

**EXPLORING KEY PERFORMANCE INDICATORS FOR SELECTED TOWNSHIP
SMALL, MEDIUM, AND MICRO SERVICE ENTERPRISES IN SOUTH AFRICA TO
EVOLVE IN THE ORGANISATIONAL LIFE CYCLE**

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EXPLORING KEY PERFORMANCE INDICATORS FOR SELECTED TOWNSHIP SMALL, MEDIUM, AND MICRO SERVICE ENTERPRISES IN SOUTH AFRICA TO EVOLVE IN THE ORGANISATIONAL LIFE CYCLE

I declare that the above dissertation is my own work and that all the sources 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 meets 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.



Signature

March 2024

Date

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ABSTRACT

Township small, medium, and micro enterprises (“enterprises”) face challenges due to not utilising key lagging and leading performance indicators (“indicators”) to evolve in the organisational life cycle (“cycle”) and rarely progress in the “cycle”. This study aimed to explore which “indicators” within the Results and Determinants Framework (“framework”) may contribute to the selected “enterprises” in South Africa to evolve in the “cycle”. A tailored “framework” was identified, and suitable “indicators” were explored through semi-structured interviews. The findings demonstrated “indicators” such as, social media for competitiveness, maintaining records for financial performance, a customer-centric approach for improving quality of service, and new ideas to enhance innovation. A novel finding was that a few “enterprises” have progressed from the start-up stage to the growth stage. This study suggests that a tailored “framework” and collaboration with government institutions may assist “enterprises” to improve their performance.

KEYWORDS

Results and Determinants Framework, performance measurement framework, key leading and lagging performance indicators, five-stage organisational life cycle, relative market share and position, measures of customer base, liquidity, profitability, quality of service, and individual innovation.

OKUCASHUNIWE

Amabhizinisi amancane, amaphakathi, namancanyana asemalokishini (“amabhizinisi”) abhekana nezinselelo ngenxa yokungasebenzisi izinkomba zokuqala ezibalulekile zokulawula ukusebenza (“izinkomba”) ukuze kuthuthuke ukusebenza kwebhizinisi ngokomjikelezo wempilo (“umjikelezo”) ngokunjalo nenqubekela phambili engavamile “ngokomjikelezo.” Loluhloko luhlose ukuhlola ukuthi yiziphi “izinkomba” ngaphakathi Kohlaka Lwemiphumela Nezinqumo (“uhlaka”) ezingaba nomthelela othile “kumabhizinisi” akhethiwe eNingizimu Afrika ukuze athuthuke “ngokomjikelezo.” Lapha kuhlonzwe ngokwakheka kahle “kohlaka,” kwaphinde kwacutshungulwa “nezinkomba” ezifanele kusetshenziswa uhlelo lwenhlobo evulelekile. Imiphumela ikhombisa “izinkomba” ezifana nenkundla yezokuxhumana kwezokuncintisana, ukugcinwa kwamarekhodi okusebenza kwezimali, indlela yokuphucula iqophelo lomsebenzi egxile kumakhasimende, kanye nemibono emisha ekuqhamukeni nezindlela ezintsha zokusebenza. Imiphumela eminingi iveza ukuthi “amabhizinisi” ambalwa asethuthukile esuka esigabeni sokuqala ukuya esigabeni esibonisa ukukhula. Loluhloko luphakamisa ukuthi “uhlaka” olwakheke kahle kanye nokusebenzisana nezikhungo zikahulumeni kungasiza “amabhizinisi” ukuze asebenze kangcono kwakwenzayo.

AMAGAMA AMQOKA

Uhlaka Lwemiphumela Nezinqumo, uhlaka lokulinganisa indlela yokusebenza, izinkomba zokuqala ezibalulekile zokulawula ukusebenza, umjikelezo wezigaba ezinhlanu empilweni yezinhlangano zamabhizinisi, ukuhlobana kwesimo nokwabelana kwezimakethe, izilinganiso zesisekelo samakhasimende, ukucwila ezikweletini/ ukuqhuba umnotho, inzuzo, iqophelo lomsebenzi, amasu amasha omuntu ngamunye.

TSHOBOKANYO

Dikgwebopotlana tsa metsesetoropo (“dikgwebo”) di lebane le dikgwetlho ka ntlha ya go se dirise disupatiragatso (“disupi”) tsa botlhokwa tsa morago ga tirelo le tse di eteleletseng pele gore di gole mo sedikotshelong (“sediko”) sa setheo mme ga se gantsi di tswelera mo “sedikong”. Thutopatlisiso eno e ne e ikaeletse go tlotlhomisa gore ke “disupi” di fe mo Letlhomesong la Dipelo le Diswetsi (“letlhomeso”) tse di ka akgelang mo goreng “dikgwebo” tse di tlhophilweng mo Aforikaborwa di gole mo “sedikong”. Go supilwe “letlhomeso” le le rulaganeng, mme ga tlotlhomisiwa “disupi” tse di maleba ka dikopanotherisano tsa seka-thulaganyo. Diphitlhelelo di bontshitse “disupi” di tshwana le tlhaeletsanoloagong malebana le bokgoni jwa kgaisano, go tshola direkoto malebana le tiragatso ya ditšhelete, molebo o o totileng badirisi malebana le go tokafatsa ditirelo, le dikakanyo tse dintšhwa malebana le go tokafatsa boitlhamedi. Phitlhelelo e ntšhwa e ne e le ya gore go na le “dikgwebo” di se kae tse di godileng go tswa kwa legatong la tshimologo go ya kwa legatong la kgolo. Thutopatlisiso eno e tshitshinya gore “letlhomeso” le le rulaganeng le tirisano mmogo le ditheo tsa puso di ka thusa go tokafatsa ditiragatso tsa tsona.

MAFOKO A BOTLHOKWA

Letlhomeso la Dipelo le Diswetsi, letlhomeso la tekanyetso ya tiragatso, disupi tsa botlhokwa tse di eteleletseng pele gammogo le tsa morago ga tirelo, tikotshelo ya setheo ya magato-matlhano, seabe le seemo mo mmarakeng, tekanyetso ya badirisi ba ba gona, seemo sa go nna le kheše, bokgoni jwa go tsenya porofiti, boleng jwa tirelo, le boitlhamedi jwa sebele.

