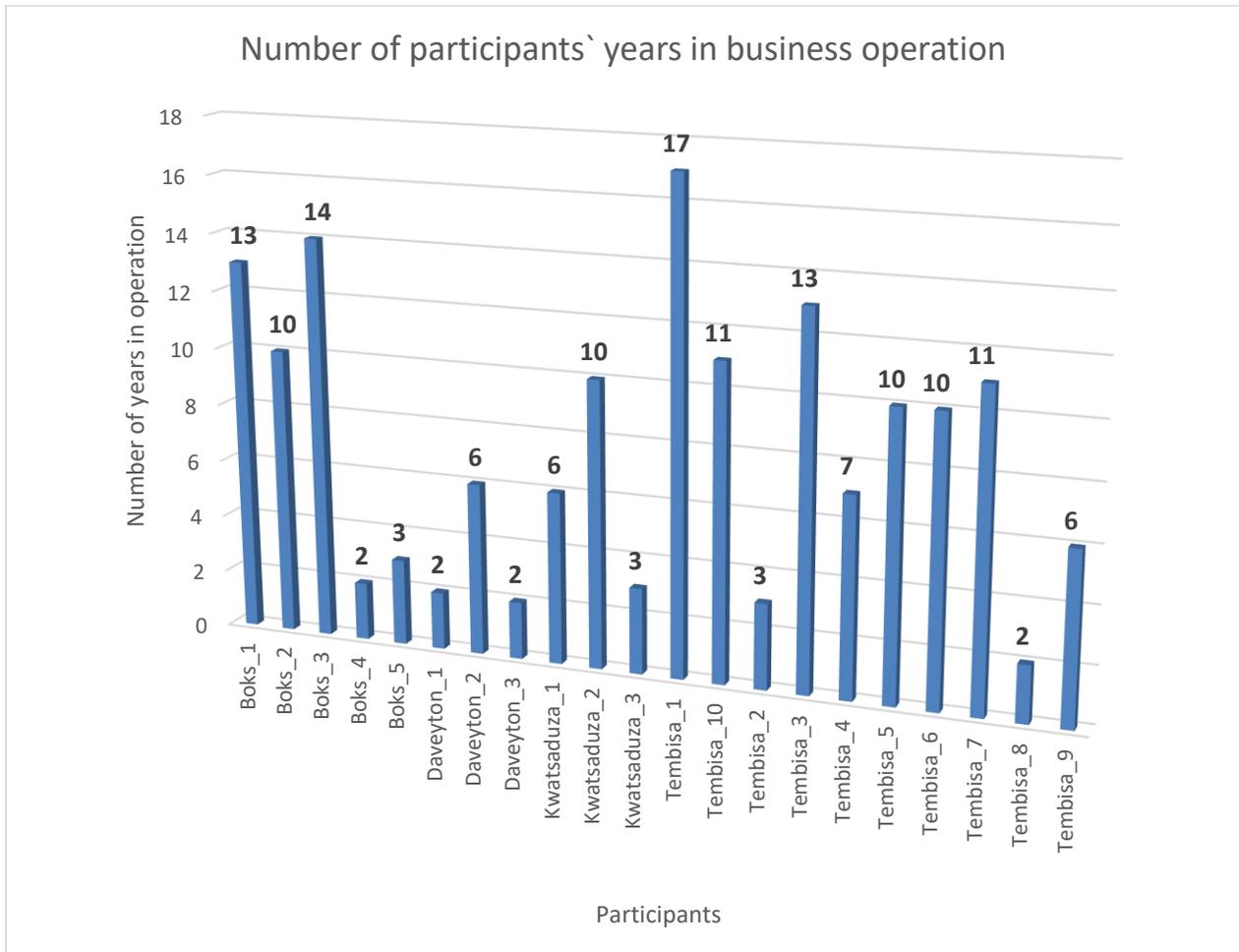


Figure 5.3: Number of participants' years in business operation

Figure 5.3 above indicates that only seven (n=7, 33%) of the participants had been operating the SME liquor retailer for between 1 year and 3 years, while eight (n=8,38%) of them had between 4 (four) and 10 years of experience. About five (n=5, 24%) of the participants had between 11 and 14 years of experience operating the business, and only one (n=1, 5%) participant was more experienced in operating an SME liquor retail business, with a 17-year track record. Accordingly, all participants were experienced in the operations of the liquor retail business for a different number of years.

5.2.1.5 Types of liquor retail operating licence

It was critical to establish the type of liquor retail operating licence held by the SME liquor retailers to determine their legal status for operating a liquor retail business. Figure 5.4 below represents a distribution of the types of liquor retail operating licences held by the participating SME liquor retailers.

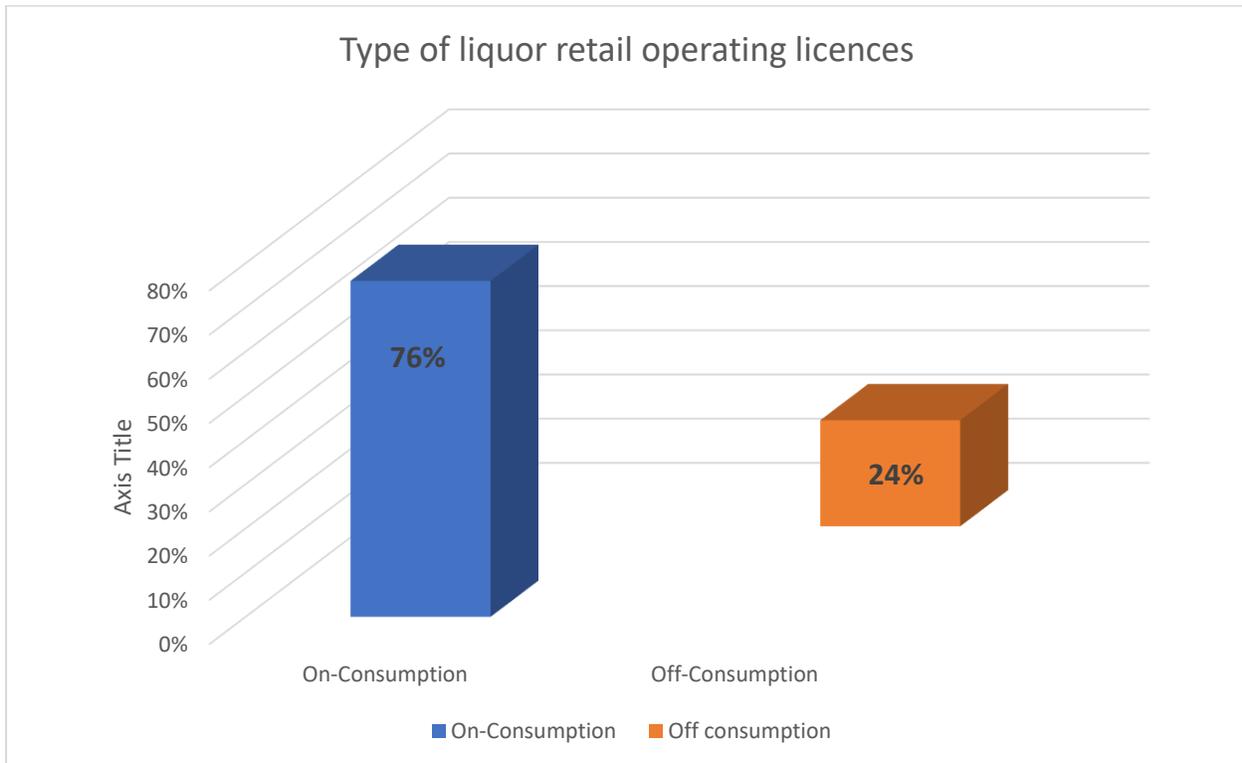


Figure 5.4: Types of liquor retail operating licences

The majority of the participating SME liquor retailers (n=16, 76%) in figure 5.4 above, had an on-consumption liquor retail operating licence, while the minority n=5 (24%) were operating with an off-consumption liquor retail operating licence. As established in Section 2.3 of Chapter 2, only two types of liquor licences permitted a business to operate as a liquor retailer in South Africa. Since both types of licence holders were present in this study, it can be noted that IM is practiced by both on- and off-consumption liquor retailers.

5.2.1.6 Type of ownership of the SME liquor retailers

Figure 5.5 represents a distribution of the ownership of the participating SME liquor retailers.

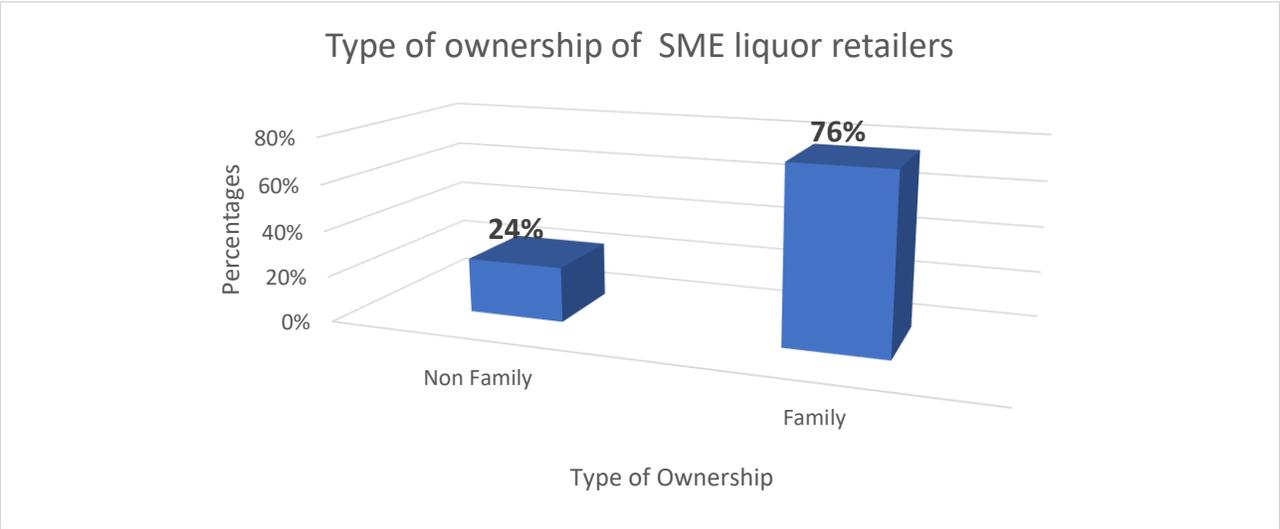


Figure 5.5: Type of ownership of SME liquor retailers

There were 16 (76%) participating SME liquor retailers who were operating family-owned businesses, while only five (n=5, 24%) were non-family owned businesses. For this reason, the researcher went further to try and establish the employment status of people working in the participating SME liquor retailers, thus establishing whether only family members were employed or if non-family members were also considered for employment in the liquor retailers.

5.2.1.7 Employment status

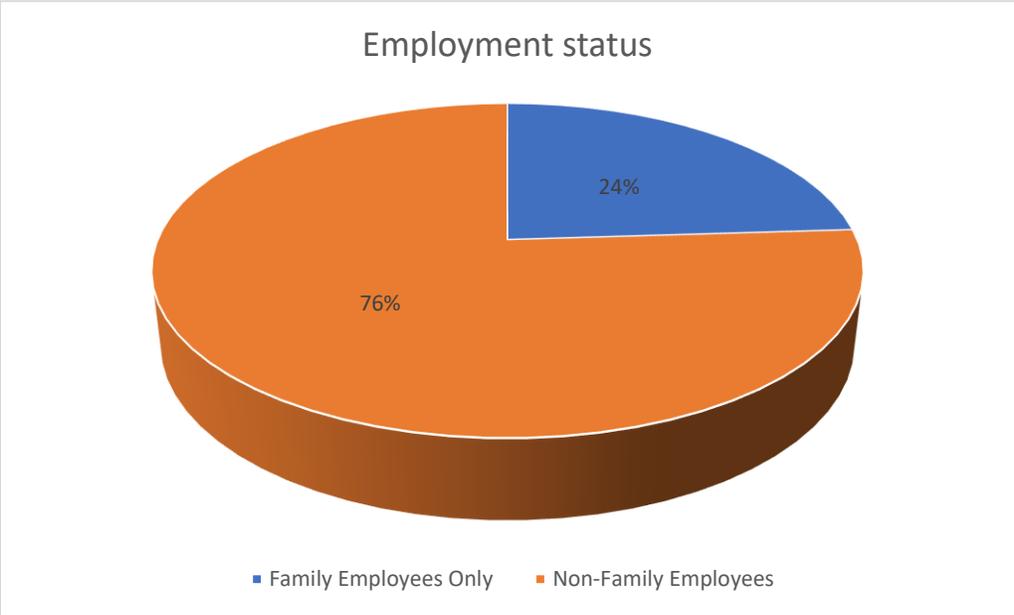


Figure 5.6: Employment status

Figure 5.6 above indicates that 16 (76%) of participating SME liquor retailers employed non-family members, and 5 (24%) of the participating SME liquor retailers employed family members only in their businesses thereby alluding to how family-oriented their businesses were. Sub-section 2.2.1 discussed definitions of SMEs and revealed employment as one of the criteria used when defining SMEs, and the discussion in sub-section 2.2.2, further alluded that SMEs were significant creators of employment across many countries and employed mostly the marginalised people in the community (Nkwinika & Munzhedzi, 2016:77; Akugri et al., 2015:262). All the participants interviewed indicated that the existence of their businesses had created employment. In some ways, these included employing family and non-family members. However, the majority of the SME liquor retailers employed non-family members, and this is indicative that the SME liquor retailers created employment for the community of Ekurhuleni as was also noted by (Motsepe & Fatoki, 2017:232; Wentzel et al., 2016:1479).

5.2.2 Operating challenges faced by liquor retailers

From reviewing the literature, it was found that SMEs experience various challenges. Therefore, the participants of the liquor retailers were asked about the operating challenges that they faced in the Ekurhuleni Municipality. The following data concerning SMEs' liquor retailers' challenges were collected and analysed.

5.2.2.1 Challenges faced by SMEs liquor retailers

Regarding the challenges faced by SME liquor retailers, five top challenges emerged, as depicted in Figure 5.7 below. For instance, 19 participants (90%) regarded competition from peer competitors as a challenge. On the other hand, competition from the big liquor businesses was viewed as a challenge by 16 (76%) of the participants; participants also responded on the lawlessness of illegal retailers, which was 15 (71%); response to crime was 13 (62%), and the unfair competition from illegal retailers' response from participants was also 13 (62%). Other challenges that were also mentioned by participants included: corruption; unfair legal advantage; managing through electrical loads shedding; management skills and competence; and lack of financial resources.

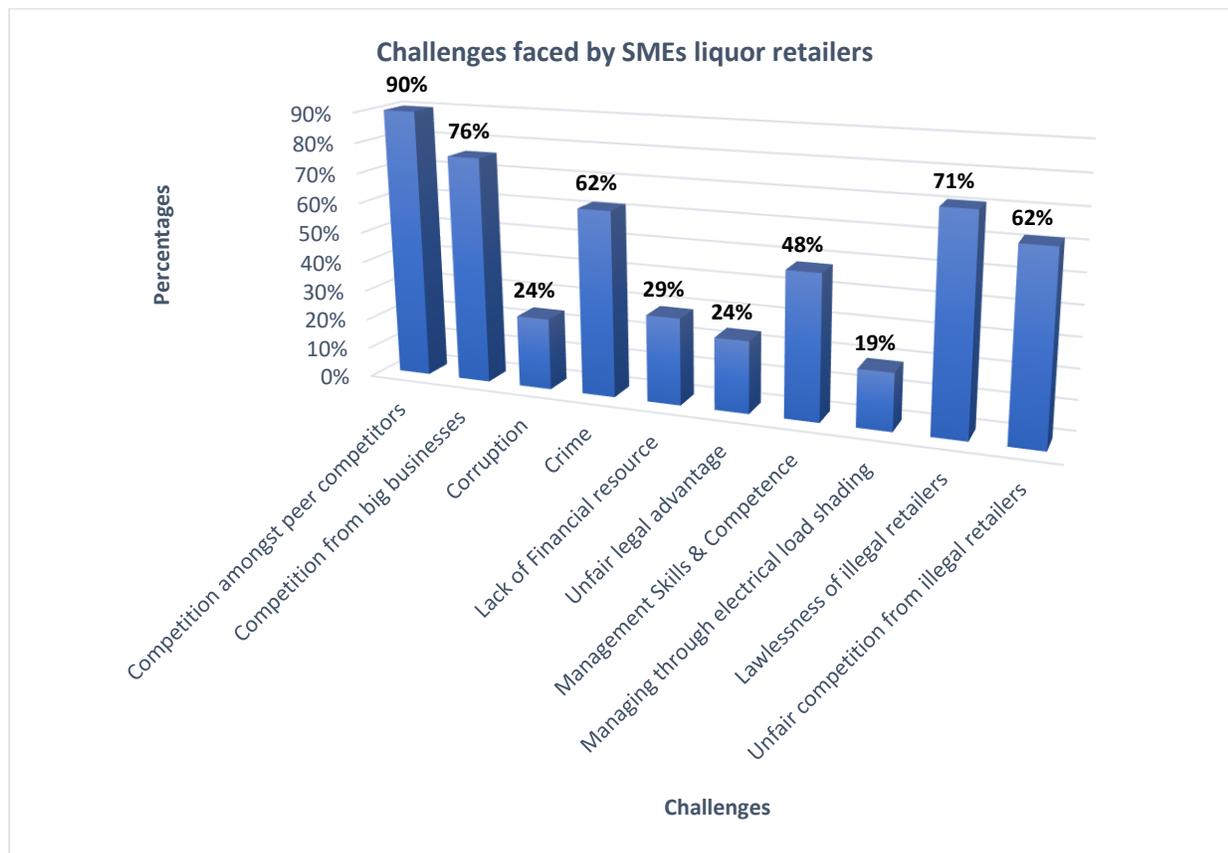


Figure 5.7: Challenges faced by SMEs liquor retailers

During the interviews, 19 (90%) of the participants, responded that competition from peer SME liquor retailers such as taverns posed a challenge to the management of their businesses, which was presented as follows:

Tembisa_6: Another challenge is managing the business against competitors, I am surrounded by many people selling alcohol, some have a licence while some do not. We are competing for similar customers and if you not strong you lose.

Daveyton_2: First is competition, I am sure you saw that there are also other people who sell alcohol within this street, there are many of us competing for the same customers.

These findings were also confirmed by Paul et al. (2017:328) in Section 2.2.3, that competition was a leading hurdle impacting the successful management of SMEs. Karanja et al (2013:114) confirmed that a competitive environment infused by large and multinational businesses exert challenges for SME liquor retailers. In the liquor retail market, Charman et al. (2013:580), Shand (2017:24), and Herrick et al. (2015:3) expounded that the market is highly contested by many liquor retailers. Thus, a highly competitive environment remains one of the challenges causing SMEs to fail in business.

Similarly, this research also found that competition from SME liquor retailers was the primary operating challenge with many SME liquor retailers operating in proximity to each other. Therefore, these findings relate to the findings by Charman et al. (2013:580), Shand (2017:24), and Herrick et al. (2015:3) that many liquor retailers exist in the liquor retail market in South Africa and as more SME liquor retailers are competing in the market, the participants find it challenging to operate their businesses.

Furthermore, 16 (76%) of the participants indicated that they were faced with competitive challenges emanating from large organisations that were entering their market areas in the townships. The participants said the following:

Kwatsaduza_1: Another challenge is the big brands like Checker Liquor who have just opened recently, and they are really giving us a problem.

Tembisa_6: Also, recently Shoprite liquor opened in the mall close-by and I can tell you that business is bad during the day because customers buy from them at cheaper prices.

This finding is consistent with the findings by Shand (2017:24) and Mrasi (2016:43) that the new entry of liquor chain retailers into the township market strengthens competition and threat to SME liquor retailers. This comes mainly because big retailers have more resources enabling them to have a competitive advantage over SME liquor retailers (Mrasi, 2016:43). The participant further explained how difficult it is to operate near the big liquor retailers. These findings confirm the finding by Shand (2017:24) that SME liquor retailers operating near the liquor retail chains are mostly put out of business. Thus, SME liquor retailers are finding it hard to operate in the competitive market contested by big liquor retailers.

The lawlessness and competition emanating from illegal retailers are also major issues of concern for the participants. The lawlessness behaviour of illegal retailers was confirmed by 15 (71%) participants and competition from illegal liquor retailers were certified by 13 (62%) who had a negative impact on participants' businesses. The participants said the following:

Boks_2: The illegal liquor retailers open and close their businesses anytime they like and they sell alcohol to kids. When police find kids drinking within my street I will be the one getting into trouble since police know that only I have a licence in this street.

Daveyton_2: *My competitor has no operating licence and does affect my business because they open at any time and close any time they like, a lot of customers buy from them and only come here to enjoy the entertainment.*

Kwatsaduza_2: *You will find that by 7 am, the illegal liquor retailers have already opened, while the law only permits me to open at 10 am and I close at midnight but the illegal liquor retailers on the other side they close at early hours of the morning.*

Tembisa_6: *Most of my competitors are illegal liquor retailers and they sell their liquor products at low prices making it difficult for me to attract customers to buy from my business.*

Tembisa_3: *There are illegal liquor retailers who are operating outside legal operating hours and a lot of people are buying from them because they sell at low prices.*

It is evident from these narratives of the participants that illegal liquor retailers operate in a lawless or illegal manner that has a negative impact on the participants` business operations. Some participants said they are often questioned by the police as a result of people drinking in the streets at night who purchase alcohol from illegal liquor retailers, and because they are licenced holders of liquor trading licences, they are the primary suspects of violating legislation as customers are required to consume their alcohol at the premises of SME liquor retailers. These findings were confirmed by Charman et al. (2014:628) that the illegal retailers operate with stronger coping mechanisms to maintain their existence and evade regulative controls while remaining competitive in meeting the liquor and recreational demand of customers. In addition, 13 (62%) of the participants indicated crime as affecting their operations. The participants said the following:

Kwatsaduza_1: *Criminal activities do happen here, you`ll find that customer`s cars are being broken into while they still drinking inside.*

Daveyton_3: *I can tell you that we are experiencing a lot of criminal activities than any of our competitors which signal some shenanigans from our competitor. Almost every weekend, people are stealing electrical power cables connecting to this property, and this restrains us from operating.*

Tembisa_7: *I was mugged twice while closing and those criminals ran off with my money.*

The narratives of the participants revealed that the participants were faced with criminal activities which created some difficulties for them to operate and make a profit. The participants alluded to the fact that as a result of the crime, they created a perception that their businesses were not safe places to spend time at. Customers also became victims of criminal activities when they visited, and they were expected to protect them at all costs.