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LIST OF ABBREVIATIONS

AFI	–	Alliance for Financial Inclusion
BSC	–	Balanced Scorecard
CoGTA	–	Department of Cooperative Governance and Traditional Affairs
DSBD	–	Department of Small Business Development
EC	–	European Commission
GDP	–	Gross Domestic Product
MSMEs	–	Micro, Small and Medium Enterprises
OECD	–	Organisation for Economic Co-operation and Development
OLC	–	Organisational life cycle
RDF	–	Results and Determinants Framework
ROE	–	Return on Equity
ROI	–	Return on Investment
SEDA	–	Small Enterprise Development Agency
SMART	–	Strategic Management & Reporting Technique
SMEs	–	Small and Medium Enterprises
SMMEs	–	Small, micro, and medium enterprises

CHAPTER 1: INTRODUCTION

1.1 BACKGROUND

Small, medium and micro enterprises (SMMEs), also referred to as small and medium enterprises (SMEs) (Le Fleur et al 2014:9; Dlamini & Mohammed 2018:1), are viewed as important to address socio-economic difficulties in developing countries (Maloka 2013:66; Gerber, Le Roux & Van der Merwe 2020:2; Cant & Wiid 2021:3). The World Bank (2020) states that SME's contribute towards job creation and global economic development. Bvuma and Marnewick (2020:1) also argue that South African SMMEs are of great significance in addressing difficulties encountered by the country, such as poverty and a high unemployment rate (Bvuma & Marnewick 2020:2). Moreover, Du Toit (2020) states that townships also face similar difficulties of poverty and unemployment.

The 2017 Alliance for Financial Inclusion (AFI) working group publication illustrates that globally, SMMEs have different meanings amongst international institutions, national law, and industry (Simbulan 2017:4; DSBD 2023:664). This is supported by Omer (2016:2) who states that no single definition of what constitutes SMMEs is accepted by all countries. The Small Enterprise Development Agency (SEDA) and the Department of Small Business Development (DSBD) consider SMMEs to include formal and informal enterprises (SEDA 2016:5; DSBD 2023:659). There are various classifications of SMMEs ranging from mid-sized traditional family enterprises that have more than 100 employees to informal micro-enterprises (SEDA 2016:5). In the South African context, the Minister of Small Business Development revised the definition of SMME in 2018 to include turnover to align with the revised global definition (Punj 2020; DSDB 2023:664). For South Africa specifically, De Wet (2019) states that the revised definition of SMMEs highlights two key metrics, namely, that an enterprise may have a maximum of 250 employees, and a maximum turnover of R220 million.

After having defined South African SMMEs, the discussion proceeds to the contextual landscape in which the enterprises operate. There are two distinct geographic population density areas identified in most countries, namely, rural and urban areas (Mahajan 2014; Agbenyegah 2018:117). Recent population statistics for 2023 indicate that the urban population in South Africa is 69% which is an increase of 2% from 2020

(Worldometers 2023). In South Africa, there are other geographical settlement areas which include townships and informal settlements (Mahajan 2014; Brandau 2020:45-46). Additionally, between 2014 and 2019, there was a significant increase of 50% in the urban population of South African townships (Mahajan 2014; Favour 2019). The township areas are predominantly occupied by Black Africans (Mulibana 2016:4). The West Rand townships, especially Kagiso, are experiencing rapid urbanisation (CoGTA 2020:11) and substantial development (Zulu 2018:85).

Kagiso township is geographically located between Johannesburg and Randfontein, parallel to Main Reef Road, which connects to other Westrand areas (Munwana 2020:2). The township is part of the Mogale City Municipality (Munwana 2020:2). It was founded in 1920 by ex-miners and squatters on Luipaardsvlei Farm, 246-1Q, and covers about 14,17 km² (Munwana 2020:2). The word Kagiso in Tswana means “peace” (Shoen 2018:3). Due to Kagiso being a small township, the updated population statistics could not be found by the researcher. However, according to the 2011 census, the population at the time was 115 802, with 8 172 individuals living in each square kilometre (StatsSA 2011). In 2015 it was noted the population increased to 176 017 covering 20,7 km², which equates to 8 503 individuals living in each square kilometre (City Facts 2015). The overall unemployment level for Mogale City Municipality is 47%, which includes Kagiso (MCLM 2023:16), with no specific data available for Kagiso. The individuals residing in Kagiso are mainly employed in the neighbouring town (Krugersdorp) and the Chamdor, which is an industrial area (MCLM, 2024:21). There are no databases indicating the number of SMMEs per geographical area in South Africa (SEDA 2016:15), therefore estimating the number of SMMEs in Kagiso poses a challenge.

Vilakazi Street in Soweto was established due to two historical events that occurred namely the Hector Pieterse Memorial and Nelson Mandela Museum (Zulu 2018:1). The local township SMMEs seized the opportunity to provide services around the area for tourists who visited Vilakazi Street (Zulu 2018:11). The services the SMMEs provide include amongst others, accommodation, restaurants and tour guides (Zulu 2018:12). Service enterprises offer intangible services to customers (Choo et al 2021:705) for example, hospitality, accommodation, childcare services (education), hair salons etc. (Jansen van Rensburg et al 2020:340; Scheba & Turok 2020:81; Wiid & Cant 2021:5), therefore the identified Vilakazi Street enterprises are township

service SMMEs. There are, however, instances where an enterprise may provide a service and goods, defined as dual operations, discussed further in section 2.2.2. Kagiso Avenue (known as 'Big Street') is showing growth much like that of the well-known Vilakazi Street in Soweto (Zulu 2018:58,60,85), a known township business hub, therefore certain township service SMMEs in and around Kagiso Avenue were selected for this study, discussed further in sections 1.6 and 1.9.2.2.

It is noteworthy that townships have informal SMMEs that primarily exist to meet the daily survival needs of the family-based owner (Hadebe 2010:20; Bingwa 2020). Hence, the focus of these township SMMEs is more likely on the daily survival of the family than on the expansion of the business. Therefore, there appears to be a shared struggle for these SMMEs to become financially viable.

Most SMEs in South Africa fail in the first three years after inception (Leboea 2017:17; Bushe 2019:10; DSBD 2023:666). The success rate is minimal for SMEs in the townships that play an important economic role (Edoun et al 2019:2830). Kagiso is no exception to the high failure rate of SMMEs, where they do not progress beyond the survival stage (Mboniyane 2006:1). The failure rate is a result of numerous challenges which include financial constraints (Coad & Kato 2020:1152), managerial and technical know-how (Kücher et al 2020:658), human resources (Mukherjee 2018:9; Bushe 2019:12; Van Zyl 2020:61) and marketing issues (Mahambehala 2019:69; Cant & Wiid 2020:92).

Given the difficulties mentioned above, it is plausible that SMMEs may fail to evolve in the organisational life cycle (OLC), which is defined by Daft (2016:356) as the life cycle from the creation of an enterprise to its termination. Jirásek and Bílek (2018:7-12) in a review of existing OLC stages between 1967 and 2018, ranging from three to ten stages, concluded that a five-stage OLC is most suitable for an enterprise. An OLC with five levels or stages, commences from the start-up stage of the enterprise, followed by the growth stage, with the maturity, decline, and restoration stages respectively completing the cycle (Madhani 2010:489-490; Pradeep 2013).

The start-up stage of the five-stage OLC is characterised by the inception of an enterprise with acceptable operational structures, with the growth stage being an enterprise's ability to flourish through an increase in turnover and by employing more individuals (Tam & Gray 2016:6; Jirásek and Bílek 2018:7-12). The maturity stage is

where an enterprise has reached stability in generating various streams of income, whereas the decline stage is where there is decline in customer demand of the product or service and thereby reducing cash flow (Hanks 1990:7; Jirásek and Bílek 2018:1-2). The restoration stage completes the five-stage OLC, described as where an enterprise rebuilds its operation to generate income (Palumbo & Manna 2018:245).

Vivence (2019:79) contends that enterprises need to grow into higher OLC stages, which likely points to evolving to the next stage in the life cycle. The OLC is dependent on the way an organisation generates, delivers, and captures value (Osterwalder & Pigneur 2010:14). The OLC focuses on the transformation of enterprises from a growth perspective (Sandu 2019:2). The SMMEs remain in the start-up stage, not evolving to growth and expansion, and limiting their value based on their performance (Osterwalder & Pigneur 2010:14; Mendy 2021:704). The ability of township SMMEs to expand their current enterprises is a struggle (Cant & Rabie 2018:20) which informed this study's initial coverage. The following section discusses the high-level preliminary literature review for this study.

1.2 PRELIMINARY LITERATURE REVIEW

The SMMEs do not effectively measure their performance to ascertain progress of the enterprise (Mashavira, Guvuriro & Chipunza 2022:296). The OLC together with suitable key performance indicators results in enterprises having improved preparedness for economic development (Ciemleja & Lace 2008:5; Baiochi et al 2021:3481). Therefore, failure of SMMEs may be attributed to not having an identified performance measurement framework to measure whether the enterprise evolves in the OLC towards growth and expansion.

Measurement is a process that is dependent on what would need to be achieved to reach a set of goals (Brignall et al 1991:34; BPIR 2019), therefore, the goals for service industry SMMEs in the townships could focus on growth and performance indicators. Moullin (2002:188) and Van Zyl (2020:25) contend that performance measurement evaluates how well enterprises are managed, as well as the value they create for customers and other stakeholders. The improvement of the township SMMEs is dependent on identifying a suitable performance measurement framework that enables enterprises to evolve in the OLC.

The following discussion highlights the challenges faced by SMEs in identifying performance measurement frameworks, provides an overview of common performance measurement frameworks, and identifies a framework that may be suitable for township service SMMEs.

1.2.1 Performance measurement framework for SMMEs

Neely (2004:146) and Van Zyl (2020:15) state that frameworks assist enterprises in defining a set of measures to outline objectives and assess performance. Bassioni, Price and Hassan (2004:419), and Nokleberg and Hawkes (2021:49) support the use of frameworks which provide an enterprise with a different perspective to grow. Bourne, Melnyk and Bititci (2018:2011) attest that the literature is inundated with various performance measurement frameworks rooted in different sectors, while Waśniewski (2017:215) concluded that SMEs encounter challenges in adequately identifying performance measurement frameworks. Despite the difficulty in SMEs identifying a performance measurement framework Papulová et al (2021:4), Waśniewski (2017:215), and Van Zyl (2020:68) reviewed frameworks that may be appropriate for SMMEs.

The appropriate performance measurement framework for SMMEs would be one where the size of the enterprise is not taken into account as township enterprises come in various sizes, as discussed in section 2.2.2. Table 1.1 lists the performance measurement framework models.

Table 1.1: Frameworks/models that disregard the size of an enterprise and those specific to SMEs

Model	Author
Models that do not take the size of the organisation into account	
Performance Measurement Matrix	Keegan et al 1989
Performance Measurement Questionnaire	Dixon et al 1990
Performance Pyramid System	Lynch & Cross 1991
Performance Measurement System for Service Industry	Fitzgerald et al 1991 Fitzgerald & Moon 1996
Balance Scorecard (BSC)	Kaplan & Norton 1996
Integrated Dynamic Performance Measurement System	Ghalayini et al 1997
Integrated Performance Measurement System	Bititci et al. 1997
Integrated Performance Measurement System	Medori 1998
Quantitative Model for Performance Measurement System	Suwignjo et al. 2000
Performance Measurement for Product Development	Driva et al. 2000
Performance Prism	Neely et al. 2002
ECONGRAI	Ducq et al. 2001
SCOR	Supply Chain Council 2006
Specific models for SMEs	
Organisational Performance Measurement	Chennel et al. 2000
Improving control through effective performance measurement	Hudson et al. 2001
Theory and practise in SME performance measurement systems	Hudson et al. 2001
Integrated Performance Measurement for Small Firms	Laitinen 1996, 2002
Adaptation of Balanced Scorecard for SMEs	Davig et al. 2004
Balanced Scorecard in non-profit SMEs	Manville 2007
Measuring Performance of SMEs	Chong 2008
Performance Measurement System IRIS	Chalmeta et al. 2012

Source: Waśniewski 2017:215

Table 1.1 lists 13 frameworks in which the size of an enterprise is not taken into account and eight in which size is taken into account. There are six commonly used frameworks, namely, the BSC by Kaplan and Norton, the performance prism by Neely et al, the strategic management and reporting technique (SMART) by Lynch and Cross, the results and determinants framework (RDF) by Fitzgerald et al, the

performance measurement matrix by Keegan et al, and the performance measurement questionnaire by Dixon et al (Khan & Shan 2011:13413; Robbertze 2020:25). Of these, four frameworks in which the size of an enterprise was not taken into account are reviewed below in sections 1.2.1.1 to 1.2.1.4. This is to ascertain the framework which may be suitable for the selected township service SMMEs.

1.2.1.1 Balanced scorecard

Kaplan and Norton's original BSC had a pure financial performance measure focus but has evolved to incorporate a balanced approach which includes non-financial performance measures (Kaplan & Norton 1992:71,77; Van Zyl 2020:31). The BSC consists of four strategic perspectives, namely financial, customer, internal processes, and learning and growth (Kaplan & Norton 1992:71; Van Zyl 2020:31); with the enterprise vision and strategy at the core (Camilleri 2021:19; Rafiq et al 2021:17). Kaplan and Norton (1992:77) and Aujirapongpan and Pattanasing (2020:6), describe the BSC as a tool used to implement and manage the strategy of an enterprise at all stages. Onyango et al (2010:90) argue that this tool is best suited for larger enterprises. Therefore, the BSC may be too complex to implement, especially considering the discussion in section 1.1. which suggested that SMMEs main existence is for survival, and that they do not progress into growth and expansion.