5.2.2.2. Impact of legislation on SME liquor retailers

This section presents the results of the participants' responses to questions that sought to determine the impact that liquor legislation had on the operations of the SME liquor retailers. Figure 5.8 below, depicts the responses from the participants:

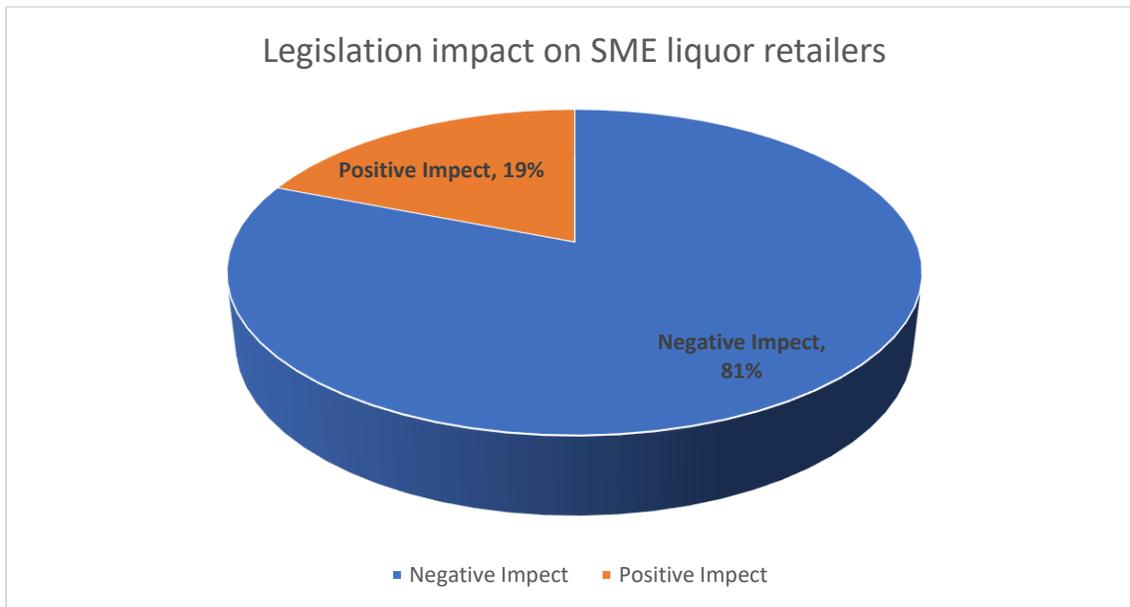


Figure 5.8: Impact of legislation on SME liquor retailers

The majority of the participants (n=17, 81%), responded that the liquor legislation had a negative impact on their businesses. The participants said the following:

Tembisa_6: The liquor laws are a problem to us in the township, they make it tough to run this kind of the business, surprisingly, the very same law allows big brands like Shoprite at the mall to achieve competitive advantage.

Boks_1: What I would say is that the law is restricting us to compete and be innovative around advertising the business. I cannot put a sign outside that shows that my business is selling alcohol, so some people do not know that I sell alcohol.

Kwatsaduza_1: I would say most of the time the liquor laws affect us negatively, as we operate in the residential area in the townships, the police often come and ask us to close because of the music. Another thing I will say is that the law seems to apply to us with operating licences as the police force us to close but those without licences are not touched.

The minority of the participants (n=4,19%), responded positively to the impact of the liquor legislation. One of them stated:

Boks_1: *I think the legislation serves me positively by ensuring that since I have a licence and I am abiding by the rules and conditions of the licence, no one else can open a liquor business in this street. This street is attractive for business and a lot of people want to do business here, each time people open a liquor business I go to object at liquor board and they always revoke permits.*

It was noted in Section 2.3 of Chapter 2, that liquor regulations in South Africa provide strict regulations aimed at alleviating the dangers impacted by the consumption of liquor. This was echoed by Herrick et al. (2015:12) that harmful social impacts emanating from liquor consumption in South Africa, justified regulation of access, availability, and controls on liquor products. The overwhelming majority of the participants (n=17, 81%) view the liquor legislation as having a negative impact on the operations and management of SME liquor retailers. The participants expressed that the legislations are uncompromising and affect their operations negatively. This confirms what was explored in Section 2.3, that legislations surrounding liquor operations have restrictions on the operations of SME liquor retailers.

5.2.3 Understanding of Innovation Management

The questions in this section focussed on the understanding of innovation, IM, and IM processes by the SME liquor retail owners and managers. Following are the themes and codes used to analyse the data as described in table 5.1.

Table 5.1: Summary of codes of the understanding of IM in the SME liquor retailers

Themes	Codes	Description of codes
Understanding of IM	Understanding of innovation	Understanding of what innovation is in the SME liquor retail sector.
	Understanding of IM	Understanding of IM is in the SME liquor retail sector.
	Understanding of IM processes	Understanding of the IM processes (classifications, degrees, and types of innovation) in the SME liquor retail sector.

5.2.3.1 Understanding of innovation

As there are no previous studies on IM in the context of SME liquor retailers, it was essential to understand what the liquor retailers' understanding of innovation management was. Hence the researcher asked the participants' understanding of innovation.

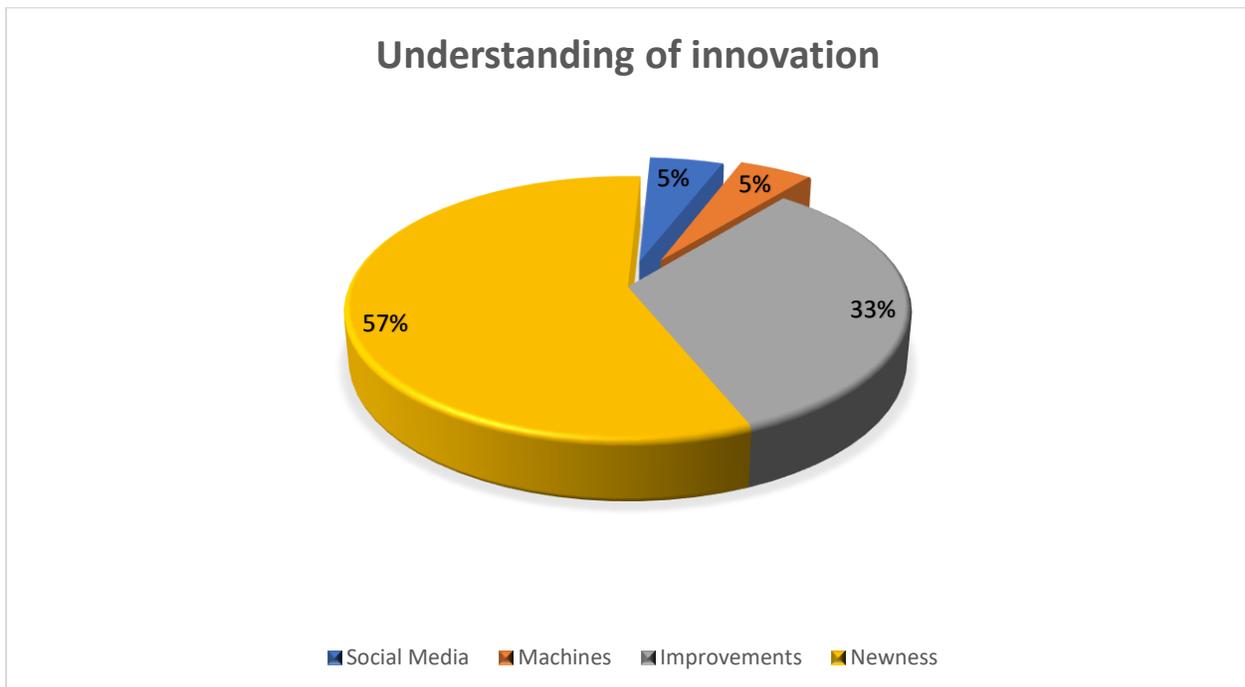


Figure 5.9: Understanding of innovation

Figure 5.9 depicts how innovation was understood by the participants in the SME liquor retailers. The majority of the participants (n=12, 57%), claimed that innovation is about newness in the business. This view was expressed thus:

Daveyton_1: My understanding of innovation is that it is about doing something new in the business that helps the business to grow.

Daveyton_2: For me, innovation is about bringing something that is new and never seen by your customer or they never experience it.

The response from 7 (33%) of the participants was that improvements made in the business constitute innovation. The participants said the following:

Tembisa_2: Innovation is about strategies you can implement to improve the business or to attract customers.

Tembisa_4: My understanding is that innovation is about making improvements in the business.

Only 1 (5%) participant responded that the use of machinery in the business is innovation. The participant intimated that:

Tembisa_7: Innovations are the machines that are helping me manage my money and stock.

One 1 (5%) of the participants mentioned the use of social media as innovation. The participant said the following:

Kwatsaduza_3: Innovation for me relate to how we communicate with our customers like using social media

The majority of the participants (n=12, 57%) claimed that innovation is about implementing new things that were never experienced by customers to grow the business, while 7 (33%) mentioned that there were some improvements aimed at attracting more customers, and 1 (5%) mentioned the use of machinery as process innovation. Another 1 (5%) mentioned the use of social media for marketing communication. These understandings of innovations by the participants are consistent with what innovation entails as discussed in sub-section 2.4.1. Innovation in the context of this research was described in Section 2.4.1 as newness or improvement which can either be the radically new or enhanced product, process, or organisational practice, a new solution to a current problem or a solution to a new problem and/or introduction of new products, new methods of production, new market, new sources of supply of raw materials and new business model aimed at increasing business performance. Innovation is mainly about newness or novelties (Walker et al., 2015:408). It comes through the implementation of new or significantly improved products, new processes, new marketing mechanisms, or new organisational methods (Meroño-Cerdán & López-Nicolás, 2017:213).

5.2.3.2 Understanding of innovation management

Figure 5.10 below depicts how IM is understood by the participants in the SME liquor retail sector. The majority of the participants (n=19,90%), related IM to the managing of innovations, while 2 (10%) of the participants responded that IM is about strategies to improve the business.

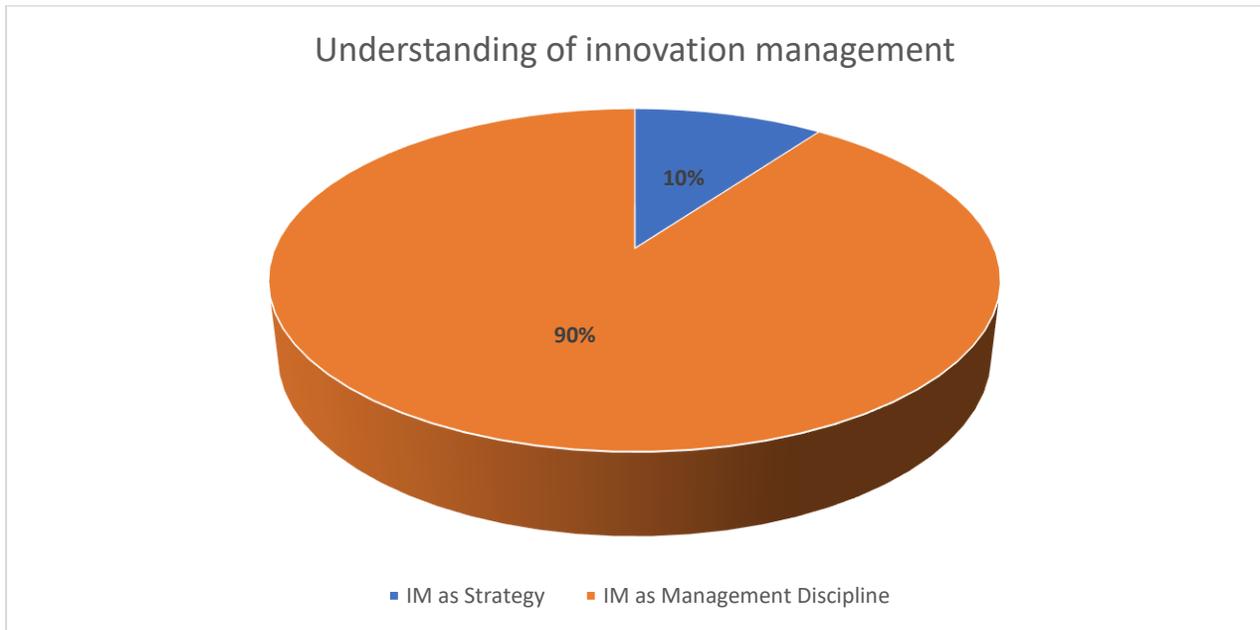


Figure 5.10: Understanding of innovation management

Following are some of the responses of the 19 (90%) participants who equated IM to a management discipline, stating that:

Daveyton_1: Innovation management to my understanding relates to managing the innovative things in the business.

Boks_3: I think innovation management is about managing innovations.

Tembisa_4: Innovation management for me is mainly about managing innovation.

Daveyton_3: Innovation management is about how the business manages its innovative ideas to ensure that they succeed.

Below is a response from 2 (10%) of the participants, who responded that IM is about strategies to improve the business:

Tembisa_2: I think innovation management is about the strategies to improve the business.

IM in the context of this research is described in subsection 2.4.1 as a management discipline institutionalised to manage innovations from the development of new products, processes, services, or business models for commercialisation. Accordingly, Hervas-Oliver et al. (2017:508); Walker et al. (2015:409) expressed that IM is all about managing the innovations in the organisational discipline. IM is a management tool used to develop and commercialise innovations (Azis et al., 2017:393). The majority of the participants understood IM as how businesses manage their innovations from ideas and ensuring their success. These understandings of IM by the participants confirm the discussions of

IM in sub-section 2.4.1. However, the minority of participants understood IM as improvement strategies.

5.2.3.3 Understanding of IM processes

The research sought to establish what the participants' understanding of the IM processes (classifications, degrees, and types of innovation) were. The classifications of innovation, which are composed of technological, non-technological, and organisational innovations, were discussed in sub-section 2.4.2.1. These classifications of innovations pertain to the categories of innovations based on functional dimensions (Nicolaidis, 2014:4). The findings are depicted in figure 5.11 below.

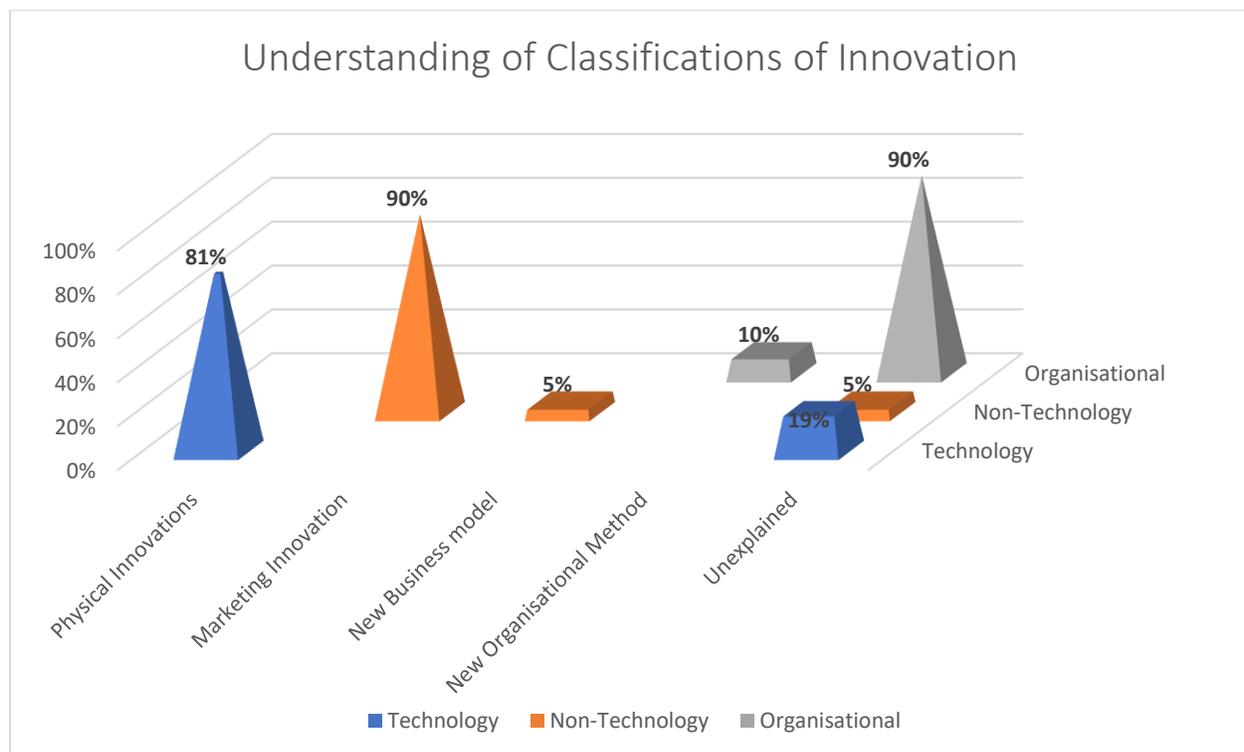


Figure 5.11: Understanding of classifications of innovation

Figure 5.11 above, depicts findings of the participants' responses about understanding the classifications of innovation, where 17 (81%) of the participants understood technological innovations as physical technologies; while 4 (19%) of the participants were unable to explain their understanding of technological innovations. However, 19 (90%) of the participants understood non-technological innovations as relating to marketing activities. Meanwhile, 1 (5%) participant related innovations to new business models. Only 1 (5%) participant was unable to explain his/her understanding of non-technological

innovations. Accordingly, 2 (10%) of the participants linked organisational innovations to a new organisational method, while 19 (90%) of the participants were unable to explain what they understood organisational innovations to be. Following are the responses of the participants in respect of organisational innovations:

Boks_2: Technological innovations have to do with technical equipment like EFT swiping machines, TVs, heaters, POS machines that I use in the business.

Kwatsaduza_1: Non-technological innovations have to do with marketing innovations like using social media”.

Daveyton_2: The non-technological innovations are non-physical in nature such as the customer service model that we adopted here which is just about the attention we give to our customers”.

Daveyton_2: Organisational innovation has to do with how innovative one organises the operations of the business”.

According to the above-mentioned participants' responses, technological innovations were related to physical technologies, non-technological innovation as marketing activities, and a minority of participants related to organisational innovations as a new organisational method. These seem to confirm the view of Cheng and Chen (2017:13) and Koren and Palčič (2015:28) that technological innovation pertains to technologies in physical reality, non-technological innovations as marketing innovations, and organisational innovation as the implementation of a new organisational method. Moreover, other participants, although practicing IM, were not able to explain what they understood the organisational innovation to be. The participants seemed to have not being exposed to the concepts of organisational innovation as they kept questioning the researcher about the concept of organisational innovation. This could be because they are exposed to machines and marketing programmes than organisational restructuring.

Innovation could be radical or incremental (Manders et al., 2015:2; Nicolaidis, 2014:4) (see subsection 2.4.2.2). Figure 5.12 below is an illustration of the participants' understanding of degrees of innovation in terms of its radical and incremental nature.

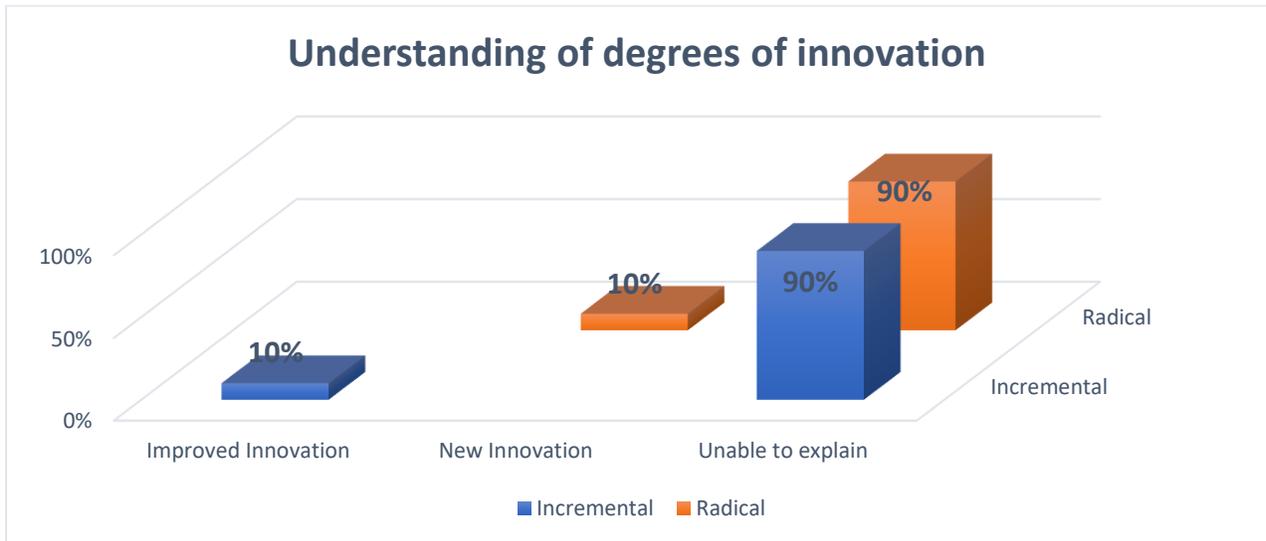


Figure 5.12: Understanding of degrees of innovation

A minority of the participants ($n=2$, 10%), responded that they understood radical innovations as new innovations, while 19 (90%) of the participants were unable to explain what they understood about radical innovations (fig 5.12). Also, 2 (10%) of the participants responded that incremental innovation relates to innovations that are improved from an already existing idea, whereas 19 (90%) were unable to explain what they understood incremental innovations as. The participants said the following:

Daveyton_2: Incremental innovations are when one does something that they copy from someone but they do it better.