In the South African context, studies by Kamala and Maduekwe (2016:53) on the BSC for SMMEs in Cape Town, and Nkwinika (2023:9) who developed a model for enterprises' first year in operation, the authors concluded that a full view of the enterprise can be achieved through a clear balance of financial and non-financial performance measures. Further they suggest that enterprises frequently use financial rather than non-financial performance measures (Kamala & Maduekwe 2016:53, Nkwinika 2023:17). The authors also recommend that future research should explore factors that limit SMEs from using these measures (Kamala & Maduekwe 2016:53; Nkwinika 2023:17). In conclusion, the limited use of the BSC may be due to its complexity for SMEs or SMMEs.

1.2.1.2 Performance prism

The performance prism developed by Neely et al adopts a stakeholder-centric process of measurement which includes employees, suppliers, and intermediaries (Khan & Shah 2011:13415; Severgnini, Galdaméz & Moraes 2018:123). Onyango et al

(2010:90) and Van Zyl (2020:83) state that the performance prism has five facets, namely, stakeholder satisfaction, strategies, processes, capabilities, and stakeholder contribution. Severgnini et al (2018:124) and Van Zyl (2020:83) emphasise that the framework reflects stakeholder value creation and meeting their expectations, rather than deriving performance from strategy. This is supported by Onyango et al (2010:90) and Van Zyl (2020:83) who advocate for a reflective process of the five facets. Lastly, Onyango et al (2010:90) and Van Zyl (2020:83) indicate that this framework is too complex for small enterprises.

1.2.1.3 Performance measurement matrix

The performance measurement matrix developed by Keegan, Eiler, and Jones (1989:47) adopts a similar approach to the BSC where measures are divided into a two-by-two matrix, namely, internal and external perspectives, as well as cost and non-cost perspectives. The authors argue that large enterprises set unimportant and inconsistent performance measures (Keegan et al 1989:46; Van Zyl 2020:84). Keegan et al (1989:50) draw four conclusions regarding the framework to consider, namely, i) the strategy, ii) the incorporation of measures, iii) factors impacting the enterprise, and iv) understanding the costs, especially those relating to support (Keegan et al 1989:50). Therefore, taking this into account, implementing the framework for township SMMEs may be too difficult due to its complexity.

1.2.1.4 Results and determinants framework

The Results and Determinants Framework (RDF) developed by Fitzgerald et al. is a relevant performance measurement framework for service industry enterprises. It consists of two categories, results and determinants, that are measured using six dimensions (Brignall et al 1991:34; Heini 2007:35; Van Zyl 2020:86). The results category focuses on dimensions of competitiveness and financial performance, while the determinants category includes dimensions of quality of service, flexibility, resource utilisation, and innovation (Brignall et al 1991:34; Heini 2007:35; Van Zyl 2020:86).

Sections 3.3 to 3.5 discuss the RDF and these two categories in detail. Hereafter, the two categories, are discussed under the headings results or lagging performance indicators and determinants or leading performance indicators.

Onyango et al (2010:88) and Panno (2020:137) conducted studies relating to hotels in the service industry to affirm the suitability of Fitzgerald et al's framework for service enterprises. Onyango et al (2010:88) and Panno (2020:154-155) concluded that the theory of this framework is not only specific to hotels but would relate to the service industry in general. Panno (2020:143,156) focused on formally registered SMMEs within the service industry in Italy and identifies that more research may be extended to other countries. Therefore, as the RDF framework designed by Fitzgerald et al embraces service organisations, it would be fitting to apply it to township service SMMEs; and as there is a lack of research on RDF performance indicators for township service SMMEs in South Africa it will be useful to explore the dimensions and performance indicators of both categories that may be suitable for township service SMMEs.

Tangen (2004:736), Onyango et al (2010:88), JääSkeläläinen, Laihonon and LöNnqvist (2014:1480), and Malesios et al (2021:10) argue that the tailoring of existing performance measurement frameworks may be ideal when used to measure the performance of an enterprise. The following section provides a high-level overview of the tailoring of frameworks.

1.2.2 Tailoring of frameworks

Franco-Santos and Bourne (2005:121) and Fuertes et al (2020:2) highlight that an important factor that frameworks provide is a distinct and sound structure for enterprises' key performance indicators. In the context of formulating a framework for the services industry, Malesios et al (2021:10) contend that the tailoring of existing performance measurement frameworks may work well in specific enterprise settings. Indeed, the tailoring of dimensions is key to making a framework relevant for enterprises that have their own respective performance indicators (Onyango et al 2010:91; Musara 2019:131; Mengistu & Panizzolo 2022:65). For example, in a study relating to business models for successful foreign SMEs, Musara (2019:131) created 10 dimensions for the participants' responses and then established their respective performance indicators. In another example, Mengistu and Panizzolo (2022:65) in addressing sustainability for SMMEs, focused on three dimensions and their respective performance indicators.

Based on the above, the approach decided upon for this study is to use a tailored RDF by exploring key lagging and leading performance indicators for the selected township service SMMEs.

As previously indicated, the lack of research on using the RDF for township service SMMEs highlights a gap in the literature on identifying existing performance measurement frameworks to measure performance of SMMEs. It is thus appropriate to explore which performance indicators from the RDF may be suitable for township service SMMEs, and this is discussed in detail in Chapter 3.

1.3 PROBLEM STATEMENT

Section 1.1 above illustrates the significance of SMMEs in the alleviation of poverty and a high unemployment rate in developing countries such as South Africa (Maloka 2013:66; Gerber et al 2020:2; World Bank 2020). The challenges encountered by SMMEs include financial constraints (Coad & Kato 2020:1152), managerial issues and technical know-how (Kücher et al 2020:658), human resources (Mukherjee 2018:9; Bushe 2019:12; Van Zyl 2020:61), and marketing issues (Mahambehala 2019:69; Cant & Wiid 2020:92). Informal township enterprises tend to mainly exist for survival, therefore failing to progress in the OLC toward growth and expansion (Hadebe 2010:19; Mtshali et al 2017:13. This consequently feeds into the high failure rate of township SMMEs (Leboea 2017:12; Cant & Rabie 2018:20; Bushe 2019:1) resulting in the majority of SMMEs in South Africa failing within the first three years of their existence. This was found to be no exception to Kagiso township SMMEs (Mboniyane 2006:1).

Section 1.2 contended that SMMEs do not perform effective performance measurement to establish the progress the enterprise has made (Mashavira, Guvuriro & Chipunza 2022:296). The use of the OLC in conjunction with suitable key performance indicators, increases the preparedness of enterprises for economic development (Ciemleja & Lace 2008:5; Baiochi et al 2021;3481). As discussed in Section 1.1 and section 1.2.1 SMMEs frequently struggle to measure performance in terms of growth and expansion (Osterwalder & Pigneur 2010:14; Waśniewski 2017:215; Mendy 2021:704). Furthermore, SMMEs struggle to identify a suitable framework to measure enterprise performance (Waśniewski 2017:215).

Papulová et al (2021:4), Waśniewski (2017:215) and Van Zyl (2020:68) reviewed different performance measurement frameworks and identified three common frameworks, namely, the BSC, performance prism, and performance measurement matrix, but found them to be too complex and thus unsuitable for township SMMEs.

In contrast, the RDF developed by Fitzgerald et al, which was created for the service industry, may be suitable (Onyango et al 2010:88; Panno 2020:137), if tailored, but notably, there has been little research done on its use by the township service SMMEs.

When performing a literature search using research search engines Google Scholar and ProQuest, from 2018, the researcher found no studies on performance measurement frameworks in Kagiso, South Africa. Taking into account both the rapid growth in population as well as the limited studies focusing on performance measurement frameworks in Kagiso, South Africa, it may be useful to investigate and capture existing perspectives from the Kagiso enterprises. In concentrating on the selected township, the research search engines lack studies in Kagiso that focus on identifying suitable performance indicators for SMMEs, leaving a gap.

The problem statement is therefore formulated as follows: Township service SMMEs do not effectively measure their key performance indicators and thus encounter challenges in evolving in the OLC towards growth and expansion.

1.4 RESEARCH AIM AND OBJECTIVES, MAIN QUESTION AND SUB-QUESTIONS

This study aims to explore which of the key performance indicators in the RDF have the potential to contribute towards selected township service SMMEs in Kagiso, South Africa, to evolve in the organisational life cycle towards growth and expansion.

1.4.1 Objectives

The objectives of the study are to:

Objective 1: Illustrate the contribution SMMEs make to the economy and the challenges that affect their ability to evolve in the organisational life cycle towards growth and expansion. This will be performed through a literature review.

Objective 2: Investigate the theory and literature on performance measurement and the RDF for SMMEs to ascertain which RDF performance indicators may be suitable for township service SMMEs to evolve in the organisational life cycle towards growth and expansion. This will be performed through a literature review.

Objective 3: Explore which key lagging and leading performance indicators within a tailored RDF may contribute to the selected township service SMMEs in South Africa to evolve in the organisational life cycle towards growth and expansion. This will be performed through conducting semi-structured interviews.

1.4.2 Main research question and sub-questions

The main research question for the study: Which key performance indicators within the RDF have the potential to contribute towards selected township service SMMEs in South Africa evolving in the organisational life cycle towards growth and expansion?

Sub-question 1: What contribution do SMMEs make to the economy and which challenges affect their ability to evolve in the organisational life cycle from growth to expansion?

Sub-question 2.1: Which existing theory and literature applies to performance measurement and the RDF for SMMEs?

Sub-question 2.2: Which RDF performance indicators may be suitable for township SMMEs to evolve in the organisational life cycle towards growth and expansion?

Sub-question 3: Which key lagging and leading performance indicators can be used within a tailored RDF to contribute to the selected township service SMMEs to evolve in the organisational life cycle towards growth and expansion?

1.5 THESIS STATEMENT

The use of suitable key performance indicators in a tailored RDF will offer an approach to selected township service SMMEs in Kagiso, South Africa, to evolve in the organisational life cycle towards growth and expansion.

1.6 DELINEATION AND LIMITATIONS

The Department of Cooperative Governance and Traditional Affairs (CoGTA) (CoGTA 2020:9) delineated the West Rand to consist of three local municipalities, namely, Merafong City, Mogale City, and Rand West City. The study is limited to one township within the Mogale City municipality, called Kagiso. Mogale City municipality has eight districts, namely, Magaliesberg, Muldersdrift, Randfontein, Finsbury, Mohlakeng, Venterspos, Bekkersdal, and Krugersdorp. Kagiso is one of six Krugersdorp townships, and, as identified above in sections 1.1 and 1.2, limited research has been conducted in this township.

The study's initial intent was to focus on start-ups, but when using purposive sampling, the interviews included SMMEs at various stages of the OLC.

This study includes township service SMMEs in Kagiso Avenue or within a three-kilometre radius located in Kagiso which may fall in any stage of the five-stage OLC. The latter was based on the enterprises self-declaration regarding the stage of the business in their responses to Question 5 of the interview guide. This was done to review the status quo concluded from the literature that township SMMEs do not exist beyond three years.

Documented as observations in a memory journal by the researcher from informal community service interactions with SMMEs in townships, a conversation about finances with African people, especially from the generations “baby boomers” and “generation X”, was difficult. This may be because of the traditional views that “baby boomers” have toward finances as matters not discussed with younger generations who are “generation X”, in the family. Hence, due to data that may not be available on a large scale for quantitative research, in-depth data will be collected from fewer participants, for which a qualitative approach is appropriate. Therefore, the data collected for this study will be obtained through a qualitative approach.

1.7 DEFINITIONS OF TERMS AND CONCEPTS

Determinants – outline competitive success and consist of four dimensions, namely, quality, flexibility, use of resources, and innovation (Brignall et al 1991:34; Kaluthanthri & Osmadi 2020:135).

Expansion - exploring other markets and/or approaching things differently; that is, expanding the scope of the business to increase revenue (Shepherd & Williams 2023:33,37).

Financial performance measure - is the measurement of a company's financial position over a certain period (Soewarno & Tjahjadi 2020:1089).

Growth - can be achieved and determined by how much sales are generated, a combination of value-added and an increase in the volume of the enterprises. Furthermore, growth is an indicator of qualitative attributes such as market standpoint, quality of product, and the goodwill of customers (Gupta, Guha & Krishnaswami 2013:9; Griva et al 2023:13).

Lagging performance indicators - indicate that lagging indicators can be computed from historical information that is based after the fact (Zwetsloot et al 2020:2).

Leading performance indicators - are consistent with real-time, that is predictors of the future stage of performance not easily determinable (Zwetsloot et al 2020:2).

Non-financial performance measure - represents information and analyses that are not expressed in monetary equivalents (Kaplan & Norton 1992:79; Nguyen et al 2023:425).

Organisational life cycle - is the life cycle from the creation of an enterprise to its termination (Nordström, Choi & Llorach 2012:6 7).

Performance measurement - is a process of assessing the “efficiency and effectiveness” of an action to be undertaken (Neely et al 1995:80).

Performance measurement systems - is a set of metrics to measure both “efficiency and effectiveness” for the determined actions (Neely et al 1995:81).

Performance measures - is a benchmark used to determine the “efficiency and effectiveness” of an action (Neely et al 1995:80).

Results - is the measure of a strategy that has been identified (Brignall et al 1991:34).

Small, micro and medium enterprises (SMMEs) - referred to as micro, small and medium enterprises (MSMEs) in Africa (Le Fleur et al 2014:9); considers different enterprises from informal to formally registered (SEDA 2016:5), and range from 10 to 250 employees and annual turnover from R5 to R220 million (DSBD 2019:111).