Daveyton_3: The computer technology when they first started were radical innovations.

Tembisa_1: I am not sure how to explain what radical and incremental innovations are.

Boks_2: I don't know how to describe what radical and incremental innovations are but what I can tell you is that these are innovations we use in the business.

The narratives from the participants showed that their understanding of the degrees of innovation relates incremental innovations to an improvement in an already existing innovation and an innovation that never existed before to radical innovations. These responses from the participants confirm the view explored in sub-section 2.4.2.2, that incremental innovations consist of minor and continuous improvements in existing products or processes and radical innovations consist of completely new inventions that are usually produced with R&D processes. Although they practiced IM, the majority of the participants ($n=19$, 90%) were not able to explain what they understood to be the degrees of innovation. They seemed unfamiliar with the concepts of radical and incremental innovations and they proceeded to query the researcher about the concepts of radical

and incremental innovation. This is because they are not exposed to the concepts of radical and incremental innovations.

Lastly, the types of innovation, which are composed of product, process, service, and business model innovations, pertain to the existing forms of innovations in business operations and the market (Nicolaidis, 2014:4) (see subsection 2.4.2.3). The findings regarding the liquor retailers' understanding of the types of innovations are depicted in figure 5.13 below.

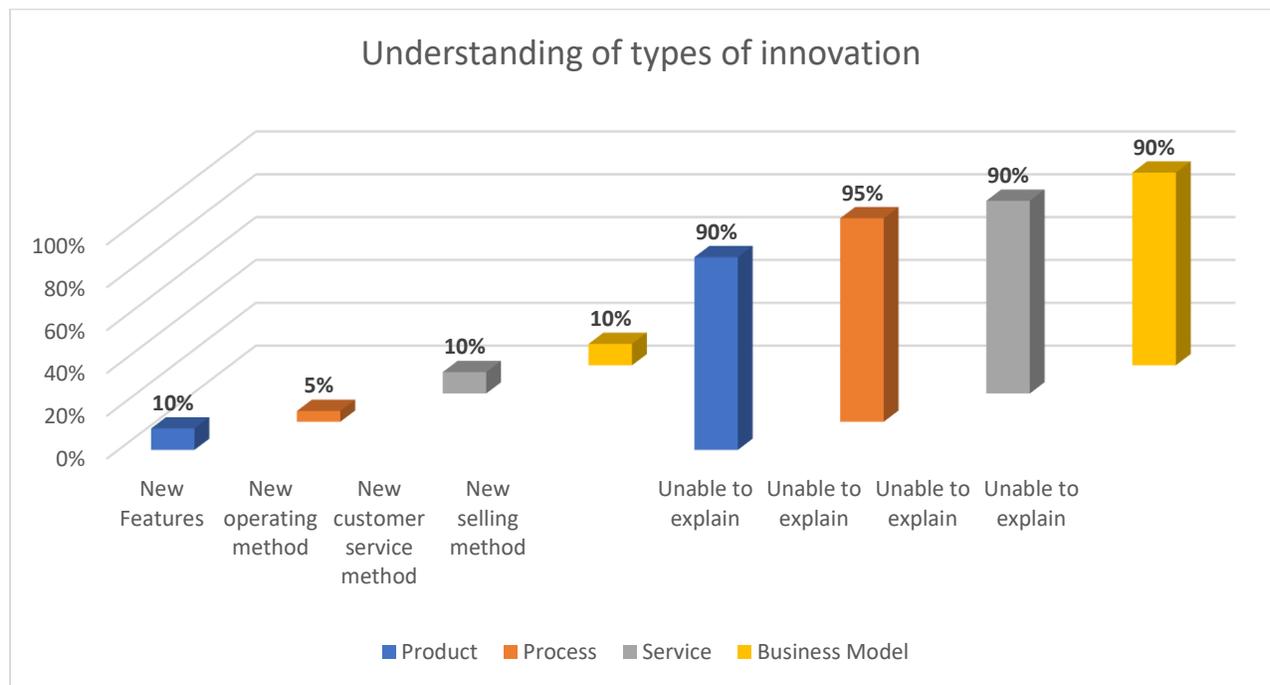


Figure 5.13: Understanding of types of innovation

A minority of the participants ($n=2$, 10%), responded that they understood product innovations to be new features in a product, while 19 (90%) were unable to explain what they understood product innovations to be. One ($n=1$, 5%) of the participants responded that process innovation relates to a new operating model, whereas 20 (95%) were unable to explain what they understood process innovations are. Service innovations were related to a new selling method by 10% of the participants, while 19 (90%) were unable to explain what they understood service innovations to be. Finally, business model innovations were understood by 2 (10%) of the participants as a new selling model, and 19 (90%) were unable to explain what they understood business model innovations to be.

Daveyton_2: *Product innovation is when you produce your own product in an innovative way.*

Daveyton_2: *The process innovations are about the systems that facilitate operation.*

Daveyton_2: *Service innovation has to do with new customer services that are superior in the industry.*

Daveyton_3: *The business model is about how you sell differently and innovatively than others.*

Tembisa_1: *I think product, service, process, and business model innovations are simply new things but I can't really tell you what they are.*

Although they practiced IM, the majority of the participants did not know what the types of innovations entailed. The participants expressed that although they know that the types of innovations are novice things used or sold in the business, they could not explain what they entail. The minority of the participants on the other hand understood product innovations as new features in product, process innovation as a new operating model, service innovation as a new customer service model, and business model innovation as a new selling model. The views of the minority seem to confirm the view explored in subsection 2.4.2.3. This meant that only a minority of the participant in the SME liquor retailer understands what the types of innovations are.

5.2.4 Understanding of Competitiveness

The themes and codes that were used to analyse the data regarding the participants' understanding of competitiveness are described in table 5.2 below.

Table 5.2: Summary of codes for competitiveness.

Themes	Codes	Description of codes
Understanding of competitiveness	Understanding of competitiveness	An understanding of what competitiveness is in the SME liquor retail sector.
	Competitor knowledge	The participants' apprehension about their competitors.
	Competitive strategy	The competitive strategy of the SME liquor retailers.
	Competitive challenges	The competitive challenges faced by SME liquor retailers.
	Competitive impacts	The impacts caused by competitive challenges.
	Competitive solutions	The solutions deployed to counter competitive impacts.
	Competitive outcomes	The outcomes experienced after deploying competitive solutions.

5.2.4.1 Understanding of competitiveness

Figure 5.14 below evinces that the majority of the participants (n-17, 81%) understood competitiveness as the ability to outperform their competitors.

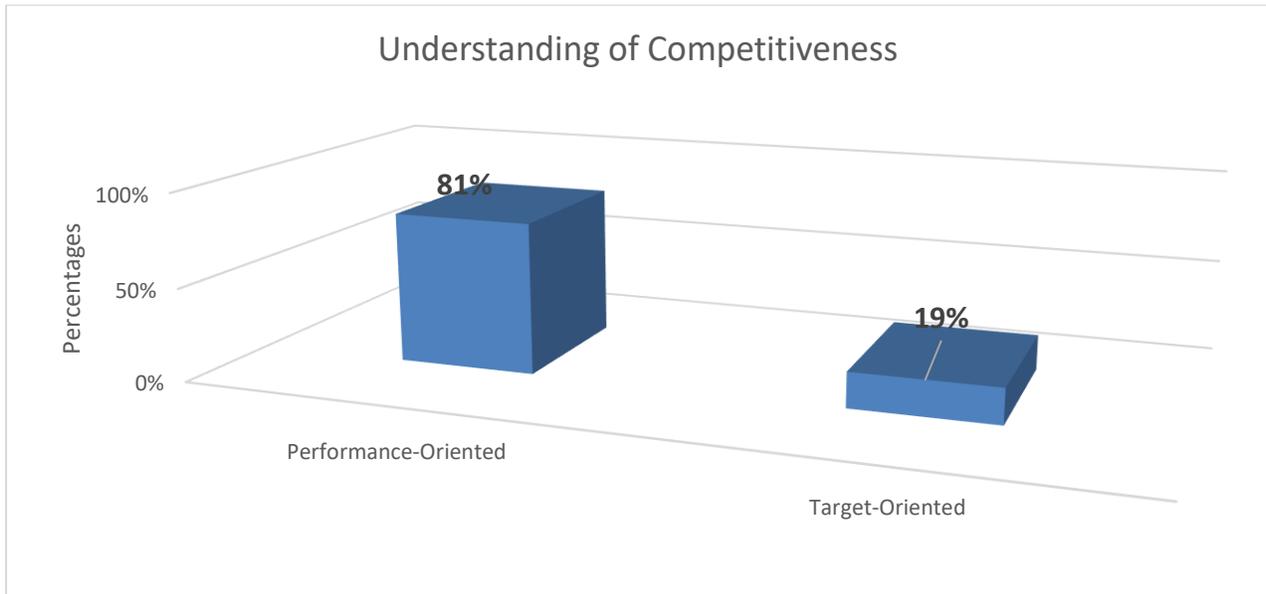


Figure 5.14: Understanding of competitiveness

In table 3.1, competitiveness was defined as the ability of an organisation to perform better than their competitors, thus a performance-oriented perspective. In this regard, the participants averred:

Tembisa_1: I think this is when I do something for my customers that other competitors are not doing for them

Boks_1: Competitiveness is the ability to sell more than my competitors.

Tembisa_3: For me being competitive is about being on a level above my competitors.

Tembisa_4: Competitiveness for me is when I sell my products at less price and affordable than my competitors.

Kwatsaduza_3: Competitiveness for me is about doing things differently than my competitors and making sure that I am winning against them in terms of sales.

Tembisa_5: My understanding is that competitiveness has to do with my abilities to perform better than my competitors.

Utami and Lantu (2014:309) contend that competitiveness is characterised by the competitive ability to provide a better market offering and maintaining market leadership and profitability, in comparison to both the domestic and international competitors. Similarly, the participants understood competitiveness as their ability to attract more

customers or sell more than their competitors. These understandings of competitiveness resonate with the performance-oriented definition of competitiveness as discussed in subsection 3.2.2.

In addition, 4 (19%) of the participants responded that competitiveness is concerned with the ability of the business to meet its set targets (see figure 5.12). These responses of the participants indicate a target-oriented understanding of competitiveness. The participant said the following:

Kwatsaduza_2 Competitiveness is the way in which one is achieving the goals that they set for their businesses.

Tembisa_10 Competitiveness is when I manage to sell more alcohol than I did previously.

Kwatsaduza_3 Competitiveness for me is about doing things differently and making sure that I improve in terms of sales.

The concept of competitiveness is perceived as lacking a universally accepted definition (Ibarra et al., 2017:110). This is because when defining competitiveness, one must consider “the raison d’être of an organisation” (Zonooz et al., 2011:60). In the study by Habánik et al. (2016:146) competitiveness was referred to as having a competitive advantage to provide market offering better than, competitors. This related competitiveness to the ability to perform better than competitors in the market. Manole et al. (2014:114) on the other hand stressed that competitiveness is about the ability to maintain competitive strength to drive commercial benefits. Furthermore, in a study by Ahmedova (2015:1105), Manole et al. (2014:114), and Sachitra (2016:2), competitiveness was viewed as the firm’s ability to increase profits, maintain market position, survive, and maintain a competitive advantage over a long period. This view of competitiveness focus on what a firm is targeting to achieve. In this research, a target-oriented view of competitiveness emerged. However, some participants also related competitiveness to the ability of an organisation to achieve its target or goals and in particular their ability to achieve their sales targets.

5.2.4.2 Competitor knowledge

Participants were asked whether they have knowledge about their competitors and how they operate. The intention was to understand whether the participants deploy mechanisms to learn, know, and understand their competitors and their operations. All

the participants (n=21, 100%, in their responses, indicated that they make efforts to know about their competitors and their operations. The participants said the following:

Daveyton_1: I know the majority of them [competitors] and how they do business even the ones without licences and the ones at the malls.

Daveyton_2: I know almost everyone [competitors], some of them are my friends and I do visit them to check how best they do business.

Tembisa_1: Yes, I know my competitors and how they sell their products. Like my competitor across the street, my customers told me that they are expensive compared to my pricing. While we sell the same beer from SAB, my competitor charge customer more than I do.

Daveyton_1: I know the majority of them [competitors], and how they do business even the ones without licences and the ones at the malls. Sometimes I visit them [competitors] as a customer, just to check how they are doing business, and also my customers do alert me to how my competitors operate.

Boks_5: It is important for us to know about anyone who is selling alcohol around the area so that we can be able to plan well. We have ways that we deploy to know about anyone and how they operate their businesses. Most of the time we survey customers about the services they received at competitors compared to ours.

The research findings show that the participants made efforts to acquire knowledge about competitors and their operations. This was done by visiting competitors` businesses as a customer and also by surveying their customers about the competitors' offerings.

5.2.4.3 Competitive strategy

The study was able to establish the main competitive strategies mainly used by SME liquor retailers. The findings are indicated in Figure 5.15 below.

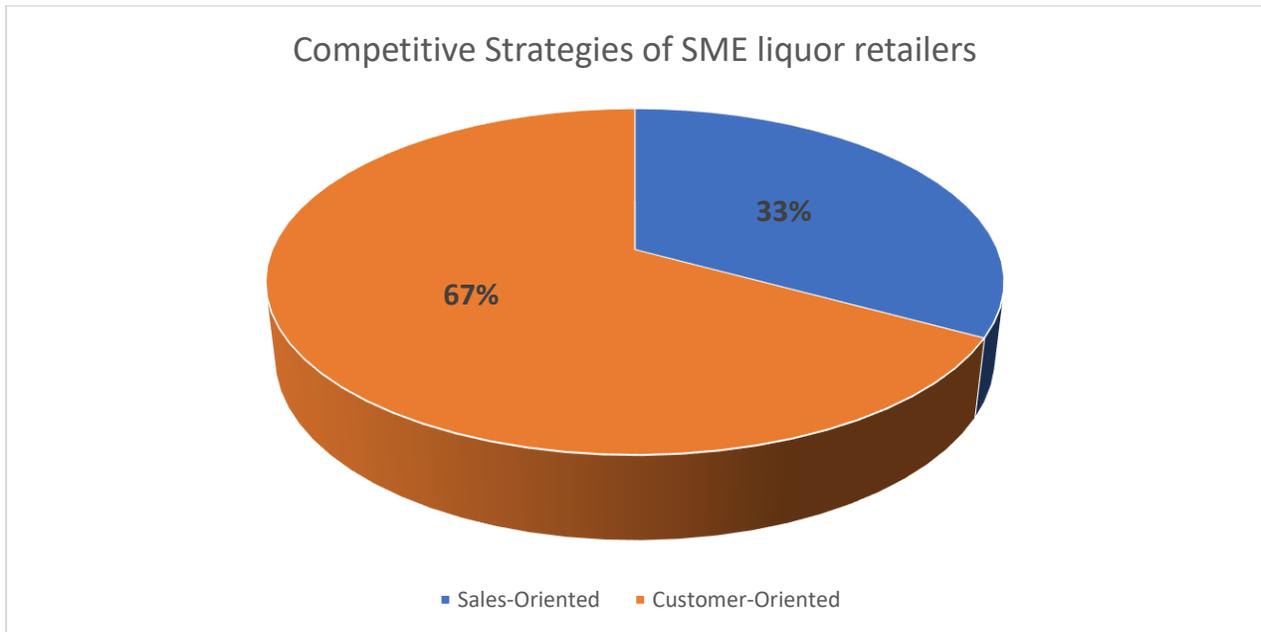


Figure 5.15: Competitive strategies of SME liquor retailers

Figure 5.15 above depicts that the majority of the participants (n=14, 67%, focus on customer-oriented competitive strategies. The participants said the following:

Tembisa_5: My strategy is mainly about attracting customers to come and spend time here and when they are here obviously they will buy.

Kwatsaduza_2: Like when we are hosting events, my focus is on attracting a lot of customers, because once I have a lot of customers then I will make the sales.

Tembisa_6: My competitive strategy is about attracting and keeping customers within the business for long hours so that they can buy from me than at competitors.

The participants narrated that their competitive strategy was based on attracting and maintaining customers. This meant competing through customer-oriented strategies. Uchebulam et al. (2015:327), Ruivo, Oliveira, and Neto (2015:106), and Qureshi (2016:97) asserted that organisations focused on competitor-oriented and resource-oriented strategies to compete against competitors. The participants expressed that it was best to focus on offering customers superior services so that they stop visiting their competitors but supporting their businesses at all times.

Seven (33%) of the participants, responded that they focus on sales-oriented competitive strategies. The participants said the following:

Tembisa_2 “my competitive strategy is mainly based on selling more beers that I have in stock”.

Tembisa_4 “my competitive strategy is mainly on selling more beers, I focus on selling rather than keeping customers sitting inside”.

The studies by Mazzola et al. (2018: 1355) and Utami and Lantu (2014: 309) recommended that organisations seeking to attain above-average levels of customer satisfaction should adopt a competitive strategy that is aligned to the desired results through innovation. According to the participants, their competitive strategy was based on selling as much of their liquor products as possible. This meant competing through a sales-oriented strategy; in addition, selling liquor products in stock quicker and reaching their weekly targets.

5.2.4.4 Challenges from competitors

In attempting to establish the challenges faced by SME liquor retailers from competitors, it was found that 18 (86%) of the participants expressed that the competitors’ low selling prices are causing challenges for them to compete. Figure 5.16 below attests to these findings.

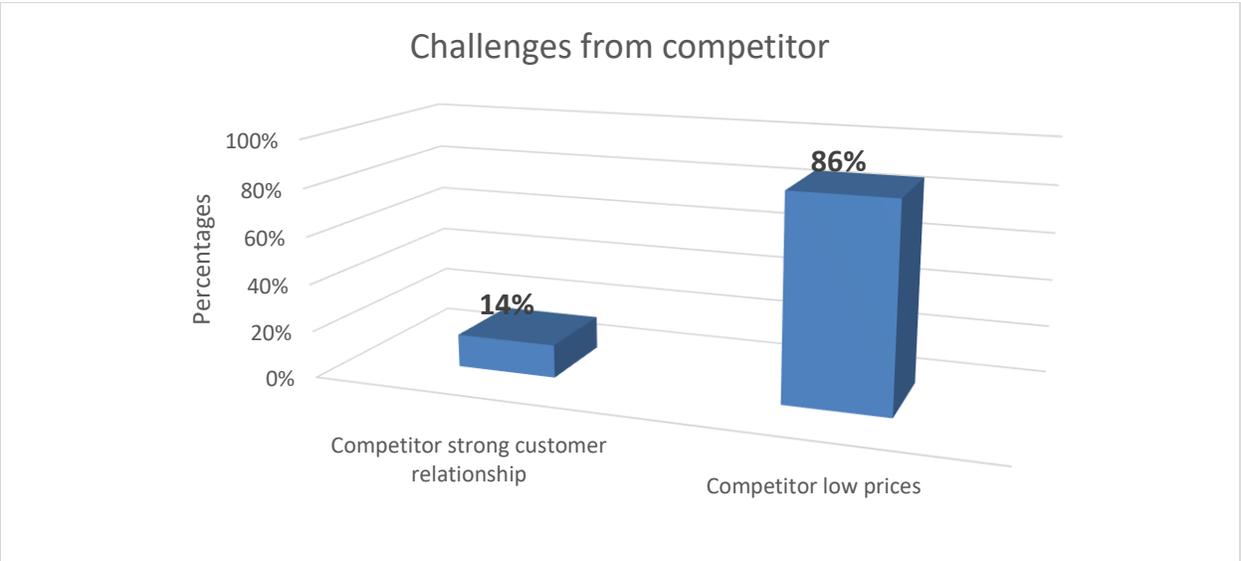


Figure 5.16: Challenges from competitors

Some of the responses received from the participants regarding the challenges experienced from competitors are as follows:

Kwatsaduza_1: Customers are buying alcohol from big brands like Checkers liquor because it is cheap there.

Tembisa_6: Most of my competitors are illegal retailers and they sell at low prices making it difficult for me to operate.

The above statements by the participants imply that competitive challenges facing operations of SME liquor retailers come from their illegal counterparts who are not charged for tax revenues. Hence, they are able to sell liquor at a very low cost to customers. This can be attributed to the proliferation of these liquor retailers in more concentrated parts of residential areas. Shand (2017:24) and Charman et al. (2013: 585) posit that SME liquor retailers operate in proximity to one another and use competitive mechanisms to meet the liquor and recreational demand of customers. Accordingly, low selling prices became a competitive tool in the liquor retail market and subsequently, a competitive challenge faced by SME liquor retailers. The responses by 3 (14%) of the participants show that a competitor's strong customer relationship makes it difficult to compete. The following statement attests to that fact:

Daveyton_3: Some of my strongest competitors have built a very strong connection and culture with the customers, and this gives us a challenge because customers prefer to go for them than us new players. I do commend them because they have built these relationships over time, they have the strongest bond with customers.

The discussion in Section 3.3 revealed that customer relationship management (CRM) is one of the tools that enable organisations to achieve and maintain customer loyalty. Organisations use CRM to build strong bonds with customers and managing them for continued business loyalty and profitability (Madhovi & Dhliwayo, 2017:1; Galvão et al., 2018:707). The participants of this study expressed that their target customers are loyal to competitors, making it challenging to convince them to deflect to their businesses. In order to compete, the participants experienced rising operating costs as they spend more money on entertainment and losing money on discounts. In the study by Madhovi and Dhliwayo (2017:4), it was found that customer relationship management infused customer loyalty in the hospitality industry enabling organisations to improve customer retention rates and reduces customer deflection. This research assumes that where competitors have created strong bonds with customers, other industry players will find it challenging to win customers into their business offerings.

This research found that when the participants are faced with challenges from competitors, this affects their businesses. For this reason, the researcher went further to try and establish the competitive impacts experienced by the participants.