1.8 APPROACH TO THE LITERATURE REVIEW

The purpose of the literature review can be broadly described as the manner of collecting data in a systematic way and synthesising previous research (Snyder 2019:333). The literature review should be used to identify not only what research and theorising has been conducted on a particular subject, but also the research yet to be done (McEwan 2017:1). In this study, a preliminary review was done in section 1.2 to identify gaps in the literature and meet objectives 1 and 2 as detailed in Chapter 2 and 3, respectively.

The two objectives indicated in section 1.4 were to consider what has already been covered by scholarly journal articles and theses including academic books. Furthermore, objective 1 would be met through using the scholarly literature and grey sources discussed in Chapter 2. Objective 2 was met using scholarly theory and literature as discussed in Chapter 3.

1.9 RESEARCH METHODOLOGY

Adams et al (2007:25) indicate that research methodology is the science and philosophy that supports the work to be conducted for a study. Chapter 4 provides an in-depth description of the study methodology which comprises the research overview, research philosophy, research design, methodology, limitations of the methodology, and ethical considerations. The next sections provide a high-level overview of some of these.

1.9.1 Research design

Saunders, Lewis, and Thornhill (2023:176) affirm that research design is how a study will be conducted. The literature shows that studies are conducted either using a qualitative, quantitative, or mixed method approach (Creswell 2018:53). The latter two approaches were not selected for this study as a qualitative approach was discussed in section 4.4. Using a qualitative approach allows the researcher to collect data from real experiences of the selected participants (Saunders et al 2016:168; Ahmad et al 2019:2829; Tomaszewski, Zarestky & Gonzalez 2020:2).

In section 4.4 a discussion on the research design for this study called phenomenology by Tomaszewski, Zarestky and Gonzalez (2020:2), is briefly explained. In section 4.5 a detailed plan, structure, and execution for the empirical study to achieve objective 3 was outlined for the selected township service SMMEs from Kagiso, South Africa.

1.9.2 Research methodology

To meet objective 3 the study aimed to explore which key lagging and leading performance indicators within a tailored RDF may contribute to the selected township service SMMEs in South Africa to evolve in the organisational life cycle towards growth and expansion. The following sections describe the methods utilised.

1.9.2.1 Research instrument

Research instruments are tools used for the collection of data (Saunders 2019:128); a frequently used tool for a qualitative approach is interviews (Santhosh, Rojas & Lyons 2021:176). Semi-structured interviews allow new perspectives to be collected (Chowdhury 2019:104; Tomaszewski, Zarestky & Gonzalez 2020:2), thus this study used semi-structured interviews as detailed in section 4.5.1. Eldridge et al (2016:8) argue that to refine the process, a pilot test is conducted. Three township service SMMEs from Kagiso were identified to be tested on a small scale to solidify the approach, and section 4.5.7 describes the pilot test conducted to refine the process followed for this study.

1.9.2.2 Population and sampling

Thacker (2020:3) defines target population as group of data with a specific characteristic. As indicated in section 1.1, SEDA (2016:15) does not maintain a database of township SMMEs per geographical area, which makes it difficult to determine the number of enterprises in Kagiso. The researcher identified the population from township service SMMEs in Kagiso Avenue or within a three-kilometre radius, which were estimated to be over 50 SMMEs when the area was initially visited for background on the township.

Sampling is the process of taking a subset of data from the target population to analyse and document findings (Hassan 2024). Hair, Page and Brunsveld (2020:179) attest that saturation may be reached when deviating from the initial planned sample. Therefore, from the initial estimate of over 50 SMMEs observed and the planned

sample size of 20 start-ups, a final sample size of 14 SMMEs in various OLC stages was selected by the researcher after reaching data saturation at number 14. The 14 selected township service SMMEs were interviewed after following a recruitment process as detailed in section 4.5.3.

1.9.2.3 Data collection and analysis

Data collection is the process of gathering and collecting information from various sources to analyse and make informed decisions (Hassan 2024). Data collection may be in the form of surveys, experiments, observation, and interviews (Hassan 2024; Jara et al 2020:251). As discussed in section 1.9.2.1, interviews were conducted for this study, therefore the first three forms of data collection will not be discussed further, because they were not utilised. Saarijärvi and Bratt (2021:395) attest that audio-recording allow interviews to be transcribed without being distorted. Therefore, the 14 face-to-face semi-structured interviews were audio-recorded to allow participants real responses to be captured without being distorted.

Data analysis is conducted after collecting information which is then transcribed into text for analysis by using a thematic method suitable for a qualitative approach (Castleberry & Nolen 2018:808; Braun & Clarke 2022:2,4). Saarijärvi and Bratt (2021:395) advocate that when analysing interview data, it is preferable to use a computer-assisted qualitative data analysis software. The computer-assisted qualitative data analysis software used by the researcher and the second coder, was ATLAS.ti™, Version 23 (hereafter ATLAS.ti). Additionally, where required to capture participants' real experiences the researcher would apply semantic linkage to unveil insights from the responses. In sections 4.5.7 and 4.5.8 the researcher illustrated how the study could be replicated or display reliability and demonstrate trustworthiness of the study's findings. Finally, after following the method for meeting objective 3, the researcher presents the findings after the themes have been generated from categories consolidated from the codes as captured in section 5.5.

1.10 ETHICAL CONSIDERATIONS

According to Pera and Van Tonder (1996:4) and Chadha and Jain (2020:1) ethics is a code of acceptable behaviour. It is critical that all scholars understand research ethics (Locher & Bolander 2019:88). Ethics affects two groups of people: those

conducting research, who should be aware of their duties and accountabilities, and those "researched upon," who have fundamental rights that should be protected (Mashavira et al 2022:8). Prior to conducting the research study, approval was obtained from the Research Ethics Review Committee of UNISA's College of Accounting Sciences (Appendix B). The two potential risks are mitigated by: i) removing any potential dangers by notifying the participants of their rights, and ii) ensuring that the study was carried out impartially and equitably (Browning & Arrigo 2021:298). By eliminating any potential risks and providing accurate information, the study was carried out impartially and honestly (Sharma 2020:137). According to Brink and Wood (1998:200-209), ethical issues encountered in a study will include "informed consent, right to anonymity and confidentiality, right to privacy, justice, beneficence, and respect for persons," as described in section 4.7 and outlined in the participation information sheet and consent to participate in the study shown in Appendices C and D, respectively.

1.11 SIGNIFICANCE OF THE STUDY

Practically, this study could lead to an adaptation on how selected township SMMEs may use performance indicators and apply a suitably tailored RDF. The leading and lagging performance indicators within the tailored RDF may contribute to the performance of township SMMEs toward growth and expansion.

Furthermore, it would introduce them to new innovative and adaptable ways of focusing on how to increase their performance.

Theoretically, the study may add to the body of knowledge on leading and lagging performance indicators tailored to the unique township services SMMEs in South Africa. The tailored RDF performance indicators could be considered a departure point for service industry studies in poverty-stricken areas, either locally or in other developing countries, and more specifically, those where enterprises are not evolving in the OLC towards growth and expansion.

1.12 CHAPTER OVERVIEW

Chapter 1: Introduction

Chapter 1 introduces the study through an overview of the background, followed by reviewing the existing literature to identify the gaps and the problem statement. Thereafter, the aim, objectives, main research question, and sub-questions were detailed, followed by the thesis statement. This was followed by the delineation and limitations of the study and the research methodology, ethical considerations, and significance of the study.

Chapter 2: Township service small medium and micro enterprises in South Africa

Chapter 2 demonstrates how SMMEs are defined globally, in Africa and within the South African context. Further, it illustrates the contribution of township SMMEs in South Africa to the economy in the context of the difficulties encountered by a developing country.

Then, it discusses how township service SMMEs fit in the OLC, and the challenges encountered by SMMEs when evolving in the OLC.

Chapter 3: Literature review and theory

Chapter 3 provides details of the theory and literature investigated on performance measurement for SMMEs to meet objective 2 of the study. A review of the literature outlines the pertinent aspects of performance measurement for SMMEs. This is followed by theorising the preferred framework, the tailored RDF, which may be suitable for the selected township service SMMEs. Furthermore, the chapter investigates, within the tailored RDF, which of the results or lagging, and determinants or leading performance indicators, may be suitable to be explored for township service SMMEs. The foundation for formulating the summative conceptual framework was adapting the RDF to be used as a basis to outline the interview guide.

Chapter 4: Research methodology

Chapter 4 provides an account of the plan, structure, and execution of the empirical part of the study. The chapter discusses the research overview, research philosophy, research design, research instrument, target population, sampling method and size,

data collection, data analysis techniques, validity, replicability/reliability, trustworthiness of findings, limitations of the selected method, and ethical considerations. The chapter aims to outline the research method followed to meet objective 3 by performing semi-structured interviews.

Chapter 5: Research analysis and findings

Chapter 5 analyses the data collected during the empirical study. The chapter contains an examination of the data transcribed from the recorded semi-structured interviews and analyses performed, presenting the research findings, and contextualising the findings in terms of the existing literature reviewed.

Chapter 6: Summary, conclusions, and recommendation

Chapter 6 provides the summary of the main outcome on how the objectives were met, and then reaches a conclusion on the study aim.

The chapter declares the limitations of the study and makes recommendations on how performance measures and frameworks can be tailored within the township service SMMEs in Kagiso, South Africa. The chapter suggests areas for further research.

CHAPTER 2: TOWNSHIP SERVICE SMALL MEDIUM AND MICRO ENTERPRISES IN SOUTH AFRICA

2.1 INTRODUCTION

Chapter 1 introduced the background to the study and discussed an identified gap in the literature for identifying performance measurement frameworks for township service SMMEs. Although SMMEs are important socio-economically, they have difficulties that constrain their growth and expansion, including a lack of skills and limited access to funding. This may be due to the limited identification of an appropriate performance framework, such as the proposed Results and Determinants Framework (RDF) in section 1.2.1.4, as a suitable framework for service enterprises to measure performance.

The purpose of this chapter is to illustrate, using scholarly and grey literature, the contribution SMME make to the economy and challenges that affect their ability to evolve in the OLC towards growth and expansion (study objective 1).

Section 2.2 outlines SMMEs in developed and developing countries, their definitions, and classifications, in a global, African and South African context. Thereafter, in section 2.3, attention is drawn to the contribution SMMEs make to the economy. The economic success of the SMMEs encourages social wellbeing of ordinary citizens to survive day to day. However, SMMEs encounter challenges that affect their ability to evolve in the OLC towards growth and expansion which are discussed in section 2.4. Specific challenges are described in section 2.5 including limited access to finance, lack of managerial and know-how in operating enterprises, marketing, and limited resources in operational and human resources.

2.2 SMALL, MEDIUM, AND MICRO ENTERPRISES (SMMEs) DEFINITIONS

The literature reveals no standard definition for the word “small” (Kayanula & Quartey 2000:8; Nieman 2012:5) and “small enterprises” (Scarborough & Cornwall 2019:61). A small enterprise means any association, whether or not incorporated or registered under any law, which consists substantially of persons carrying out small business concerns in any business sector or an establishment to promote business or

representing small business concerns and includes any federations consisting wholly or partly of such associations and also any branch of such organisation (GPG 2020:11). The SMMEs are primary centres of economic growth (Obi et al 2018:839; Nieuwenhuizen 2019:667). Chapter 1 introduced the terms SMMEs or SMEs, although, micro, small and medium-size enterprises (MSMEs) are used in the African and international perspectives (Simbulan 2017:3; Kelly-Louw 2023:168). It will be interesting to investigate SMMEs definitions from global, African, and South African township perspectives.

2.2.1 Global and African SMMEs definition

The European Commission (EC) (2020:4) states that the definition for SMEs is not a straightforward task. Researchers of SMMEs such as Agyapong (2010:198), OECD (2017:4), and Uwitonze (2019:3) concluded there is no universal and global SMME definition. Countries have unique definitions for enterprises classified as SMMEs (Buckley 1999:146; Schirmer & Visser 2021:2) which are in line with their legislation and strategic economic objectives, and whereby each country determines the components that define SMMEs (OECD 2017:4; Uwitonze 2019:3). Therefore, each country determines what constitutes a SMME according to their respective legislation and as intended by their economic strategy. The following discussion reviews various countries' SMMEs definitions.

Vacu-Nggqila and Sin-Yu (2023:217) confirm that the absence of a globally accepted definition is due to the different sizes of firms across countries. For example, differing definitions of SMMEs are used by Australia, Canada, Britain and the United States: Australia - as comprising a maximum of 20 compensated individuals (Tam, Rao & Hall 2021:2); Canada - as having 100 individuals (StatsCan 2022); Britain - as those with a maximum of 50 individuals and that do not have annual revenue above €10 million, equivalent to approximately R205 million (Tuffour, Amoako & Amartey 2022:1205); and the United States based on their revenues and business industries. The EC (2018) detailed the components, namely, comparisons of headcount or number of employees, annual turnover, and annual financial position.

The EC (2020:4,10) further defines SMEs as having two components, namely, the headcount of employees not exceeding 250 and either the annual turnover does not exceed EUR 50 million (Xe.com 2022), equating to an approximate value of R823 million, or the annual financial position does not exceed EUR 43 million (Xe.com 2022), equating to an approximate value of R708 million.

From an African perspective, countries have various definitions of SMMEs (Uwitonze 2019:3). For example, SMMEs are defined differently by countries that are part of the Intra-trading agreement, South African Development Community (SADC) and countries identified as the 2021 Top Ten African countries to conduct business with (Oluwole 2021), as briefly discussed below.