5.2.4.5 Competitive impact

After the participants indicated the nature of the challenges they experienced from their competitors, the researcher wanted to establish what impact these challenges had on the operations of the liquor retailers. Figure 5.17 below depicts the impact of challenges from competitors on the SME liquor retailers

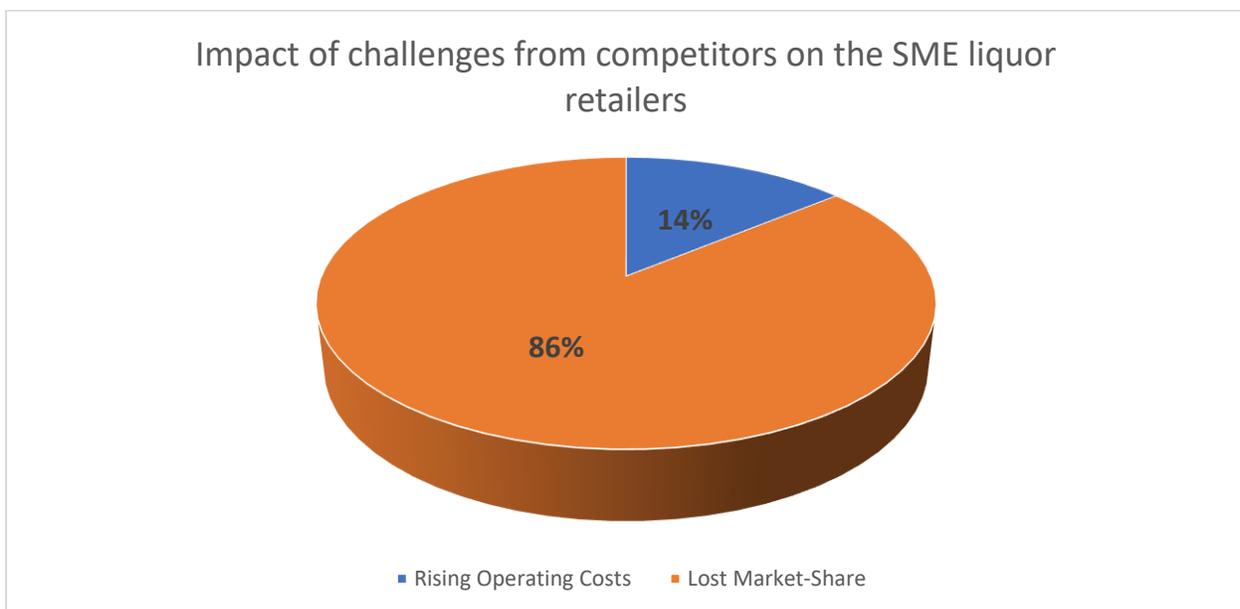


Figure 5.17: Impact of challenges from competitors on the SME liquor retailers

Figure 5.17 above depicts the impacts of the challenges experienced from competitors on SME liquor retailers. The majority of the participants (n=18, 86%) expressed that they lost market share as a result of competitors' challenges. To this effect, the participants mentioned:

Boks_1 “most of the customers are now buying alcohol from the big brands than coming here unless it is at night while the big brands have closed and by then customers are already drunk”.

Kwatsaduza_1 “I found that customers do not come to buy from my business because alcohol is cheaper at the mall”.

The loss in market share was also alluded to in Badenhorst-Weiss and Cilliers (2014:1) where they reported that competitive challenges suppressed the growth and survival of SMEs in the market. The participants indicated a perception that when competitors are selling at low prices, customers tend to switch from the participants' business and buy from the competitors, and they lose their market share and hence the opportunity to grow and sustain themselves.

Three (14%) of the participants responded that they experienced rising operating costs as they strive to mitigate the competitive challenges they experienced. The participant said the following:

Daveyton_3: Because customers have strong bonds with specific businesses, to pull them away from their comfortable place, we needed to provide a lot and high-cost entertainment and that came with a rise in operating costs.

Section 3.3 revealed that SMEs often fail to grow or survive when facing competitive challenges. According to the participants' narratives, because of the competitive challenges they faced, their businesses' operating costs had risen as they strived to mitigate the competitive challenges. This research found that the challenges experienced from competitors had a negative effect on the liquor retailers and therefore it was necessary to establish what solutions were implemented by the participants to mitigate the impacts of these challenges from competitors.

5.2.4.6 Competitive solutions

All the participants (n=21, 100%) indicated that they implemented competitive solutions in resolving the challenges experienced from competitors. The participants said the following:

Daveyton_1: What we came up with was to start charging entrance fees from 8 pm, while before 8 pm customers enter for free, and also, we started to book tables and must be occupied before 9 o'clock. As customers avoid the entrance fees, they come early. This helped in ensuring customers come here early so they spend more time here and buy more beverages

Tembisa_4: I try by all means to come up with something that customers love to do while enjoying their beers. I started the pool tournament for the customer to have something to do. Also, recently I started a project to erect a braai area outside and customers will be able to braai their meat on their own while enjoying their drinks, I

am going to cover it up to create shade, put chairs and tables and install a projector for customers to watch sports games. I am doing this to make sure that customers can spend time and buy their beers here.

As discussed in Section 3.4, competitive solutions for SMEs emanate from unconventional ways for growth and survival (Beyene, Shi & Wu, 2016: 126). Manole et al. (2014: 116) added that only if SMEs deploy innovative-oriented practices will they be able to cope with competitive challenges. This meant that SMEs should resort to innovative practices to enhance their competitiveness (Cheng & Chen, 2017:12). It emerged that while resolving the impacts emanating from the competitive challenges, the participants implemented strategic solutions. The researcher's findings indicated that the participants tend to implement solutions that strive to attract and maintain customers to support their businesses rather than their competitors. These strategic solutions enabled their businesses to combat the competitive challenges experienced. These findings are consistent with the suggestions by Karanja et al, (2013:141) that SMEs should make strategic shifts towards competitiveness to evade challenges. While the findings indicate that these liquor retailers did indeed embarked on strategic solutions to mitigate and resolve the negative impacts emanating from the competitive challenges, it is important to also establish what the outcomes of implementing these strategic solutions were.

5.2.4.7 Outcomes of strategic solutions implemented by SME liquor retailers

Implementing strategic solutions is essential for SME liquor retailers given the challenges that they experience from their competitors. However, it was important to also consider what the outcomes of implementing these solutions were and to establish if they did benefit the liquor retailers and what these benefits were. All the participants (n=21, 100%) indicated that they experienced an enhancement in competitiveness after implementing strategic solutions to combat the impact from competitors. The participants said the following:

Daveyton_2: Since we increased our spend on entertainment, the business started improving and customers come here very early because of how we market the business”.

Boks_4: From the first time when we implemented the changes, we started to attract more customers and our sales rose”.

Tembisa_4: When I started with the pool tournament I found that sales were picking up and customers were spending time in the business”.

According to Carvalho and Costa (2014: 89), competitive solutions permeate a positive outcome. The competitiveness of a firm is determined by solutions aimed at doing better or different than competitors (Hove-Sibanda et al., 2017; Badenhorst-Weiss & Cilliers, 2014:1). The narratives from the participants indicated that the solutions they implemented enhanced the competitiveness of their businesses. The findings indicated that through strategic solutions, the participants managed to attract and maintain customers, and improve their market share.

5.2.5 How Innovation Management is Applied in SME Liquor Retailers

Table 5.3 below represents a summary of the themes and codes used for the applied IM processes to analyse the responses from the participants.

Table 5.3: Summary of the themes and codes used to analyse IM processes applied

Themes	Codes	Description of codes
Applied IM processes	Applied IM processes	The IM processes (Classifications, degrees, and types of innovations) that are applied in the SME liquor retailers.
	Combination or a mix of IM processes	The mix or combinations of IM processes (classification-degree-type) applied in the innovative ways of doing business, the new process applied, or strategy adjusted in the SME liquor retailers.
	Outcomes of innovations Implemented	The outcomes of the applied IM processes in the innovative ways of doing business, the new process applied, or strategy adjusted.

5.2.5.1 Applied IM processes

In an attempt to establish what IM processes (classifications, degrees, and types of innovation) are applied by the participants in the SME liquor retailers, participants were asked to elaborate on the innovations they deployed in the business, and from their responses, the researcher uncovered the classifications, degrees, and types of innovations applied by the participants while they conducted their business as depicted in Figure 5.18 below.

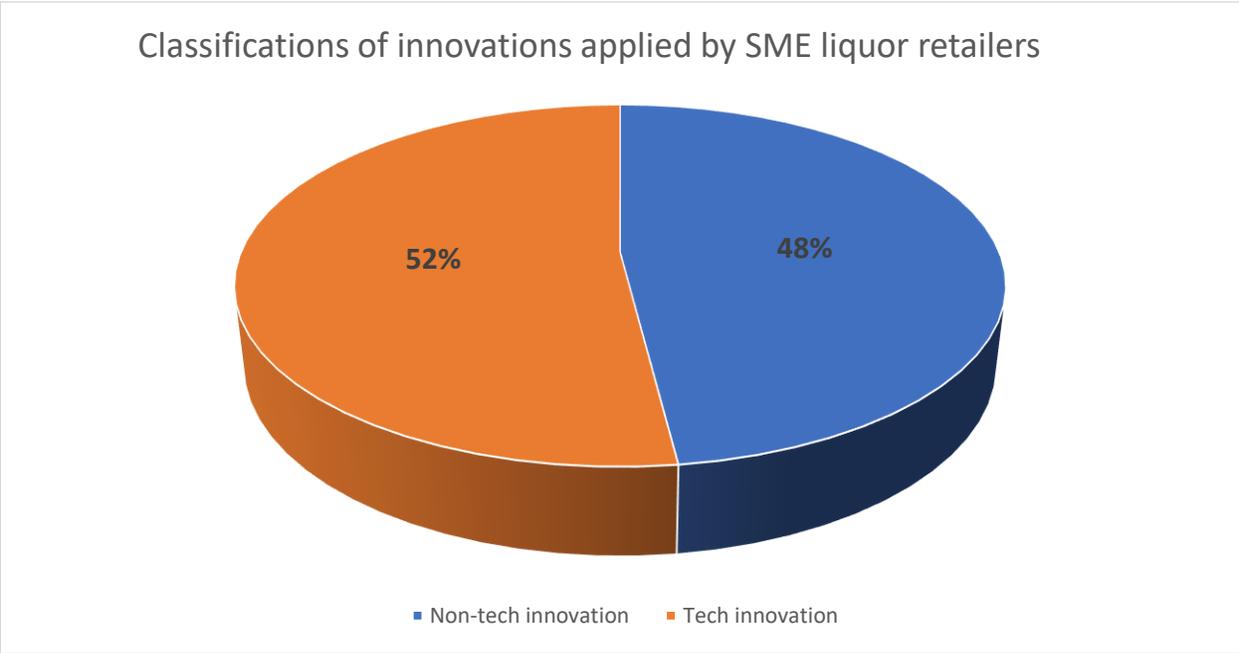


Figure 5.18: Classifications of innovation applied by SME liquor retailers

Figure 5.18 depicts the findings of the participants' responses to the classifications of innovation practiced by SME liquor retailers. The researcher noted that 11 (52%) of the participants indicated that they practiced technological innovation, while 9 (42%) practiced non-technological innovation. The participants intimated thus:

- Boks_1: The innovations that I am using are the point-of-sale (POS) system and the electronic-funds-transfer (EFT) Swiping machine in the business and also I have installed TVs for my customers to watch soccer on weekends.*
- Tembisa_6: Most commonly I focus on social media marketing to communicate about my events and discount specials.*
- Tembisa_1: For me, the technological innovations are the ones that help me a lot. These (EFT) and Point-of-sales machines help me a lot. I had a problem with controlling the stock but with these systems, I can see all the records.*

The classifications of innovation as described in sub-section 2.4.2.1 composed of technological, non-technological, and organisational innovations. The researcher observed that SMEs applied both technological and non-technological innovation practices to enhance their success (see sub-section 2.4.3). This is similar to the findings by Pereira and Romero (2013), in which both technological and non-technological innovations are practiced in SME liquor retailers. However, the participants' responses did not indicate any practice of organisational innovations. This could be because they are exposed to machines and marketing programmes than organisational restructuring.

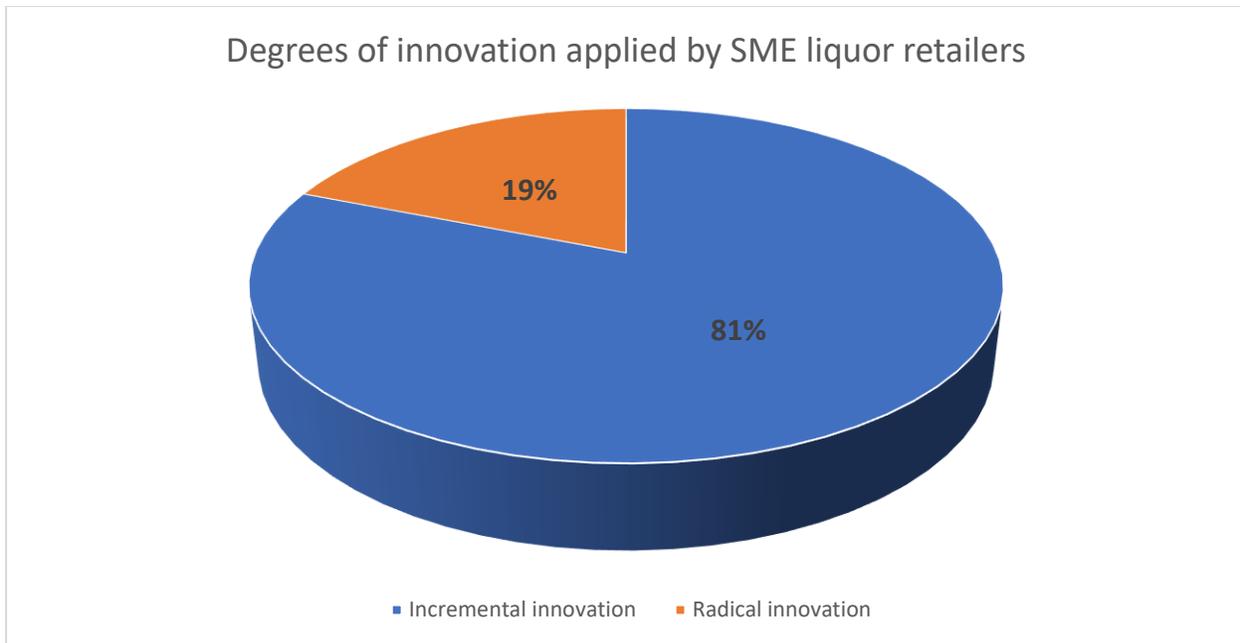


Figure 5.19: Degrees of innovation applied by SME liquor retailers

Figure 5.19 above depicts the findings of the participants' responses to the degrees of innovation practiced by SME liquor retailers. The majority of the participants 81% in their response indicated that they practiced incremental innovations. The other participants, the minority 19%, indicated that they practiced radical innovation. The participants said the following:

Daveyton_2: When I was building this double story structure, I copied other businesses around the country, which built beautiful buildings for their customers to enjoy experiences, but I added new features such as the dance space and disc-jockey (DJ) booth.

Tembisa_6: I look at what other liquor traders from other cities are doing to market their businesses and then implement their ideas here but with a slight difference to suit my market.

Boks_4: The design of this place itself was designed by my father, the owner of the business, as part of his vision, to come up with a format that is not available in our market area.

Innovations are categorised into radical and incremental typologies (see sub-section 2.4.2.2). Furthermore, IM practices in SMEs as discussed in sub-section 2.4.3 revealed that SMEs give greater consideration to radical innovations as opposed to incremental innovations (Deshati, 2015: 269; Haned et al., 2014: 491). The findings of this research revealed that both radical and incremental innovations are practice in the SME liquor

retailers in Ekurhuleni. However, it appears that incremental innovations are more prominent than radical innovations. The participants preferred building on ideas that already existed than developing new ideas. These findings are contrary to the findings by Deshati (2015: 269) and Hamed et al. (2014: 491), which found that radical innovations are practiced or given more emphasis than incremental innovation in SMEs. The degree of innovation most practiced by the SME liquor retailers is incremental innovation, this could be because they are not developing their own liquor products but rather selling an already made products.

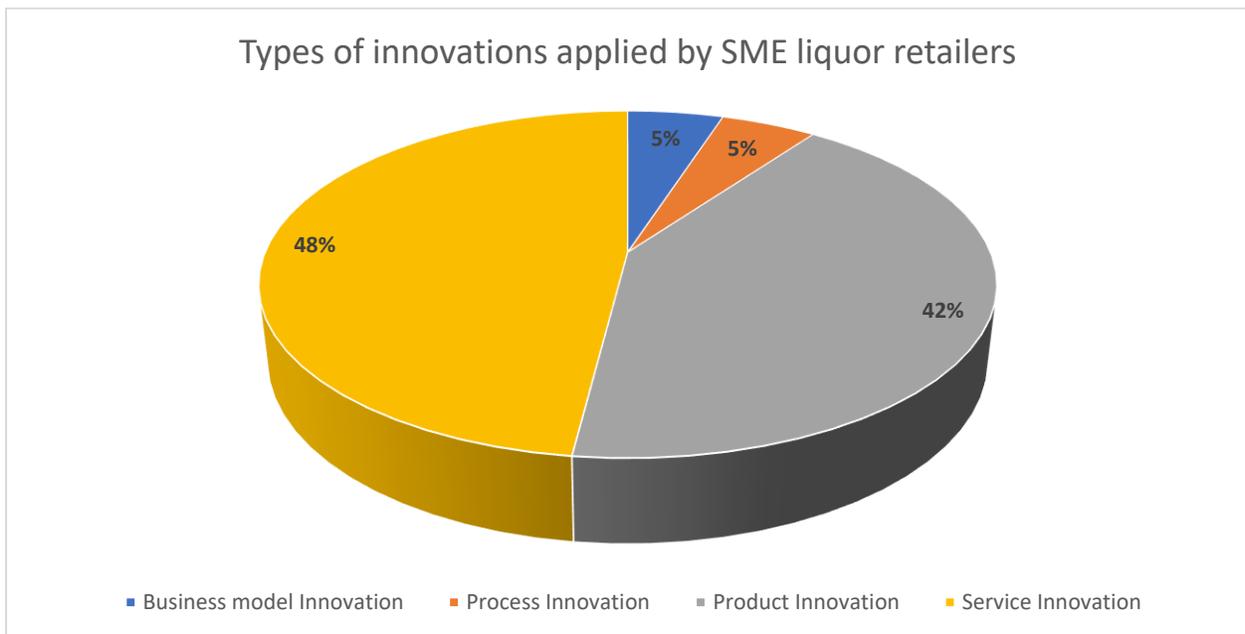


Figure 5.20: Type of innovation applied by SME liquor retailers

Figure 5.20 above depicts finding from the participants' responses about the types of innovation practiced by SME liquor retailers, in terms of which 10 (48%) of the participants indicated that they practiced service innovations. On the other hand, 9 (42%) practiced product innovations, and 1 (5%) of the participants, indicated that they practiced process innovations; while another 5% (n=1) practiced business model innovations. The participants said the following:

Boks_3: I am focusing on making sure that my customers can be comfortable with the services we are offering when they are here.

Daveyton_2: We developed 11 cocktail recipes for our cocktail products which are not served amongst our competitors.

Boks_4: We make our own cocktails and shooters and currently we are still trying other products.

Tembisa_3: I use the (EFT) swiping machine and the POS system to process orders.

Daveyton_1: Since last year, we changed our business model, we now have a VIP area which is served by waiters while this other side customers buy from the counter. Our previous business model was only made of counter sales.

Types of innovations as described in sub-section 2.4.2.3 composed of product, process, service, and business model innovations. In sub-section 2.4.3, it was found that SMEs contribute mostly to product innovations (Schilirò 2015: 1). The present study found that most of the SME liquor retailers preferred product and service innovations to the process and business model innovations. This is because SME liquor retailers mainly offer entertainment and recreational services and mix cocktail beverages which they refer to as their own product innovation.

5.2.5.2 Combination or mix of IM processes

After the participants indicated their preferred IM processes in their businesses, the researcher was able to establish the mix or combinations of IM processes (classification-degree-type) and the innovative ways of doing business, the new processes applied, as well as adjustment of their strategies. The researcher asked the participants to elaborate on specific innovations they have implemented from conceptualisation to implementation. Through their responses, the researcher was able to determine the mix or combinations of IM processes (classification-degree-type). The findings are indicated in Figure 5.21 below.

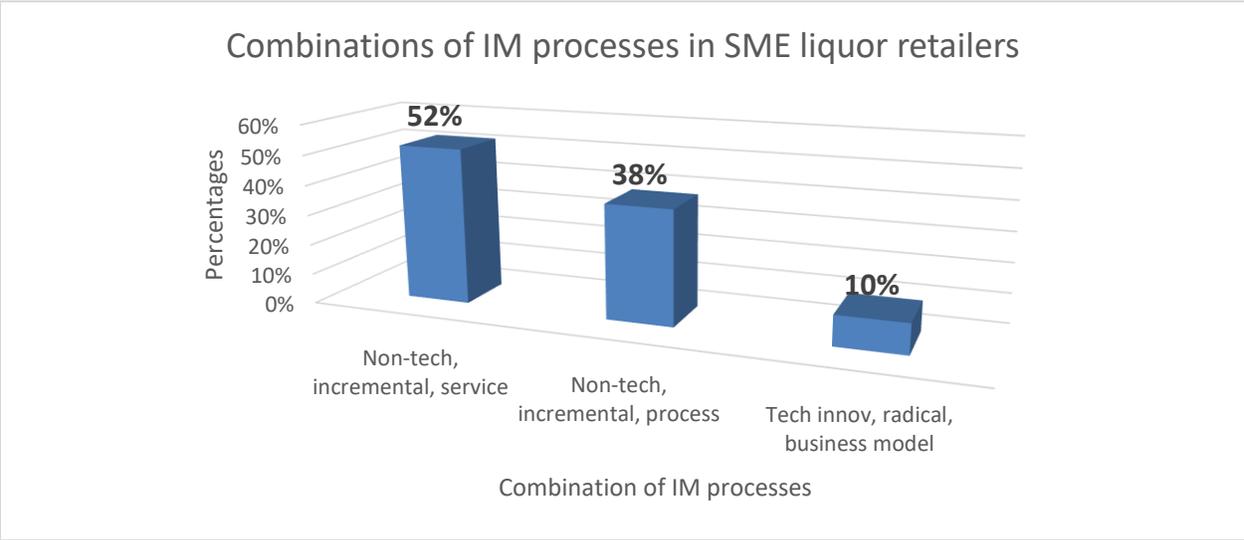


Figure 5.21: Combinations of IM processes in SME liquor retailers

Figure 5.21 above depicts the mix or combinations of IM processes applied by the participants in the SME liquor retail sector. The majority of the participants (n=11, 52%) indicated a combination of non-technological and incremental service innovations. In this regard, the participants mentioned:

Kwatsaduza_2: I have a system here that came with one of my suppliers (Heineken), I issue tickets to customers whenever they buy promotional products, I register their purchases and the system rewards them with airtime. The supplier issued this system to me and from time to time they give me promotions and load the airtimes.

Tembisa_5: I have put together a Sunday Soul Sessions (weekly Events), in it, I am collaborating with my suppliers to support with event accessories like branded umbrellas, chairs, and other things, the DJs are providing sound and music and many other collaborators are involved. The aim is to attract customers to come and spend their time from during the day until late at night rather than buying alcohol at the malls and drink at the parks and only visit here at night.

Sub-section 2.4.3 of this study revealed that SMEs contribute more to technological, radical, and product innovations. Some authors (Rahmana et al., 2016:509) suggest that technological innovations are primarily practiced at the SME level, while Deshati (2015:269) and Haned et al. (2014: 491) posit that SMEs practice radical innovations more than incremental innovations; and Schilirò (2015:1) asserts that SMEs focus more on product innovations. This study identified a combination of non-technological, incremental, and service innovations being more preferred by SME liquor retailers in their innovation practices. In addition, the participants focused on innovative processes that improve services provided to customers. However, such innovative processes are copied from other businesses and modified. Eight (n=8, 38%) of the participants indicated a combination of non-technological, incremental, and process innovations, attested to follows:

Boks_5: We came up with the idea of building a rooftop bar for VVIP customers. It took about six months to build and set up all the equipment. Initially, the plan was to accommodate VVIPs customers, but then a lot of people want to find themselves at the rooftop bar and every customer pays the VVIP prices.

While the discussions in sub-section 2.4.3 highlighted that SMEs practice technological, radical, and product innovations, the findings of this study indicated that the participants applied a combination of non-technological, incremental, and process innovations. The participants focused on innovative processes that help them to sell their liquor products.

However, such innovative processes are copied from other businesses and modified. The other 10% (n=2) of participants, indicated a combination of technological-radical-business model innovations, as reflected in the excerpts below:

Daveyton_1: Let me tell you about that cabinet you see there, the alcohol you see inside does not belong to us, are owned by our top customers. My brother came up with the idea that we build a cabinet, the customers can buy top spirit alcohol and lock them in the cabinet. Every weekend when they come here they have their own alcohol. The idea was to influence them to come here every weekend since they are the high-end customers and make them feel special. I wish you could see when they are around, they really feel like kings of the township.

Tembisa_6: When I opened this place it was very bad, all the beauty that you see in here I did it over time. The most innovative thing that I came up with here was the installation of the point-of-sale (POS) system. At that time no other liquor retailers had such a system and the way I use it is even different from anyone around. Customers can go to that screen and order what they want and then choose the table number available and also pay at once and then proceed to their table.

This study also found that a minority of the participants applied a combination of technological and radical business model innovations. The participants focused on innovative processes that change or add to the processes of selling their liquor products. These findings corroborate the findings by Schilirò (2015:1) and Haned et al. (2014: 491), that SMEs were likely to practice technological, and radical innovations.

This study found that the majority of the participants combined non-technological-incremental-service innovations. This could be because SME liquor retailers are not developing their own liquor products but rather selling already made products and offering recreational and entertainment services.

5.2.5.3 Outcomes of innovations implemented

It was the researcher's intention to establish the outcomes experienced, following the participants' indication of the combination of IM processes they implemented in their businesses. All the participants (n=21, 100%) indicated that they were able to enhance competitiveness, as represented in the following statements:

Boks_2: This has helped a lot because more customer comes to buy here because at my competitors they don't have this kind of system [POS].

Kwatsaduza_1: Instead of the customers buying alcohol from big brands at the mall, they come here to watch soccer games and buy alcohol here because they know they cannot enter with alcohol from elsewhere.

Tembisa_5: I started experiencing quite an improvement on Sundays, customers are coming to chill at my place and sales are improving.

Daveyton_1 Initially we had around 8 customers for the cabinet, currently, all 25 slots are sold and more customers still want them. So the more the customers want these slots for me it means the idea is working for us.

IM practices were viewed as enablers of competitiveness. Organisations that practice IM can enhance their competitiveness (Manders et al., 2015:1). Thus, practicing IM plays an important role in the competitiveness of an organisation (Lesákováa, 2014:81). The findings of this study show that the implementations of innovative ways of doing business, the new process applied, or strategy adjusted in the participants` businesses resulted in enhanced competitiveness. The participants were able to compete with their competitors when they implemented innovative processes. These findings are consistent with findings by Rahmana et al. (2016:509) that SMEs who innovate with intentions of enhancing competitiveness produce positive results.

5.2.6 Innovation management frameworks already deployed by SME liquor retailers

Table 5.4 presents major themes, codes, and descriptions of codes used to analyse the responses of the participants.

Table 5.4: Summary of themes for the innovation management framework

Themes	Codes	Description of codes
IM framework	Framework for practicing IM	The framework used in practicing IM
	Competitive objectives for innovations	The setting of competitive objectives for innovations.
	Collaboration practices	Doing business together with other people or businesses.
	Launching of innovations	The introduction of innovations to the customers.
	Social media practices	The use of social media platforms.
	Measures of competitiveness	How competitiveness is measured.

5.2.6.1 Framework for practicing IM

The study established whether or not the participants followed a specific framework when developing and implementing their innovations. All the participants (n=21, 100%) indicated that they did not deploy any formal IM framework when practicing or managing their innovations. The following statements bear testimony to the fact:

Boks_3: For me, I come up with these new ways of doing things because I am trying to resolve a problem at hand, but I do not follow a specific way of applying it.

Boks_2: I would lie to say I follow some form of process, I just do what works for me.

Kwatsaduza_3: To tell the truth, we just do things as we go, we do not follow some formal method.

The IM framework was described by Erika (2016) as a systematic way of developing and managing innovations. The framework also includes the discovery, practice, measurement, improvement, and management of innovations (see sub-section 2.4.4). This describes a method used to translate innovations from ideas or solutions into economic benefits through commercialisation (Perry et al., 2015:10). Accordingly, Anderson et al. (2014:1298) also assert that as organisations seek to manage their innovations, they often face an obvious challenge of how to manage the innovations. In Table 2.2, it was listed that SMEs deploy straightforward and spontaneous frameworks when managing their innovations. This meant that SMEs do not deploy a formal framework for managing innovations. In this study, it was also discovered that the SME liquor retailers do not follow a specific systematic method and hence innovations are managed very casually according to the individuals' skills and competencies as is evident from the comments of the respondents.

5.2.6.2 Competitive objective for innovations

The findings of this study revealed that only 8 (38%) of the participants set competitive objectives at the beginning of their innovations. This implies that their innovations were competitive from the beginning. Figure 5.22 below evinces the participants' setting of competitive objectives for innovation.

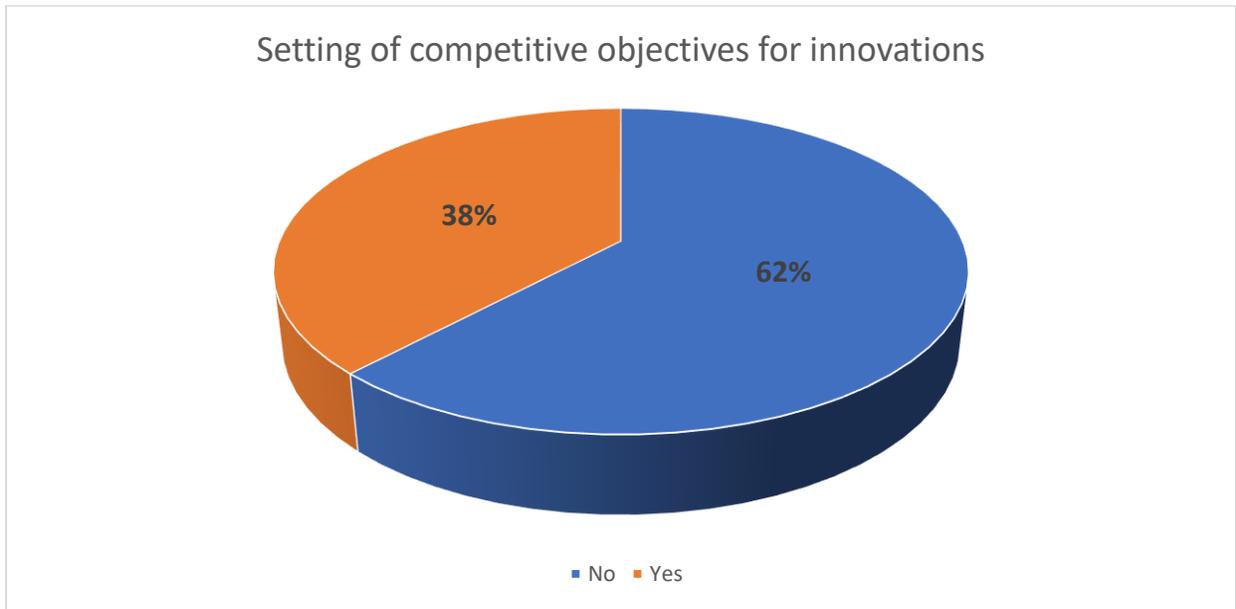


Figure 5.22: Setting of competitive objectives for innovations

The figure above shows that 13 (62%) of the respondents did not set competitive objectives at the beginning. Some of the responses from the participants were as follows:

Tembisa_6: I would lie to say that when I start implementing my new ideas I set objectives first, I just do things as long as they help me resolve my challenges.

Kwatsaduza_2: I don't decide at the start of the idea of what I want to achieve with it.

In sub-section 2.4.3, the researcher intimated that SMEs practicing IM should be meticulous, continuous, and objective-oriented (Louw et al., 2018:155). This is because SMEs may produce unsatisfactory results when innovating in the absence of objectives such as increased productivity, market share or profits, growth, and sustainability (Cheng & Chen, 2017:18; Manders et al., 2015:1). Innovating towards specific objectives increases the chances of success (Rahmana et al., 2016:510). However, this study found that innovations in the majority of SME liquor retailers are developed and implemented without clear objectives or intentions of what the innovation should achieve for the business. Eight (38%, n=8) of the participants responded that they do set competitive objectives at the beginning of their innovations. The participants presented their views as follows:

Boks_3: My motive to collaborate with SAB was driven by the need to counter the competition posed by the new and unlicensed retailers.

Tembisa_4: When I decided to come up with the pool table tournament, I wanted to bring more customers here and for them to spend more time and buy more beers here than to my competitors.

In contradistinction to the majority of the retailers that do not set competitive objectives at the start of their innovations, some liquor retailers do set objectives when developing their innovations. This could mean that their innovations are more likely to result in positive results for the businesses.

5.2.6.3 Collaboration practices

Participants of this study were asked whether they collaborated with other businesses during their operations. All the participants (n=21, 100%) responded that they did collaborate with other businesses. They mentioned the following in support:

Boks_1: I do collaborate with other liquor traders especially when it comes to the pool tournaments, we have different teams from different taverns coming to compete here or to other taverns.

Tembisa_3: I do business with other ladies, for instance at some point we organise an event at one of the ladies` places and we all bring our stocks and sell from there.

Daveyton_1: Our business cannot survive without collaborating with event planners, DJs, security, and many others. From time to time we engage in collaborative projects with other people.

From the narratives above, it is evident that the liquor retailers collaborate with other people and businesses, such as other liquor retailers and value-chain stakeholders in the SME liquor retail sector, suppliers, competitors, event planners, and entertainers in various projects.

5.2.6.4 Social media practices

The study established that the participants used social media in their businesses, as indicated in Figure 5.23 below.

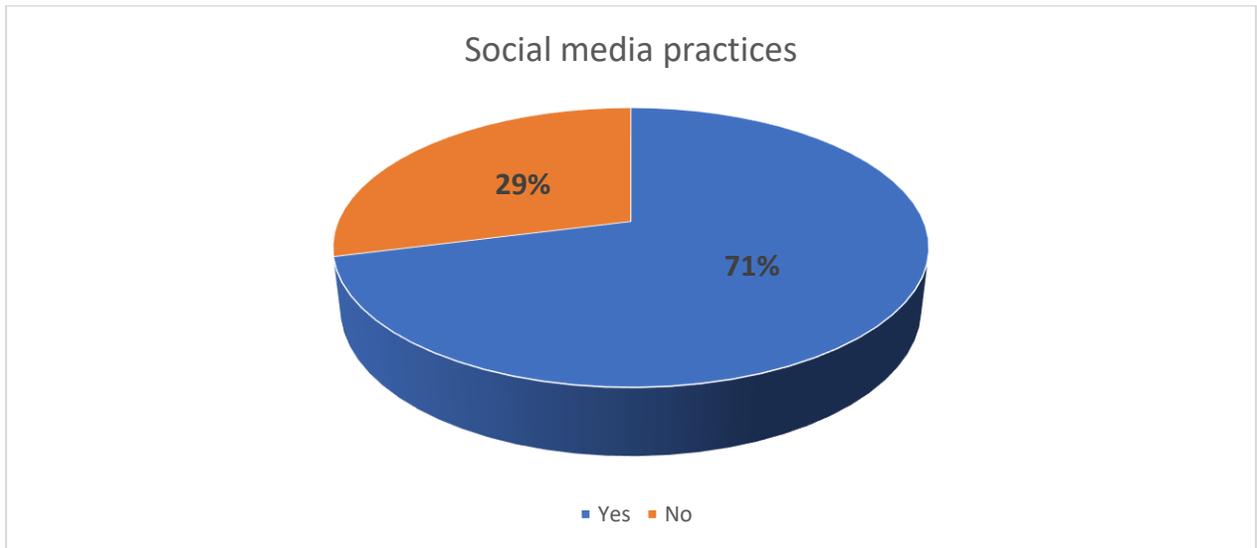


Figure 5.23: Social media practices

Figure 5.23 above depicts the participants' responses regarding their use of social media in their businesses. The majority of the participants (n=15, 71%) responded that they did use social media for marketing purposes. In support, they intimated:

Boks_5: We mainly market this business through Facebook and Instagram.

Tembisa_5: My son is also helping in the business and he does promote the business on social media sites.

Tembisa_4: I do share what is happening in the business using WhatsApp status only".

This study established that Facebook, Instagram, and WhatsApp were the most dominant social media platforms used by the participants for marketing their businesses. However, only 6 (29%) of the liquor retailers were not using social media. The participants mentioned the following in respect of social media usage:

Tembisa_3: Currently I do not use social media to promote my business".

Tembisa_2: I am on Google maps so that people can see my business online but currently I don't use social media".

5.2.6.5 Launch of innovations

Regarding the launch or introduction of new processes or changes in the business model to customers, it was found that 9 (43 %) of the liquor retailers did launch innovations, as indicated in Figure 5.24 below.

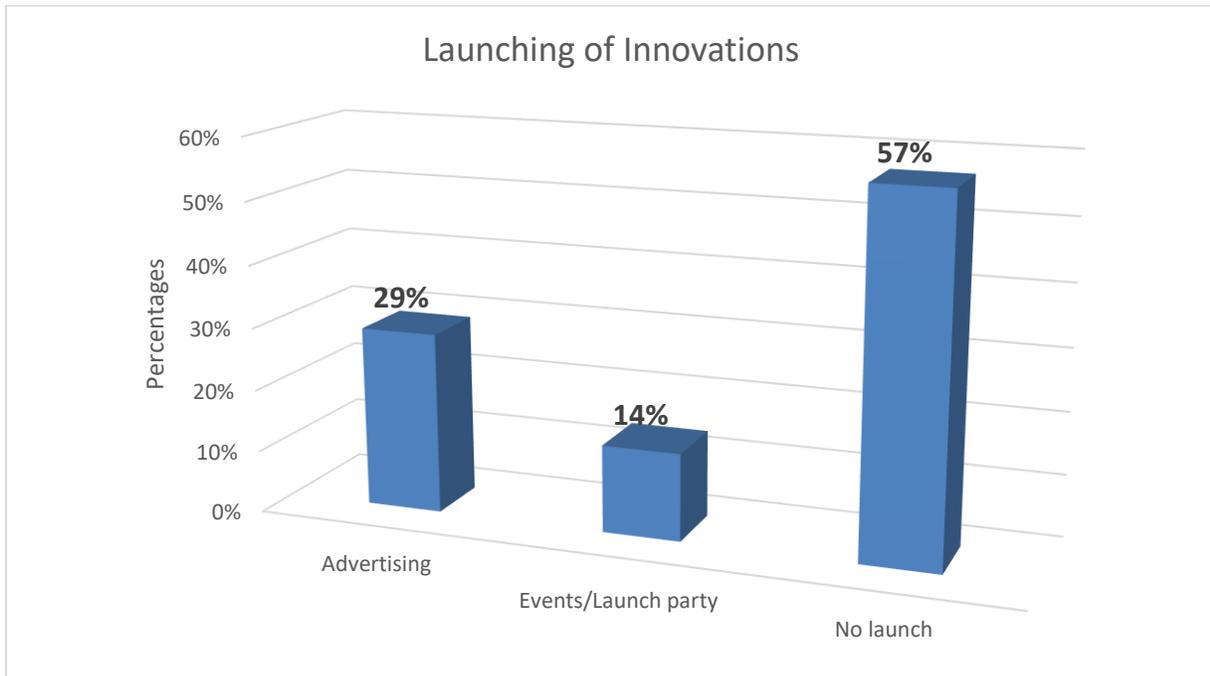


Figure 5.24: Launching of innovations

Extrapolated from Figure 5.24 above, is that the majority of the participants (n=12, 57%) did not launch or introduce innovative processes to customers. The participants said the following:

Tembisa_1: My customers simply see that there are new technological systems in my shop when they visit or come to buy.

Tembisa_4: Whenever I have something new that I am doing in the business, my customers normally find out as they visit, and I explain to them when they ask questions.

As discussed in subsection 2.4.3, the launching of innovations was regarded as one of the key factors for a successful innovation project, as advocated by Géraudel et al. (2017:354). This means that the prospects for successful innovations are vested in managers themselves launching their own innovations. In this research, the majority of the participants indicated that their customers only found out about the innovative processes after it has been implemented already, and only on their visit to the liquor retail outlets. Six (n=6, 29%) of the participants indicated that they mainly used advertising to launch their innovations to customers, as indicated in the following statements of the participants:

Tembisa_2: When I have my “specials” I print out posters and pamphlets and put them in the store, some I give to people when they come to buy.

Boks_4: *We advertise our innovations in social media and in-house posters.*

From these responses, it is evident that the participants use below-the-line advertising and social media to inform customers about the innovative processes in the business. The findings are consistent with the findings by Géraudel et al. (2017: 354) that found that promotional activities are some of the factors used to introduce innovative processes applied in the business to customers. However, 3 (14%) of the participants, responded that they used events or launch parties as a form of launching or introducing innovative ways of doing business, the new process applied, or the model adjusted to the customers. The participants said the following:

Daveyton_2: *A launch party is always the best start of anything new so that the customer can be introduced to the new idea.*

Daveyton_1: *Let me tell you about the customer liquor cabinet, which is used by customers to store their spirit alcohol only and can access them whenever they visit. When we started we offered top-end spirit alcohol and liquor cabinets to our top-end customers for free. We had an event to launch the idea and also posted it on our social media spaces.*

This finding in the study is similar to that of the findings by Géraudel et al. (2017: 354) who identified promotion activities as the key factors for the successful launching or introduction of new and innovative ways of doing business and innovative processes to customers.

5.2.6.6 Measure of competitiveness

The study sought to establish how participants measure the competitiveness of the business subsequent to the introduction of their innovative ways of doing business. Figure 5.25 below shows their measures of competitiveness.

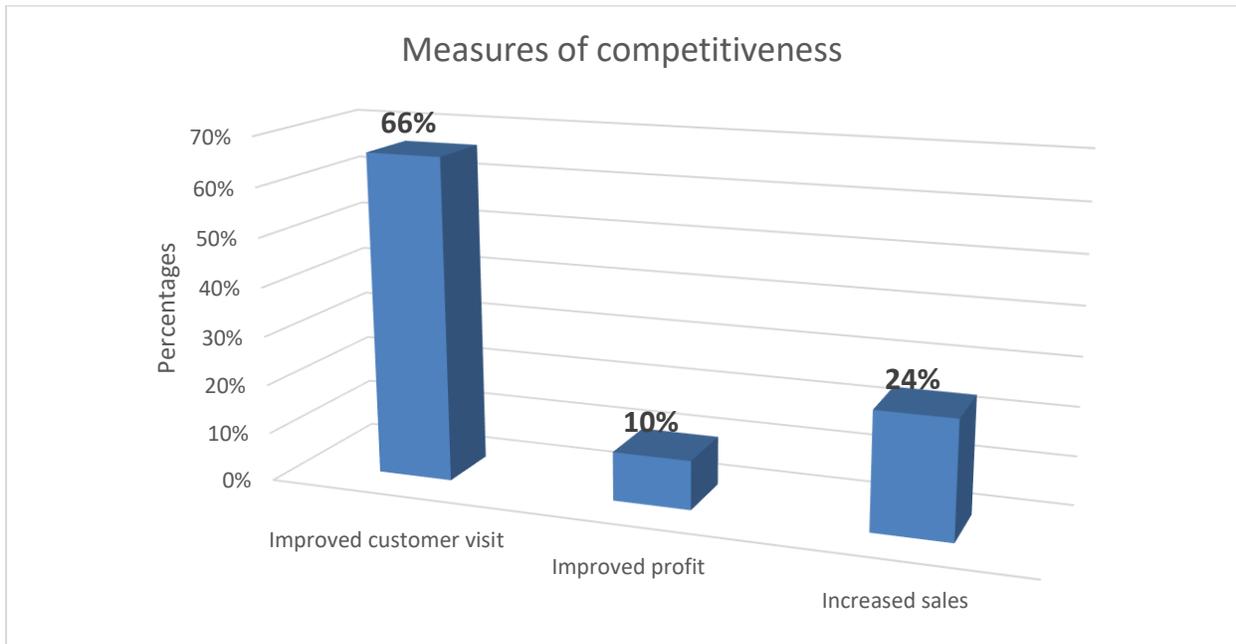


Figure 5.25: Measures of competitiveness

The findings in Figure 5.25 indicated that the majority of the participants (n=14, 66%) measured competitiveness by the increase in customer visits. To this effect, the participants mentioned the following:

Boks_1: The more the customers visit my property and buy drinks, then I will say my idea is working.

Tembisa_1: I measure it by seeing my customers often coming to spend their time in the business.

The measures of competitiveness in SMEs as noted in Section 3.5 included both financial and non-financial measures. Customers, as a measure of competitiveness, were also listed in Table 3.2 as a non-financial measure of competitiveness used at the firm level (Ceptureanu, 2015:56). Hence, it could be stated that the participants use customer visits, a non-financial measure of the success of their innovation. This could be because the participants believe that more customers result in more sales and more profits. In addition, 5 (24%) of the participants measured the competitiveness of their businesses following the introduction of innovation by means of increased sales. The following statement reflects their reliance on sales as a determinant of their business competitiveness:

Tembisa_2: I measure my innovative idea mainly on how many beers I sold and how much money I made and also with the timeline.

Sales measures for competitiveness can be regarded as financial measures used in competitive markets, as discussed in Section 3.5 and advocated by Tanu et al. (2018:2-3). In addition, 2 (10%) used improvement in profit to measure competitiveness. This is supported by the following statement of the participant:

Tembisa_5: How much profit I make will be the ultimate, however, how many customers come and spend their time here is the focus.

The minority of the participants responded that an improvement in profit in the business indicated that their innovative ways of doing business, the new process applied, or strategy adjusted is enhancing the competitiveness of the business. The more profit earned in the SME liquor retailers post the introduction of innovative processes was used to measure the competitiveness. One participant stated:

It does not matter how many beers I can sell, but how much profit I generate indicates to me that I am competitive against my competitors.

5.3 Summary of the Findings of the Research

Table 5.5 below summarises the main findings of the study as accruing from the various participant responses throughout this chapter.

Table 5.5: Summary of the main findings of the research

No	Main Findings
1.	Owners of the SME liquor retailers constituted 76% (=16) of the sampled participants, while managers were 24% (n=5). Furthermore, 16 (76%) of the participating SME liquor retailer held on-consumption liquor operating licences while 24% (n=5) only held off-consumption liquor retail operating licences.
2.	SME liquor retailers that were family-owned businesses were 76% (n=16), while only 5 (24%) were not family-owned. It emerged that 16 (76%) of the participating SME liquor retailers employed non-family members while 5 (24%) employed family members only.
3.	The top five operating challenges faced by the SME liquor retailers were: competition amongst peer retailers, competition from big liquor retailers, the lawlessness of illegal retailers, crime, and competition from illegal retailers. Accordingly, 17 (81%) of the participants experienced negative impacts emanating from liquor legislation, while 4 (19%) had positive impacts.
4.	Newness was viewed as critical to innovation by the majority of the participants (n=12, 57%), while innovation management was understood as a management discipline by 19 (90%) of the participants.

5.	Technological innovations were understood as physical technologies, non-technological innovations as marketing related innovations, while organisational innovations were understood as the new organisational method. The incremental innovations were referred to as improved innovations, while radical innovations were understood as innovations that were not in existence before. Product innovations were referred to as new features in a product, and process innovation as a new operation model; while service innovation was viewed as the new customer service model. On the other hand, business model innovation was equated to new selling methods.
6.	Competitiveness was understood from a performance-oriented perspective by 17 (81%) of the participants, while 4 (19%) of the participants understood competitiveness from a target-oriented perspective.
7.	All the participants (n=21, 100%) revealed that they made efforts to know about competitors and their operations by visiting competitors as customers and also surveying customers' views about competitors.
8.	The majority of the participants (n=14, 67%) deployed customer-oriented competitive strategies while 7 (33%) focused on sales-oriented competitive strategies.
9.	The findings showed that the majority of participants (n=18, 86%) viewed competitors' low selling prices as a challenge, while 3 (14%) experienced competitors' strong customer relationships.
10.	The competitive challenges faced by the participants had a negative impact with 18 (86%) losing market share, while 3 (14%) experienced rising operating costs.
11.	All the participants' liquor traders (n=21, 100%) utilised strategic solutions to mitigate the competitive challenges they experienced.
12.	It emerged that the participants experienced an improvement in competitiveness as a result of the deployed strategic solutions.
13.	The findings showed that only technological and non-technological innovations were applied in the SME liquor retailers, while organisational innovations were not. It has also emerged that the majority of the participants (n=17, 81%) applied incremental innovations, while only 4 (19%) applied radical innovations. About 10 (48%) of the participants applied service innovations and 9 (42%) applied product innovations; while process and business model innovations were only applied by 1 (5%) of the participants.
14.	A combination of non-technological-incremental-service innovations was applied by the majority of the participants (n=11, 52%). A combination of non-technological-incremental-process innovations was applied by 8 (38%) of the participants. Meanwhile, a minority of the participants (n=12, 10%) applied a combination of technological-radical-business model innovations.
15.	It emerged that implemented innovations did enhance the liquor retailers' competitiveness.
16.	The findings show that the participants did not follow any specific IM framework in developing and managing their innovations.

17.	The majority of the participants (n=13, 62%) did not set competitive objectives when they developed their innovations, while 8 (38%) did set competitive objectives.
18.	All the liquor retailers (n=21, 100%) indicated that they collaborated with other fraternal businesses and industries. It also emerged that the majority of the participants (n=15, 71%) used social media platforms for marketing and communication, while only 6 (29%) did not.
19.	The findings showed that the majority of the participants (n= 12, 57%) did not introduce or launch innovative ways of doing business, new processes, or strategy adjusted to customers; while 6 (29%) used advertising, and 3 (14%) used events/launch parties to introduce new innovations to customers.
20.	The majority of the participants (n= 14, 66%) measured the competitiveness of the business following the introduction or launch of innovative ways of doing business, new processes, or strategies adjusted to customers. Only 5 (24%) used sales measures, while only 2 (10%) of the participants used profit measures.

5.4 Proposed IM Framework to enhance competitiveness in SME liquor retailers

From the findings discussed above, it was found that when developing and managing innovations in the SME liquor retailers, the managers and owners do not follow a specific method or formal IM framework. Therefore, it is necessary for a framework to be developed to enable SME liquor retailers to practice IM in a structured and formal manner in order to improve their competitiveness. As discussed in sub-section 2.4.4, IM frameworks relate to a systematic way of developing and managing innovations and include elements of discovering, practicing, measuring, improving, and managing innovations (Erika, 2016). The IM framework also relates to a systematic method of translating innovative ideas or solutions into economic benefits through commercialisation (Perry et al., 2015: 10).

Accordingly, the researcher developed an IM framework to enhance competitiveness in SME liquor retailers (see figure 5.26). The proposed framework is adapted and expanded from the CX-BMI Framework proposed by Keiningham et al. (2019). The CX-BMI Framework is aimed at linking business model innovation to desired customer experiences in a service organisation. The framework consists of three steps: customer experience (CX) profile; strategic orientation (SO) profile; and the alignment of CX and SO. The proposed new IM framework focuses on enhancing the competitiveness of SME

liquor retailers and consists of six steps: practicing competitive intelligence (CI); developing customers and competitors profiles (CCP); developing competitive strategy (CS); developing an innovation project (IP); alignment of CI, CCP, CS, and IP; and implementation. In addition, the IM framework allows for developing and implementing new and innovative ways of doing things, new or improved processes, or innovative adjustments to a strategy by aligning competitive market activities with innovation projects to enhance competitiveness in the SME liquor retailers. Figure 5.26 below illustrates the IM framework and its concomitant six steps.

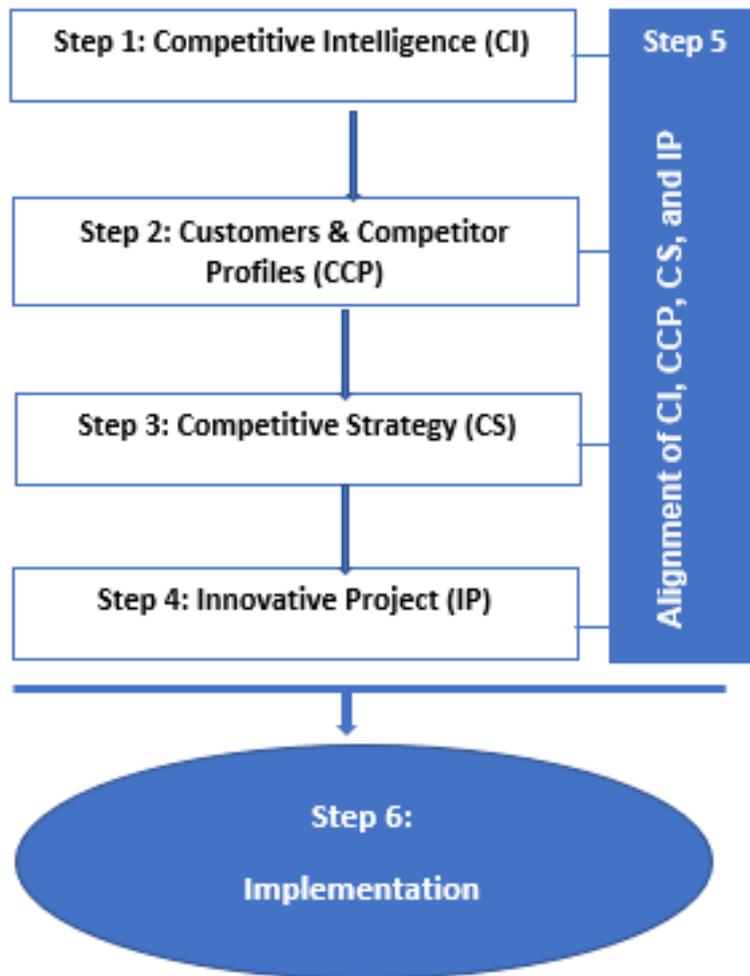


Figure 5.26: IM Framework to enhance competitiveness in SME liquor retailers

5.4.1 Step 1: Competitive Intelligence (CI)

The first step in the proposed IM framework is to create and deploy a formal competitive intelligence (CI) method. As defined by Priporas (2019:999), CI is a legal and ethical

method used to gather information about competitors. The method enables organisations to study, analyse, plan, and respond to competitive activities in the market. Through its creation and deployment of a formal CI, this step aims to help understand competitors' activities, practices, and market positions. Through a formal CI method, SME liquor retailers will be able to determine the nature, type, and usage of information they need. The information gathered will enable the SME liquor retailer to know about the activities of the competitors and the needs of the customers. Furthermore, the information that they acquire will enable the SME liquor retailers to know and understand their competitive challenges, as well as possible market gaps they could occupy. The intelligence (market information) that they gather will be legal and ethical, rather than spying on their competitors by making visits and posing as customers and relying on their customers for such information; as is currently the practice (see Section 5.2.4.2).

Therefore, to acquire knowledge about competitors and market activities (though this is possibly the situation), it is essential that managers be involved in partnerships and collaborations with other stakeholders who can assist them with CI feasibility since they (SME managers) are very small with mainly family and unskilled workers. This step of the framework will assist SME liquor retailers to enhance their competitiveness by acquiring relevant information, legally and ethically, and possibly through collaborative partnerships. The acquired information will position SME liquor retailers within the competitive context and provide valuable direction to the management of SME liquor retailers regarding the competitive activities of their customers and competitors around which they should be innovating. This step of the framework will further enable SME liquor retail managers to develop customers' and competitors' profiles (Step 2) and define the competitive activities around which they should be innovating. These are step two activities of the proposed framework and are highlighted in the next section.

5.4.2 Step 2: Customers and Competitors Profiles (CCP)

This step aims to develop customers' and competitors' profiles (CCP) by identifying the SME liquor retailer's target and potential customers' and competitors' competitive activities relevant to innovation. Customers are the lifeblood of an organisation, without which an organisation will cease to exist. In the liquor retail market, the consumption of liquor products is central to the business, with some consuming the products within the

retail premise, while others consume away from the retail premise. Keiningham et al. (2019) conducted a customer profile survey to understand customer behaviour. However, such a specific focus was not possible in this study. This study found that SME liquor retailers acquired information about competitors by visiting competitors and disguising as customers and surveying their competitors' operations through customers of the self-same competitors. It is essential for SME liquor retailers to create profiles of their customers. Such an orientation will provide a much-needed framework for marketing purposes. It will also help managers to understand the targeted customers' foremost needs, and how best to provide services and products that meet such needs.

In the liquor retail market, competitors supply or sell liquor products directly to customers, some for consumption within the retail premise while others for away consumption. While Keiningham et al's. (2019) framework did not provide competitors' profiles, this framework proposes such a step. This study found that SME liquor retailers mostly acquired information about competitors through their disguised visits. These retailers applied a similar modus operandi to acquire information from other competing SMEs and large liquor retailers, as well as off-consumption and on-consumption liquor retailers. SME liquor retailers should create competitors' profiles to help them understand these competitors' operations, marketing, and competitive activities. This will help them identify potential competitive activities relevant to innovation.

Consumers and competitors generally define the liquor market environment and subsequently develop CCP that identifies the SME liquor retail customers and competitors as critical components for enhancing competitiveness. CCP will help the SME liquor retailers to understand customer behaviours and needs, and competitor activities. This will enable them to provide services that fit customer profiles and are a competitive fit against competitors. In section 5.2.6.2, this study revealed that the majority of SME liquor retailers (62%) did not set competitive objectives for innovations. CCP will also help the SME liquor retailers to set competitive objectives and find the most appropriate innovations to attract customers and address the array of challenges they face.

In developing CCP, the liquor retailers are following a deliberate process of determining competitive activities relevant to attract, acquire, and maintain customers, and providing better services than competitors. The information regarding competitor knowledge in

subsection 5.2.4.2 of this study could be used to build competitors' profiles. SME liquor retailers indicated that they acquired information about competitors and their operations through visiting competitors' businesses as a customer and also surveying their customers about the competitors' offerings. Also, Step 1 of the framework proposed the deployment of a formal CI process. The information gained through CI can be used to create customers' and competitors' profiles.

5.4.3 Step 3: Competitive Strategy (CS)

This step aims to develop a competitive strategy (CS) by identifying the competitive strategic direction and related implications relevant to the enhancement of SME liquor retailers' competitiveness. Uchegbulam et al. (2015: 327) define CS as a game plan allowing management to compete in their chosen market, and also as a tool for enhancing or sustaining competitive advantage. A competitive strategy sets a competitive direction and defines new market opportunities that can be pursued by the SME liquor retailer. In developing and pursuing CS, the SME liquor retailers will be embarking on a deliberate process of strategy making, including expected actions to be undertaken and objectives to be achieved. This research found that SME liquor retailers adopted customer-oriented and sales-oriented competitive strategies. These strategies were deployed and aligned to the desired competitive results of the organisations, as propounded by Mazzola et al. (2018:1355) and Utami and Lantu (2014:309).

To illustrate how this strategy may be achieved within the context of the study's proposed framework, SME liquor retailers should focus on competing to win both customers and outperforming competitors. In sub-section 5.2.4.3, this study revealed that SME liquor retailers deployed CS for attracting, acquiring, and maintaining customers better than competitors, as well as sales-oriented strategies whose objective was to generate more sales revenue than their competitors. SME retailers' competitive strategies either focus on customers or competitors. SME liquor retailers should focus rather on a customer-oriented competitive strategy because customers are the lifeblood of their operations. Therefore, such a focus will help them attract the target customers because competitors are vying for the same customers they are targeting.

In the context of the study's proposed framework, the CS of the SME liquor retailers should be integrative and focus on CCP by creating competitive strategies that are aimed at customers' profiles and competitors' profiles. In this study, findings revealed in sub-section 5.2.4.3 that SME liquor retailers either adopted a customer-oriented or sales-oriented competitive strategy. SME liquor retailers need to integrate both customer-oriented and competitor-oriented strategies in an integrative manner. By creating and deploying an integrative competitive strategy, SME liquor retailers should be able to attract, acquire, and maintain customers while doing better than their competitors.

5.4.4 Step 4: Innovation Project (IP)

This step aims to develop an innovation project (IP) by identifying and combining IM processes relevant to the competitiveness of SME liquor retailers. As discussed in sub-section 2.4.2, IM processes include the classifications, degrees, and types of innovation (i.e. technological, non-technological, and organisational innovations). The degrees of innovation are composed of radical innovations; that is, new inventions that are usually produced with new knowledge, while incremental innovations include improvements or configuration of an existing innovation or technology (Manders et al., 2015:2; Rodrigues & Pereira da Costa, 2015:60). On the other hand, types of innovations pertain to the existing forms of innovations in business operations and the market and encompass product, process, service, and business model innovations (Nicolaidis (2014:4).

An IP defines the development of new and innovative ways of doing things, new or improved processes, or innovative adjustments to a strategy that should be implemented to the organisation to enhance its competitiveness (Géraudel et al., 2017:354). In developing an IP, the SME liquor retailer embarks on deliberate operational decision making, including the management competencies such as project and collaboration management and its implementation plans. As revealed in sub-section 5.2.5.2, innovations implemented in the SME liquor retail were spontaneous and as a response to challenges faced. This method of developing IP helps organisations to mitigate challenges faced but fails to pursue or take advantage of opportunities in the market. By developing IP, SME liquor retailers should be able to develop their innovations in a structured way rather than spontaneously, and develop competitive innovations and opportunities, rather than responding to challenges only.

In the context of this framework, SME liquor retailers should develop IPs that are both responsive to challenges and proactive to competitive opportunities. This process should include developing ideas and determining the IM processes (classifications, degrees, and types of innovations) to be deployed in order to enhance the competitiveness of the SME liquor retailer. Also, the management of competencies relevant to successfully implementing a collaboratively managed IP should be determined. Lastly, the implementation plan should be developed, detailing how and when the IP will be implemented. Sub-section 5.2.6.5 revealed that the majority of SME liquor retailers did not launch or introduce their innovative processes to customers during implementation. Implementation plans will detail how and when the IP will be introduced and deliver innovation processes to customers. SME liquor retailers will be able to enhance their competitiveness by developing and implementing IPs that are both responsive to challenges and proactive to competitive opportunities.

5.4.5 Step 5: Alignment of CI, CCP, CS, and IP

This step is the core of the framework, considering that it aims to ensure alignment of activities of step 1 to step 4 of the framework. Thus, the primary objective of step 5 is to ensure that the innovation project is developed such that it responds to knowledge acquired in CI, targets customers and competitors' activities identified in CCP, and is based on achieving the CS objectives. In sub-section 5.2.6.2, this study revealed that the majority of SME liquor retailers did not set competitive objectives for innovation. Such a process restricted them to determine clear objectives or intentions of the nature of the innovation process and achievements for the business. To successfully align IP to CI, CCP, and CS, the following questions should guide the process:

- Does the IP address the knowledge, market gaps, and competitive challenges identified in CI?
- Does the IP address the target and potential customers' and competitors' dimensions developed in CCP?
- Does the IP address the competitive objectives and tactics set out in CS? (Keiningham et al., 2019:435).

Step five (alignment) of the proposed framework forces managers to ensure that the developed IP is relevant to enhance the competitiveness of the SME liquor retailers. In addition, it calls on managers to ask the right questions about how the IP can be changed

to capitalise on market gaps and/or differentiate the SME liquor retailer from its competitors.

5.4.6 Step 6: Implementation

The final step of the framework pertains to the implementation of the innovation project (IP). That is, implementing the new and innovative ways of doing things, new or improved processes, or innovative adjustments to a strategy that should enhance the competitiveness of SME liquor retailers. In implementing and managing the IP, the SME liquor retailer is following the operational management process of introducing, managing, and supporting the new and innovative ways of doing things, new or improved processes, or innovative adjustments to an existing strategy to enhance the competitiveness of SME liquor retailers.

To illustrate how this may be done within the context of the proposed framework, SME liquor retailers should introduce or launch new and innovative ways of doing things, new or improved processes, or innovative adjustments to a strategy to customers using mechanisms such as launch parties and advertising campaigns. In sub-section 5.2.6.5, this study revealed that some SME liquor retailers launch or introduce their innovation projects to customers. However, this was only done by a minority (n=6, 29%) who used advertising, and 3 (14%) who used launch parties; while the majority (n=12, 57%) do not launch or introduce their innovations. The managers should manage the IP using the management competencies identified in the development of IP, and support the implementation of the IP by launching or introducing their innovations to customers and using social media platforms to constantly communicate the new and innovative ways of doing things, new or improved processes, or innovative adjustments to a strategy with customers. By launching or introducing and constantly and continuously communicating IP to customers as part of the implementation, SME liquor retailers will be able to enhance their competitiveness. Since most people in the townships have mobile phones, using social media will make it easy and assist the liquor retailers since their businesses are already within the physical proximity of the consumers.

The sixth step of the IM framework outlined in sub-section 5.4.1 to sub-section 5.4.6 serves as a guide for SMEs in both the retail and services operations, and managers can

deploy it to a project or organisation as a whole to enhance the competitiveness of their business organisations. Thus, the IM competitiveness framework is not only a management tool of innovations but also a framework for the management of competitive activities in SME retail and service environments.

5.5 Summary

This chapter presented the findings of this research and provided an analysis of data from the 21 interviews conducted with owners and managers of SME liquor retailers in the Ekurhuleni Municipality area. The findings were related to the primary and secondary research questions as stated in Chapter 1, with the main aim of investigating IM and the extent of enhancement of competitiveness in SME liquor retailers in Ekurhuleni Municipality.

The findings indicate that SME liquor retailers in Ekurhuleni Municipality certainly practice IM, focusing mainly on technological and non-technological, incremental, and service and process innovations. SME liquor retailers managed to develop and implement strategic solutions to mitigate the competitive challenges they faced. Such mitigation led to enhanced competitiveness. The findings also revealed that SME liquor retailers needed to practice IM as they operated in a highly competitive industry and faced weakening competitiveness. In addition, the SME liquor retailers collaborate with value-chain stakeholders in the industry and use social media technologies to market their businesses. However, innovation projects implemented in the SME liquor retailers were spontaneous and mainly developed and implemented as a response to competitive challenges experienced. Accordingly, innovation projects could not help SME liquor retailers to pursue opportunities and enhance competitiveness, but rather to mitigate the challenges experienced. As a result, the researcher developed an IM framework that could help SME liquor retailers to develop and manage their innovation projects with the aim of enhancing competitiveness. The IM framework will help SME liquor retailers to plan, develop, implement, and manage innovation projects and enhance their competitiveness.

The next chapter presents the conclusions and recommendations emanating from the research findings and indicates areas for further research.

Chapter 6: Conclusions and Recommendations

6.1 Introduction

This chapter presents the study's conclusions and recommendations for helping the SME liquor retailers to practice IM in a more structured manner to enhance their business competitiveness innovatively. In this regard, an overview must be provided relating to the research's purpose and its objectives. The discussions about the research's critical findings are presented in the context of the research objectives. Several initiatives already identified as outcomes of this study are also addressed as precursors to important units of analysis such as the identified main recommendations, personal reflections on the research, future studies, and key limitations of the research.

6.1.1 Overview of the Research

The South African SME sector operates in a competitive business environment that imposes challenges on operating a business and needs innovative and competitive solutions to survive or grow in terms of its competitiveness (Lebusa, 2013:77). To survive and grow in the market, SMEs face inflexible competition that requires competitive behavioural practices. Moreover, SMEs failing to respond competitively in the challenging business environment face the fate of failing to survive and becoming part of the statistics of SME failures as 90% fail within a decade of the establishment (Wolmarans and Meintjes, 2015: 91-92). Against this background, the research focused on SME liquor retailers, the SME sector that operates in a highly competitive market. Despite the direct and indirect negative impact on health and criminal activities, the SME liquor retailers form a greater part of the value chain of the liquor industry (Herrick et al. 2015:3; Shand, 2017:4). As a result, they contribute to job creation, tax revenue, and GDP allocation. In this regard, the SME liquor sector employs thousands of people from marginalised and previously disadvantaged communities. Such a state of affairs necessitated research in the SME sector a significant and valuable factor, considering the role these businesses play in creating a form of income for many South Africans (Mrasi, 2016:31).

As noted in Section 2.3, the liquor retail market is contested by legally permitted SME liquor retailers with on-consumption and off-consumption licences and a large pool of

illegal liquor retailers. Also, emerging large liquor retail organisations and franchise operations have become part of the contestation, contributing to the intense market competitiveness (Karanja et al., 2013:114). In order to grow or survive in this kind of business environment, SMEs require competitive business practices and a shift towards innovative and information-based business practices (Karadag, 2016:30). In light of the latter statement, it was vital to understand how the SME liquor retailers practiced IM to determine its (IM's) enhancement of their own competitiveness. Hence, the researcher considered it important to interrogate the development of an IM framework that could be applied by SME liquor retailers to assist them in their practice of IM to enhance their competitiveness.

6.1.2 Research Objectives

The purpose of this research was to investigate IM and how it could enhance competitiveness of SME liquor retailers in the Ekurhuleni Municipality. Therefore, the objectives of the research were as follows:

- Establish what innovation management is and how it can be of use to organisations.
- Establish what competitiveness is and how it can be of use to organisations.
- Establish what SMEs liquor retailers in Ekurhuelni understand as IM.
- Explore what SMEs liquor retailers in Ekurhuelni understand as competitiveness.
- Ascertain how IM is practiced by SME liquor retailers in Ekurhuelni.
- Develop an IM framework to enhance competitiveness of SME liquor retailers.

6.2 Summary and Discussion of Findings

Consonant with the study purpose and the afore-cited objectives, a qualitative interview research method was selected to successfully understand and analyse IM practices in the competitive environment of SME liquor retailers. Complementing this approach was a detailed literature review in the subject areas detailed particularly in Chapters 2 and 3. The findings of the research are discussed briefly in correlation with the objectives mentioned above.

6.2.1 Research Objective 1: To establish the nature of innovation management, and how it can be of use to organisations

The primary aim of this study was to establish how IM could enhance competitiveness of SME liquor retailers in the Ekurhuleni Municipality. In achieving this aim, the researcher initially reviewed the literature on SMEs, liquor retailers, IM, and competitiveness as detailed in Chapters 2 and 3. In South Africa and other countries around the world, SMEs are crucial for employment creation, contributions to government revenue, and GDP distribution. SMEs are widespread in most industries, including the liquor sector in South Africa. This study revealed that SME liquor retailers, specifically in the Ekurhuleni Municipality, contribute to the economy of the country by creating employment for the economically marginalised people. However, the SME sector experiences hardships in growing and surviving across industries and nations (Akben-Selcuk, 2016: 1). In the South African liquor industry, SME liquor retailers operating in a strictly regulated environment and compete with both large established organisations and a number of illegal liquor retailers, resulting in an uncompetitive SME regime.

In sub-section 2.4.1, innovation was defined as newness or improvement, which can either be the radically new or enhanced product, process, or organisational practice; a new solution to a current problem, or a solution to a new problem and/or introduction of new products, new methods of production, new market, new sources of supply of raw materials and new business model aimed at increasing business performance (Quinn et al. 2013:82). Accordingly, the definition of IM was presented as an institutionalised management discipline for managing innovations in the development of new products, processes, services, or business models for commercialisation (Sharma, 2016: 61).

It was also found that IM processes that are generally practiced in organisations are referred to as the classifications, degrees, and types of innovations Fuentes and Soto (2015: 171). In sub-section 2.4.2, this study discussed the classifications of innovation such as technological, non-technological, and organisational innovations. The degrees of innovations discussed were the radical and incremental innovations, and the types of innovations discussed included the product, process, service, and business model innovations. Accordingly, the researcher discovered that IM practices in the SME

environment follow spontaneous and direct processes, as opposed to formal, systematic, and framework-based processes, as is the case in large organisations.

6.2.2 Research Objective 2: To establish the nature of competitiveness, and how it can be of use to organisations

Section 3.2 provided discussions on the competitiveness of an organisation and its ability to perform better than its competitors. Accordingly, competitive challenges such as globalisation and solutions such as deploying innovation-oriented practices within the SME environment were identified. In Section 3.5, the measures of competitiveness in SMEs was examined and revealed that SMEs use financial measures such as profitability and non-financial measures such as customers to assess their competitiveness.

The reviewed literature revealed a road map for establishing the second, third, fourth, and fifth research objectives, which included the establishment of the participants' understanding of IM and competitiveness, how IM is practiced in the SME liquor retailers, and the IM framework used to enhance competitiveness in SME liquor retailers.

6.2.3 Research Objective 3: To establish what SME liquor retailers in Ekurhuleni understand as IM

As discussed in subsection 5.2.3.1, the findings revealed that the participants in the SME liquor retailers understood innovation from various perspectives. These included understandings of innovation as related to newness, improvements, use of machines, and use of social media platforms. In addition, it could be determined that the relevant role players in the liquor retail industry understood IM as being a management discipline of managing innovations.

In sub-section 5.2.3.2, the liquor retail owners' and managers' understanding of IM processes (classification, and degrees) was discussed. In terms of these innovation classifications, technological innovations were related to physical technologies, non-technological innovations to marketing activities, while organisational innovations were linked to a new organisational method. It was also found that the participants understood the incremental degree of innovation as being an improvement in an already existing innovation, while an innovation that never existed before was regarded as a radical

degree of innovation. In terms of types of innovation, 10% of the participants understood product innovations as new features in a product, process innovation as a new operating model; service innovation as a new customer service model, and business model innovation as a new selling model. Meanwhile, 90% of the participants indicated that innovations are novel things used or applied in the business, but could not identify such innovations practically. Despite their IM practice in their businesses, the participants had a limited understanding of these types of innovations.

6.2.4 Research Objective 4: To explore what SME liquor retailers in Ekurhuleni understand as competitiveness

The findings revealed that 81% of participants in SME liquor retailers understood competitiveness as the ability to perform better than competitors, thus a performance-oriented perspective; whereas 19% related competitiveness to the ability of the business to meet its set targets, thus, a target-oriented perspective. The research clearly showed that competitiveness means the ability to surpass competitors.

It was also noted that, in light of enhancing competitiveness, the participants made efforts to acquire knowledge about competitors and their operations. The participants engaged in mechanisms such as visiting competitor`s businesses and masqueraded as customers but surveyed their competitors` customers' offerings as a means of acquiring knowledge about their business operations. These `spying` visits enabled owners and managers to obtain better knowledge about their competitors and to use this knowledge to improve their operations for enhancing their competitiveness. Accordingly, this research found that 67% of SME liquor retailers focused on customer-oriented competitive strategies based on attracting and maintaining customers, while 33% focused on sales-oriented competitive strategies based on selling alcoholic beverages more than their competitors.

In addition, the researcher found that SME liquor retailers are faced with competitive challenges such as competitors` low selling prices and competitors` strong customer relationships. These challenges affected the competitiveness of SME liquor retailers. Accordingly, the competitive challenges induced negative impacts, with 86% of SME liquor retailers experiencing a loss in market share, while 14% experienced rising operating costs.

The research findings also showed that participants developed and implemented strategic solutions to resolving competitive impacts. The owners and managers of the SME liquor retailers implemented solutions that strive to attract and maintain customers to support their businesses than their competitors. In this regard, the researcher discovered that the implemented strategic solutions enhanced competitiveness of SME liquor retailers. The findings further revealed that the SME liquor retailers managed to attract and maintain customers, and also improve their market share through strategic solutions.

6.2.5 Research Objective 5: To ascertain how IM is practiced by SME liquor retailers in Ekurhuleni

It was found that technological and non-technological innovations were used by the SME liquor retailers, while organisational innovations were not used. Innovations such as point-of-sale (POS) devices and the use of social media for marketing activities were used in the SME liquor retailers. This research also found that, in terms of the degrees of innovations, 81% of the SME liquor retailers indicated that their innovations were incremental as their innovations were copied and improved from others; while 19% of the liquor retailers indicated their innovations were radical in nature, on the basis that such innovations were completely new and not in existence elsewhere. Furthermore, in terms of the types of innovations, this research found that service and product innovations were practiced more in the SME liquor retailers; while business model and process innovations were less practiced. SME liquor retailers mostly develop and implement new products such as making their own cocktails, recipes, and innovations aimed at enhancing services to customers.

The researcher established that 52% of the participants combined non-technological, incremental, and service innovations in their IM practices. The innovations applied were non-physical, copied, and improved from others, and service provision in nature. Additionally, 38% of the participants indicated a combination of non-technological, incremental, and process innovations. Innovations such as point-of-sale (POS) systems were used to process transactions, and 10% of the participants combined technological, radical, and business model innovations. The research found that new technologies such as social media platforms were applied.

In addition, the researcher discovered that the implemented innovations by the SME liquor retailers brought positive outcomes to their competitiveness. An improvement in competitiveness, such as improved customer, market share, and sales, was realised by the SME liquor retailers. The participants managed to perform better than their competitors by attracting and maintaining customers to support their businesses as a result of the implemented innovations.

6.2.6 Research Objective 6: To develop an IM framework to enhance competitiveness of SME liquor retailers

The findings revealed that the SME liquor retailers did not deploy any specific IM framework in managing their innovations. Accordingly, the SME liquor retailers did not set competitive objectives at the beginning of their innovative ways of doing business or processes applied. About 62% of the SME liquor retailers developed innovative ways of conducting business and innovative strategy adjustment without any clear objectives.

It was also found that SME liquor retailers collaborated with other businesses. This included other liquor retailers and value-chain stakeholders such as event planners, suppliers, and entertainers. Accordingly, the researcher discovered that SME liquor retailers used social media for marketing purposes. About 71% of SME liquor retailers used social media platforms such as WhatsApp, Facebook, and Instagram for marketing and communication purposes.

Finally, the research findings showed that 57% of SME liquor retailers did not launch or introduce innovative ways of conducting their business, neither were new processes applied nor were their strategies adjusted to the needs of customers. The customers only find out about these innovative ways as they come to the SME liquor retailer to purchase their alcoholic beverages. The other 43% that did launch or introduced their innovative ways of doing business, applied new processes, or adjusted strategies to customers, also used advertising and events/launch parties. Below-the-line advertising and hosting a launch party were mechanisms used to introduce and innovate ways of doing business, applied new processes, or adjusted their strategy to customer needs. The researcher also found that 66% of the SME liquor retailers measured the competitiveness of their businesses after the introduction of their innovative ways of doing business, the new

process applied, or strategy adjusted by the improvements in customer visits. The more customers visited and spent time in the business, also signified enhanced competitiveness. Other measures of competitiveness used by the participants included sales and profit measures.

The proposed IM framework (Fig 5.26) was developed to enhance the IM of the liquor retailers and enable them to enhance their competitiveness in the context of the findings referenced in sub-sections 6.2.1 to 6.2.5. The proposed framework derives from the CX-BMI Framework proposed by Keiningham et al. (2019). The proposed IM framework consists of six steps focused on managing innovation activities to enhance competitiveness of SME liquor retailers. The findings further identified that SME liquor retailers did not use formal and ethical ways of gathering information about competitors and did not introduce or launch their innovative processes to customers. As such, these ethical standards need to be incorporated as part of the SME liquor retail industry. The proposed IM framework can assist in solving the identified research problem, namely: how IM could enhance competitiveness of SME liquor retailers in the Ekurhuleni Municipality.

6.3 Recommendations

After addressing the research objectives, the following recommendations are presented as the researcher's propositions that could be useful for SME liquor retailers' enhancement of competitiveness.

6.3.1 Deployment of Formal Competitive Intelligence Process

It is recommended that SME liquor retailers should deploy formal competitive intelligence processes and tools to assist them to gather information legally and ethically about fraternal competitors, and be able to study, analyse, plan, and respond to competitive activities in the market.

The findings of the study in sub-section 5.2.6.2 revealed that SME liquor retail owners and managers were able to learn, know, and understand their competitors and their business modus operandi. The participants visited competitors' businesses disguised as

a customer to solicit information and also surveying their competitors' customer' offerings. The research revealed that such efforts afforded the SME liquor retailers better knowledge about their competitors. However, these efforts were not formal and only aimed at knowing how the competitors were doing business and were not systematically aligned with using the acquired information in response to the market.

Therefore, the researcher recommends that SME liquor retailers should deploy formal competitive intelligence processes to enable them to study, analyse, plan, and respond methodically to competitive activities in the market. Accordingly, formal competitive intelligence processes will enable SME liquor retailers to gather information about competitors legally and ethically and enable them to make better business decisions that enhance competitiveness. Through a formal competitive intelligence process, SME liquor retailers can determine what information they want, and how to obtain and use such information. A formal competitive intelligence process will also enable SME liquor retailers to enhance competitiveness by “creating new growth opportunities, minimizing the impact of surprises, enabling faster responses to changes in the marketplace, improving the quality of strategic planning processes, identifying potential vulnerabilities, and providing an early warning or alert for competitive threats” (Priporas, 2019: 1000).

6.3.2 Developing Innovative and Competitive Solutions

It is recommended that SME liquor retailers should develop innovative and competitive solutions to enhance their competitiveness.

In sub-section 5.2.4.6, the researcher identified that while SME liquor retailers were resolving the impacts emanating from competitive challenges that they encountered, they also implemented strategic solutions. Therefore, participants focused on implementing solutions that strive to attract and maintain customers to support their businesses. On the other hand, a minority of participants focused merely on selling more liquor than attracting and maintaining customers. Accordingly, the researcher recommends that when faced with competitive challenges, SME liquor retailers should develop and enhance innovative and competitively oriented solutions for their businesses. The findings indicated that SME liquor retailers relied mainly on implementing strategic solutions. Therefore, innovative-oriented solutions will enable SME liquor retailers to develop new practices to outperform their competitors, while competitive-oriented solutions will enable SME liquor retailers to

perform competitively in the market. In this regard, SME liquor retailers will be able to break away from competitive strains and be able to enhance their competitiveness.

6.3.3 Applying an IM Framework

It is recommended that SME liquor retailers should use the proposed IM framework (fig 5.26) in managing their innovations in order to enhance their competitiveness.

The findings of the research showed in sub-section 5.2.6.1 that while they practiced IM, the SME liquor retailers did not follow a specific method for the development and implementation of their innovations. Thus, there was no IM framework deployed. The researcher proposed an IM framework to enhance competitiveness in SME liquor retailers in Section 5.5 (see Figure 5.26). This framework outlines a systematic process of discovering, developing, and managing innovative ways of conducting business. Therefore, it is recommended that SME liquor retailers should use the IM framework proposed in Figure 5.26. As opposed to the unstructured development and implementation of innovative processes, SME liquor retailers will be able to develop and manage their innovation projects methodically. Their innovations will respond to competitive challenges and opportunities and be implemented with clear business objectives or intentions.

6.3.4 Launching/ Introducing Innovative Customer Processes

It is recommended that SME liquor retailers should launch or introduce their innovative ways of conducting business, the new process applied, or the strategy adjusted to customers.

The research established in subsection 5.2.6.5 (see Figure 5.24) that while the SME liquor retailers practiced IM processes, the majority (57%) did not launch or introduce their innovative ways of doing business, the new process applied, or strategy adjusted. Customers knew about innovative processes as they came to make purchases in the business. Therefore, it is recommended that SME liquor retailers should launch or introduce their innovative ways of doing business, the new process applied, or the strategy adjusted to customers in order to create awareness of the innovative processes in the business. In this regard, SME liquor retailers will be able to create favourable market

traction by the introduction of innovative processes to customers. Thus, SME liquor retailers will be able to enhance competitiveness.

6.3.5 The Use of Social Media for Marketing

It is recommended that SME liquor retailers should use social media for marketing communication.

The study established in sub-section 5.2.6.4 that SME liquor retailers used social media in their management of the business. Social media practices were mainly the owner`s or manager`s personal accounts on different social media platforms. Therefore, it is recommended that SME liquor retailers should have social media accounts for the business on different social media platforms that are used solely for marketing and communication of the business. Accordingly, social media accounts of the business will enable SME liquor retailers to market their offerings and communicate various messages to customers and enhance competitiveness more effectively.

6.3.6 Adopting the Post-modern view of Competitiveness

It is recommended that SME liquor retailers should adopt the post-modern view of competitiveness.

The study revealed in sub-section 5.2.6.6 that SME liquor retailers measured competitiveness of the business by improved customer visits, improved profit, and increased sales. These measures of competitiveness in the SME liquor retailers relate to the classical (marketing-driven) vision of competitiveness discussed in sub-section 1.5.3.1. Such a vision of competitiveness upholds that competitiveness can be measured through market reaction influenced by marketing activities and executed by combining cost-driven marketing foresight (Ceptureanu 2015: 57). Sub-section 2.2.3 discussed the largely globalisation induced challenges faced by SMEs. Arthur-Aidoo et al. (2016: 1) stressed that globalisation exerts competitive pressures on SMEs. Therefore, it is recommended that SME liquor retailers should adopt the post-modern (globalisation-driven) views of competitiveness which also considers the impact of changes that comes with globalised business operations (Ceptureanu, 2015:57). Therefore, by adopting the globalisation-driven view of competitiveness, SME liquor

retailers will be able to measure their competitiveness against global performances, rather than locally-focused conditions and their attendant restrictive factors. In this regard, SME liquor retailers will be able to enhance competitiveness more effectively.

6.3.7 Adopting Organisational Innovation

It is recommended that SME liquor retailers should adopt organisational innovation.

In sub-section 5.2.5.1, the study established that SME liquor retailers practiced IM processes and applied technological and non-technological innovations but did not apply organisational innovation. Organisational innovations are related to new organisational methods, business practices, workplace structuring, or collaborations (Koren & Palčič, 2015:28). Therefore, it is recommended that SME liquor retailers should adopt organisational innovation in order to strengthen innovation culture and practices in the business. By adopting organisational innovation, SME liquor retailers will be able to develop and implement new ways of delivering services to customers and collaborating with stakeholders. In this regard, SME liquor retailers will be able to enhance competitiveness.

6.3.8 Adopting a Combination of Technological, Radical, and Business Model Innovations

It is recommended that SME liquor retailers should adopt combining technological, radical, and business model innovation.

The study established in sub-section 5.2.5.2 that the majority of SME liquor retailers practiced IM processes, applied a combination of non-technological, incremental, and service innovations. This study recommends that SME liquor retailers should adopt a combination of technological, radical, and business model innovation. Such a combination of IM processes will help them to develop and implement innovations that are in physical form, novel, and improves the business model. In this regard, SME liquor retailers will be able to enhance competitiveness more effectively.

6.4 Personal Reflections

Undertaking this research has been rewarding through its revelation of SME liquor retailers' operations in an intensely competitive business environment, as well as their indefatigable determination to compete and survive in spite of the stringent competition factors. The researcher's understanding of competitiveness in the SME liquor market was entirely different from the real-life experiences of the participants. The understanding in the SME sector was that only monetary viability could sustain the business competitively. However, the researcher established that SME liquor retailers were not financially endowed but managed to compete in the market by practicing innovative strategies. Furthermore, the researcher established that competition in the liquor retail market was intense, as many SME liquor retailers operated in close proximity of each other. Therefore, competitiveness in the SME liquor retail market was a factor of the business owner's/manager's innovative response to competitive challenges in the environment.

The researcher also found that knowledge about competitive activities in the market was the first key practice to enhance competitiveness in SME liquor retail. Hence, the recommendation for SME liquor retailers' deployment of formal competitive intelligence methods. Such methods enable the acquisition of information and competitive response by developing and implementing innovative solutions to enhance business competitiveness. Furthermore, the researcher's perception of IM practices in the SME liquor retailers was vaguely amorphous. Now, the researcher undertakes to complement the innovative efforts that boost competitiveness by practicing IM. Although they showed a lack of organisational innovations, the SME liquor retailers have shown significant practices in the technological and non-technological classifications of innovations. In terms of the degrees of innovation, SME liquor retailers practice incremental innovations more than radical innovation. Hence the researcher's recommendation that they should increase their focus on radical innovations that enable them to distinguish their product and service offerings as superior to those of their competitors. Furthermore, SME liquor retailers showed that they practiced product, service, process, and business model types of innovations.

It was disheartening to realise that the discovery, development, and management of innovations by the SME liquor retailers were not systematic. Innovations in the SME liquor

retail industry are developed and implemented in a non-systematic fashion. It was for this reason the researcher recommended the adoption of IM frameworks to enable SME liquor retailers' systematic discovery, development, and management of innovations to advance their competitiveness objectives.

The researcher collected data towards the end of 2019, prior to the period in which the world experienced social and economic lockdowns by governments' cautionary measures against the global Covid-19 pandemic. During this period, economic sectors and industries experienced constant and repeated suspensions of their operations imposed by their governments, and the liquor industry (in the context of this research) was also affected. The researcher is resolute that the Covid-19 lockdown period brought challenges to the SME liquor retailers, which will require innovative practices to overcome. It would be of interest to the academic community to establish the performance of SME liquor retailers when adopting the proposed IM framework during and post the risk-adjusted Covid-19 lockdowns.

6.5 Conclusion of the Study

The purpose of the research was to investigate IM and how it could enhance competitiveness in SME liquor retailers. As a factor of the findings, the researchers concluded that the competitive business environment of SME liquor retailers significantly impacted their competitiveness. However, the SME liquor retailers were still able to survive in the competitive environment through IM practices that were in some instances very superficially, while in other cases on *ad-hoc* bases and with limited objectives and without any structure.

The research findings revealed that the competitiveness challenges of SME liquor retailers kept weakening and needed novel business practices to survive in the market. Accordingly, competition emanating from large organisations and illegal liquor retailers imposed negative competitive impacts that deteriorated competitive growth and survival abilities. Implementing strategic solutions was a key business practice that enabled SME liquor retailers to compete in the market. The participants did practice IM processes in their businesses to enhance competitiveness. In this regard, the research achieved its objectives. Knowledge about SME liquor retailers' IM competitive practices was

established. Equally, limitations and challenges in the practice of IM were identified, and this led to the development of an IM framework that could help the liquor retail owners and managers to enhance the competitiveness of their businesses. With some amendments and changes, this framework can also be useful to other SME liquor retailers in other municipalities and even assist non-liquor retail SMEs who intend to improve their IM capacity.

6.6 Limitation of the research

This research aimed to collect data entrenched in business practices. Accordingly, the research focused on 21 SME liquor retailers with on-consumption or off-consumption liquor licences confined to one municipality -the Ekurhuleni Municipality - and not to other municipalities or provinces. Thus, the results of the research are not necessarily generalisable to a larger SME liquor retail population, given the focused categories of participants in this study. However, SMEs in another geographic setting with the same characteristics as in Ekurhuleni Municipality may benefit from this research. Therefore, the research findings are placed within the lived experiences of owners and managers of the SME liquor retailers who participated in this particular study and may or may not represent the views of other SME liquor retailers in the industry in other municipalities and provinces.

6.7 Future Research

The following areas are recommended for future research.

The current research only focused on a single industry in the SME sector, the SME liquor retailers. Therefore, the researcher recommends research in the SME sector covering multiple industries to investigate how SMEs practice IM to enhance competitiveness, growth, and/or survival in their environment.

The current research is qualitative, and the researcher recommends a quantitative research method to study SME liquor retailers in order to provide statistical results such as how many customers increased, how much sales and profit improved, and the number of people employed as a result of practicing IM to enhance competitiveness strategies. In

this regard, quantitative research will further provide insights that will help in understanding the relationship that exists between competitiveness and various aspects of IM practices in SME liquor retailers.

Modern trading transactions are moving from the traditional in-store based transactions to online transactions enabled by the Internet. However, this modern form of trading requires the delivery of service to support it. Therefore, the researcher recommends that future research could investigate the viability of online selling of liquor in the context of SME liquor retailers.

The study's empirical data were collected during the last trimester of 2019 before South Africa and the world was confronted by the global Covid-19 pandemic and subsequent social and economic lockdowns. Accordingly, the researcher recommends that future research could investigate the impact of the Covid-19 pandemic on SME liquor retailers.

The current research proposed the IM framework to enhance competitiveness in the SME liquor retailers. Future research could also be extended to test the effectiveness of the framework in the liquor industry.

6.8 Chapter Conclusion

This chapter focused particularly on the study's conclusions and recommendations and included the researcher's reflection on critical aspects of the research. The conclusions of the study as a whole were based on the significant findings in conjunction with the stated aim and objectives of the study. The researcher was able to achieve these aims and objectives and the chapter discussed several recommendations for SME liquor retailers on how to practice IM in order to grow, survive, and be competitive. In this regard, the researcher views the study as having achieved its goal and made a contribution to both the township SME liquor industry and scholarship on business management and marketing in the SME sector using grassroots approaches.

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Appendix A: Ethical Clearance Certificate



UNISA DEPARTMENT OF BUSINESS MANAGEMENT RESEARCH ETHICS REVIEW COMMITTEE

01 October 2019

Dear Mr Kagiso Mashego

**Decision: Ethics Approval
From 01 October 2019 to
31 October 2022**

ERC Reference #: 2019_CEMS_BM_088
Name: Mr Kagiso Mashego
Student #: 50109413
Staff # 90433408

Researcher(s): Mr Kagiso Mashego
E-mail address: mashek@unisa.ac.za
Telephone #: (012) 429-3850

Supervisor (s): Prof. Nisha Sewdass
E-mail: sewdan@unisa.ac.za
Tel: (012) 429-2795

**INNOVATION MANAGEMENT AND HOW IT COULD ENHANCE COMPETITIVENESS OF SMEs: LIQUOR
RETAILERS IN EKURHULENI MUNICIPALITY.**

Qualification: M Com degree

Thank you for the application for research ethics clearance by the UNISA Department of Business Management Ethics Review Committee for the above-mentioned research. Ethics approval is granted for 3 years, from 01 October 2019 to 31 October 2022.

*The **low risk application** was reviewed by the Department of Business Management Ethics Review Committee on 10 September 2019 in compliance with the Unisa Policy on Research Ethics and the Standard Operating Procedure on Research Ethics Risk Assessment. The decision will be tabled at the next Committee meeting on 15 October 2019.*

The proposed research may now commence with the provisions that:

1. The researcher(s) will ensure that the research project adheres to the values and principles expressed in the UNISA Policy on Research Ethics.

2. Any adverse circumstance arising in the undertaking of the research project that is relevant to the ethicality of the study should be communicated in writing to the Department of Business Management Ethics Review Committee.
3. The researcher(s) will conduct the study according to the methods and procedures set out in the approved application.
4. Any changes that can affect the study-related risks for the research participants, particularly in terms of assurances made with regards to the protection of participants' privacy and the confidentiality of the data, should be reported to the Committee in writing, accompanied by a progress report.
5. The researcher will ensure that the research project adheres to any applicable national legislation, professional codes of conduct, institutional guidelines and scientific standards relevant to the specific field of study. Adherence to the following South African legislation is important, if applicable: Protection of Personal Information Act, no 4 of 2013; Children's Act, no 38 of 2005 and the National Health Act, no 61 of 2003.
6. Only de-identified research data may be used for secondary research purposes in future on condition that the research objectives are similar to those of the original research. Secondary use of identifiable human research data requires additional ethics clearance.
7. No field work activities may continue after the expiry date (31 October 2022). Submission of a completed research ethics progress report will constitute an application for renewal of Ethics Research Committee approval.

Note:

*The reference number **2019_CEMS_BM_088** should be clearly indicated on all forms of communication with the intended research participants, as well as with the Committee.*

Yours sincerely,



Chairperson: Dr Thea Visser
Department of Business Management
E-mail: vissed@unisa.ac.za
Tel: (012) 429-2113



Executive Dean: Prof. Thomas Mogale
Economic and Management Sciences
E-mail: mogalmt@unisa.ac.za
Tel: (012) 429- 4805

Appendix B: Participant Information Sheet and Informed Consent Form

PARTICIPANT INFORMATION SHEET

Friday, August 2, 2019

**Title: INNOVATION MANAGEMENT AND HOW IT COULD ENHANCE COMPETITIVENESS
OF SMEs: LIQUOR RETAILERS IN EKURHULENI MUNICIPALITY**

Dear Prospective Participant

My name is Kagiso Mashego and I am doing research under the supervision of Prof, Nisha Sewdass, a professor in the Department of Business Management towards a MCom degree in Business Management at the University of South Africa. We are inviting you to participate in a study entitled **Innovation Management and how it could enhance competitiveness of SMEs: Liquor retailers in Ekurhuleni Municipality.**

WHAT IS THE PURPOSE OF THE STUDY?

In research on SMEs, a great consideration has been given to the management of challenges in SMEs such as access to finance, management skills, corruption, poor infrastructure, and coping with competition as the dynamic elements in the growth and sustainability of SMEs, however, this has not been enough to aid SMEs to grow and sustain. This research aims to investigate innovation management and how it enhances competitiveness in SMEs liquor retailers in Ekurhuleni municipality.

WHY AM I BEING INVITED TO PARTICIPATE?

The researcher decided to include only owners or managers managing SME liquor retailers with On-Consumption or Off-Consumption liquor licences. The selection of participants is also based on the inclusion and exclusion criteria. The participants must consist of a male or female owner or manager of age 18 to 65 and being operating for at least one year. SME liquor retailers must be practicing innovation management. The researcher is of the view that participants who meet these criteria have a better view and understanding of the management practices of the business.

WHAT IS THE NATURE OF MY PARTICIPATION IN THIS STUDY?

The research involves semi-structured interviews and will be administered by the researcher. The research interview will take approximately 40-50 minutes. The questions of the interview will be designed and developed based on the literature study and the relevant constructs identified in the research questions and objectives. The interviews will feature open-ended questions and data will be recorded using a voice recorder. The recorded data will be transcribed into transcripts for data analysis by the researcher. Your role as a participant in the research interview is to answer questions pertaining to the following main research questions:

- What do SMEs liquor retailers perceive as Innovation Management?
- What do SMEs liquor retailers perceive as competitiveness?
- How is Innovation Management practiced by SME liquor retailers?
- How can Innovation Management enhance competitiveness of SME liquor retailers?

CAN I WITHDRAW FROM THIS STUDY EVEN AFTER HAVING AGREED TO PARTICIPATE?

Participating in this research is voluntary and you are under no obligation to consent to participation. If you do decide to take part, you will be given this information sheet to keep and be asked to sign a written consent form. You are free to withdraw at any time and without giving a reason.

WHAT ARE THE POTENTIAL BENEFITS OF TAKING PART IN THIS STUDY?

It is envisaged that after establishing Innovation Management in SME liquor retailers and how it could enhance competitiveness, this research will develop a framework on Innovation Management practices in SMEs. The framework will help SMEs, researchers, and academics to establish ways of improving competitiveness in SME liquor retailers. This research will further determine how to practice Innovation Management in SMEs and how to use Innovation Management to ensure competitiveness in SME liquor retailers. Your participation in the research is paramount in establishing an understanding of Innovation Management and how it could be used to enhance competitiveness in SMEs.

WHAT IS THE ANTICIPATED INCONVENIENCE OF TAKING PART IN THIS STUDY?

The researcher anticipates that there shall be an element of distrust amongst SMEs owners or managers about the intentions of the study. The researcher further assumes that this distrust

might arise due to suspicions that competing businesses might get to know about the other strategies and thus amounting to inconveniences and this might lead to lack of disclosure of information, which is pertinent to the research. You are assured that information relating to your name or name of your business as well the practices shall be kept confidential.

WILL WHAT I SAY BE KEPT CONFIDENTIAL?

Your name will not be recorded anywhere, and no one will be able to connect you to the answers you give, apart from the researcher and his supervisor. Your answers will be given a code number, or a pseudonym and you will be referred to in this way in the data, any publications, or other research reporting methods such as conference proceedings.

Your answers may be reviewed by people responsible for making sure that research is done properly, including the Research Ethics Review Committee. Otherwise, records that identify you will be available only to people working on the study, the researcher, and his supervisor unless you give permission for other people to see the records.

A report of the research, such as a research report, journal articles, and/or conference proceedings may be submitted for publication, but individual participants will not be identifiable in such a report.

HOW WILL INFORMATION BE STORED AND ULTIMATELY DESTROYED?

Hard copies of your answers will be stored by the researcher for five years in a locked cupboard/filing cabinet at the University of South Africa for future research or academic purposes; electronic information will be stored on a password-protected computer. Future use of the stored data will be subject to further Research Ethics Review and approval if applicable. After five years, hard copies will be shredded, and/or electronic copies will be permanently deleted from the hard drive of the computer through the use of a relevant software programme.

WILL I RECEIVE PAYMENT OR ANY INCENTIVES FOR PARTICIPATING IN THIS STUDY?

Your participation in this research is voluntary and you will not be paid or receive any form of incentive for your participation. The researcher anticipates that there will be no financial cost incurred by you.

HAS THE STUDY RECEIVED ETHICS APPROVAL?

This research has received written approval from the Research Ethics Review Committee of the College of Economics and Management Sciences, UNISA. A copy of the approval letter can be obtained from the researcher if you so wish.

HOW WILL I BE INFORMED OF THE FINDINGS/RESULTS OF THE RESEARCH?

If you would like to be informed of the final research findings, please contact Mr. Kagiso Mashego on 079 817 8581 or mashek@mylife.unisa.ac.za. However, the respective liquor traders' associations will be provided with a summarised report. Should you require any further information or want to contact the researcher about any aspect of this study, please contact 079 817 8581 or mashek@mylife.unisa.ac.za. Should you have concerns about the way in which the research has been conducted, you may contact Prof N. Sewdass at 012 429 2795 or sewdan@unisa.ac.za.

Thank you for taking time to read this information sheet and for participating in this study.

Thank you.

A handwritten signature in blue ink, appearing to read 'K Mashego', is displayed on a light blue background.

Mr. Kagiso Mashego

CONSENT TO PARTICIPATE IN THIS STUDY

Research title: **“INNOVATION MANAGEMENT AND HOW IT COULD ENHANCE COMPETITIVENESS OF SMEs: LIQUOR RETAILERS IN EKURHULENI MUNICIPALITY”**

Principal Researcher’s name: Mr. Kagiso Mashego
E-mail: 50109413@mylife.unisa.ac.za or mashek@unisa.ac.za or Cell: 079 817 8581.
Researcher’s relationship to UNISA: Research Masters Student
Research Supervisor: Prof N Sewdass

I....., volunteer to participate in a research project conducted by Mr. Kagiso Mashego from the University of South Africa (UNISA). I understand that the research is designed to gather information about innovation management and competitiveness in SMEs liquor retailers. I will be one of approximately 21 people interviewed for this research.

1. I have read the Information Sheet for this research and have had details of the research explained to me.
2. My participation in this research is voluntary. I understand that I will not be paid for my participation. I may withdraw and discontinue participation at any time without penalty. If I decline to participate or withdraw from the research, no one in the business sector will be told.
3. I understand that most interview participants will find the interview interesting and thought-provoking. If, however, I feel uncomfortable in any way during the interview, I have the right to decline to answer any question.
4. Participation involves answering interview questions from the researcher at UNISA. Answering questions will last approximately 40-50. There will be an audio recording of the interview.
5. I understand that the researcher will not identify me by name or my business name in any reports using information obtained from this interview and that my confidentiality as a participant in this research will remain secure. Subsequent uses of records and data will be subject to standard data use policies that protect the anonymity of individuals and institutions.
6. I have read and understand the explanation provided to me. I have had all my questions answered to my satisfaction, and I voluntarily agree to participate in this research.
7. I have been given a copy of this consent form.

Participant Name & Surname..... (Please print)

Participant Signature.....Date.....

Researcher’s Name & Surname..... (Please print)

Researcher’s signature.....Date.....

Appendix C: Interview Schedule

Semi-structured Interview Schedule

INNOVATION MANAGEMENT AND HOW IT COULD ENHANCE COMPETITIVENESS OF SMEs: LIQUOR RETAILERS IN EKURHULENI MUNICIPALITY

Section 1: Background Information

What is your position in the business?	Owner	Manager
Does your business practice innovation management?	Yes	No
How long the business has been operating?	1-5 years	6+ years
How many years you have been in the business	1-5	6+

Section 2: Semi-structured Schedule

-
1. How many people do you employ in your business?
 2. What are the challenges you face operating as an SME?
 3. How do liquor laws and policies affect how you operate your business?
 4. Do you find it easy or possible to innovate around liquor laws and policies?
 5. How do illegal liquor retailers affect your business performance?
 6. In your understanding, what is innovation?
 7. What is innovation management to your understanding?
 8. What is your understanding of technological innovations?
 9. What is your understanding of non-technological or marketing innovations?
 10. What is your understanding of organisational innovations?
 11. What is your understanding of radical innovation and incremental innovation?
 12. What is your understanding of product, service, process, and business model innovations?
 3. What do you understand by the term competitiveness?
 4. Do you know your competitors?

15. What is your competitive strategy against your competitors?
16. What are the competitive challenges that you face against your competitors?
17. How do these challenges affect your business?
18. How do you come up with solutions to counter competitive challenges?
19. When you implementing your solutions, do you find your business becoming competitive and how do you measure that?
20. When you practicing innovation management, which classes of innovations do you choose (technological innovations, non-technological or marketing innovations, and organisational innovations)?
21. Are your innovations completely new ideas (radical) that never existed before or are they modified (incremental) ideas?
22. Which types of innovations do you develop and implement (product, service, process, or business model innovations)?
23. Please tell me about an innovation that you implemented in your business.
24. How did you implement the innovation and what were the outcomes?
25. Did you find it enhancing or improving your competitiveness?
26. When you practicing innovation management, is there any framework that you use?
27. Please tell me your process from the start up to the point of commercialising your innovations.
28. Do you decide from the beginning that the innovation you are embarking on should be competitive-oriented or you decide at the end to use it to enhance competitiveness?
29. In terms of choosing the classes of innovation (technological innovations, non-technological or marketing innovations, and organisational innovations) to enhance competitiveness, what influences your choice?
30. In terms of choosing the degree of innovation (radical or incremental innovations) to enhance competitiveness, what influences your choice?
31. In terms of choosing the types of innovation (product, service, process, or business model innovations) to enhance competitiveness, what influences your choice?
32. Do you collaborate with other businesses in any way?
33. Do you use social media?
34. How do you launch your innovative solutions or products to your customers?
35. During your commercialisation, how do you measure the competitiveness of the innovation?
36. Is there anything you will like to add or talk about regarding competitiveness and innovation management?

How is innovation management practiced by SMEs liquor retailers?

What innovation management frameworks can be used to enhance competitiveness in SMEs?

Appendix D: Request for permission letters



Request for permission to interview your members for academic purpose

Monday, July 4, 2019

The Secretary
Mr. Ishmael Ntshangase
Boksburg-Vosloorus Food and Beverage Association (BVFBA)
18381 Corner Sam Sekoati and MC Botha
Superquick Building
Vosloorus
1475

Dear Mr. Ntshangase,

I, Kagiso Mashego, am doing research under the supervision of Professor Nisha Sewdass in the Department of Business Management at UNISA. I am doing a research in the fulfillment of a requirement to a Masters of Commerce Degree in Business Management.

I am requesting your permission to invite members of your organisation to participate in a research interview entitled "Innovation Management and how it could enhance competitiveness in SMEs: Liquor Retailers in Ekurhuleni Municipality". The aim of the research is to establish what liquor retail owners or managers understand as innovation and innovation management and competitiveness and, also to establish how liquor retail owners or managers practice innovation management to enhance their competitiveness.

The information gained from these interviews will help provide knowledge on innovation management and competitiveness practices in SMEs liquor retailers, provide evidence-based analysis aimed at supporting growth and survival of SMEs and motivate efforts to use innovation management to enhance competitiveness in SMEs. The result of the research will be use for academic purpose only. Once published, a copy of the research report with summary of the findings will be made available to your organisation on request.

The research will be reviewed and approved by the Research Ethics Review Committee of the Department of Business Management, College of Economic and Management Sciences (CEMS), at UNISA. The primary researcher, Mr. Kagiso Mashego, can be contacted during office hours at 079 817 8581 or mashek@mylife.unisa.ac.za. My supervisor, Professor N. Sewdass, can be contacted during office hours at 012 429 2795 or sewdan@unisa.ac.za.

Kind Regards,

 Mr. Kagiso Mashego

University of South Africa
Pretorius Street, Bloubaaiweg 44, City of Johannesburg
PO Box 382, UNISA 0003 South Africa
Telephone: +27 12 429 3111 Facsimile: +27 12 429 4150
www.unisa.ac.za

Appendix E: Letters of permission



**The South African Liquor Traders Association (SALTA)
T/A
KWATSADUZA Liquor Association**

Enquiry: Ms M. Maile
The Secretary
078 3269 363

02 August 2019

Dear Mr. K Mashego

RE: PERMISSION TO INTERVIEW OUR MEMBERS

It is with pleasure to communicate with you regarding your request to interview our members. I hereby notify you that you are permitted to interview our members.

KWATSADUZA Liquor Association is a member of the South African Liquor Traders Association (SALTA) and represents liquor traders within Kwa-Thema, Tsakane and Duduza. As a association, we welcome your research entitled *Innovation Management and how it could enhance competitiveness in SMEs: liquor retailers in Ekurhuleni Municipality*.

The association would like to invite you share with our members your findings and recommendations from your research you have concluded. We are always seeking new knowledge improve our businesses. Please feel free to contact Ms. Maile for any assistance you may need.

Good luck with your research.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'M. Maile', written in a cursive style.

Ms. M Maile, Secretary