As part of the Intra-trading agreement, Ghana defines SMEs as having components consisting of total fixed assets and small-scale enterprises employing not more than 10 individuals, with medium to large enterprises employing more than 10 individuals (Kayanula & Quartey 2000:10). In Kenya, MSMEs are categorised based on the number of employees not exceeding 50 employees and annual turnover with a maximum of 5 million Kenyan Shilling (Wairimu 2015:14) equating to about R689 000.

In SADC, Zambia categorises SMEs based on three components, namely, the total value of the assets does not exceed 50 million Zambian Kwacha, which equates to approximately R42 million; annual turnover ranges between 20-80 million Zambian Kwacha, equivalent to R16-R67 million; and the number of individuals ranges between 10 to 30 employed by the enterprise (Chisala 2008:6). Eswatini defines MSMEs to include the total number of employees not exceeding 50, and either generate 5 million Swazi Lilangeni annual turnover, equivalent to about R5 million, or have a capital base of an amount not exceeding 8 million Swazi Lilangeni revenue, equivalent to about R8 million (FinMark Trust 2017:15).

For the 2021 Top Ten African countries to conduct business with, Mouhallab and Jianguo (2016:5) state that the Moroccan National Agency for the Promotion of Small and Medium Size Enterprises, Maroc PME, defines SMEs to exclude the number of employees and instead focuses on turnover of three types of enterprises. The three types of enterprises are micro, very small, and SMEs with turnover ranges between 3 Moroccan Dirham, which equates to R5 South African Rand, to 175 Moroccan Dirham, which equates to R294. Uwitonze (2019:3) states that in Rwanda, SMEs are defined

by the country's Minister of Trade and Industry to incorporate a capital investment of less than 0.5 million Rwandan Franc, which equates to about R7 000; annual turnover of less than 0.3 million Rwandan Franc, which equates to about R4 000, and a maximum of three individuals employed by the enterprise.

The discussion above confirmed the different definitions of SMMEs worldwide (OECD 2017:4; Uwitonze 2019:3). Additionally, each country has defined legislative and economic strategies to establish categories of SMMEs (OECD 2017:4; Uwitonze 2019:3). Table 2.1 summarises the components from the various countries' definitions of SMMEs.

Table 2.1: Summary of components used to define an SMME/SME/MSME

Country / Sector	Components of SMME definition		
	Number of employees	Annual turnover	Value of assets
Australia	●		
Canada	●		
Britain		●	
United States		●	
Europe	●	●	●
Zambia	●	●	●
Eswatini	●	●	●
Ghana	●		●
Kenya	●	●	
Morocco		●	
Rwanda	●	●	●

Source: Researcher's observation from cited various countries defining SMME/SME/MSME

Table 2.1 describes the components used to formulate the definition of SMMEs for various countries - the number of employees, annual turnover, and value of assets. The following section discusses the definition of SMMEs in the South African context including the townships.

2.2.2 South African SMMEs definition

The Ministry of Small Business in South Africa was established to administer programmes designed for SMMEs and Co-operatives (DSBD 2021). The Department of Small Business Development (DSBD) defines small enterprises as any entity managed by one owner or multiple owners in any sector (DSBD 2019:110; Kalidas, Magwentshu & Rajagopaul 2020). South African SMMEs are further distinguished into specific components, comparable to how global and African countries classify SMMEs (DSBD 2019:110). In 2019, updated components included the number of employees and annual turnover (DSBD 2019:110). These two components define SMMEs across several sectors (DSBD 2019:131).

In South Africa SMMEs are both formally registered and informal or non-VAT registered (SEDA 2016:5; DSBD 2019:10). Formal SMMEs are described as enterprises that are registered with the South African Revenue Service for either value added tax or income tax (Bhorat et al 2018:16). Informal SMMEs are survival enterprises that are not likely to employ individuals (Bhorat et al 2018:5). Vuba (2019:3) argues that informal SMMEs can perform well, and over a long period. Therefore, SMMEs' success may be affected by the country's ability to appropriately align legislative and economic strategies for SMMEs to either remain survivalist or grow further. Table 2.2 details how South African enterprises are distinguished into five different categories by size, annual turnover, and number of employees.

Table 2.2: Broad definitions of SMMEs in the National Small Business Act

Enterprise size	Annual turnover (R)	Number of employees
Medium	Less than R4 m to R50 m	Fewer than 100 to 200
Small	Less than R2 m to R25 m	Fewer than 50
Very small	Less than R200 000 to R500 000	Fewer than 10 to 20
Micro	Less than R150 000	Fewer than 5
Survivalist	Operate in the informal economy. The income they generate is below the poverty line.	None

Source: DTPS (2017)

Table 2.2 describes the SMMEs' annual turnover ranging from income below the poverty line to not more than R50 million, and the number of employees ranging from none to fewer than 200. As indicated in section 1.1, most township service SMMEs exist only to survive. Bushe (2019:23) observed that South African SMMEs do not advance beyond the survivalist enterprise level due to difficulties encountered. Therefore, township service SMMEs in Kagiso, South Africa, selected for this study can be found to be categorised between micro and survivalist.

The SMMEs definition extends to different sectors by considering the size or class of the enterprise (DSBD 2019:111). A sector is a large portion of the economy, and an industry refers to a specific group of similar types of enterprises (Langager, Boyle & Kvilhaug 2023). The other sectors within various industries include agriculture; mining and quarrying; manufacturing; electricity, gas, and water; construction; retail, motor trade and repair services; wholesale; catering, accommodation, and other trade; transport, storage, and communications; finance and business services; and community, social and personal services (DSBD 2019:111). The service sector, the focus of this study, is an industry of enterprises that generate revenue by providing intangible goods and services (Choo et al 2021:705). The following discussion examines the range of services that service sector enterprises may provide.

In the South African context, the service sector comprises hospitality; banking and insurance; retail; logistics; education; healthcare; community services; real estate; broadcasting; defence; business services; tourism; information technology; consultancy; research and development; and shipping (Jansen van Rensburg et al 2020:340). Scheba and Turok (2020:81) and Wiid and Cant (2021:5) identified types of township service SMMEs, that include shebeens, stokvel (financial group), hair salons, taxi services (logistics), street vendors, and child-care services.

Shebeens are informal alcohol outlets in South African townships (Charman & Govender 2020:794) A stokvel is an informal financial group established between friends, colleagues, or individuals to save money by each contributing an agreed amount once a month (Phatlane 2021:17). Enterprises that are able to provide services and goods are defined as a dual operation (Guillon et al 2021:1038). Therefore, enterprises may function by providing services and selling goods.

The township service SMMEs in Kagiso Avenue and the surrounding delineated area comprised hair salons, street vendors (dual operation), shebeens (dual operation), child-care services and internet cafes. Taxi services operating in the area were excluded due to the complexity observed in the taxi industry and the difficulty in accessing owners.

The township service SMMEs operate within an economy called the township economy. A township economy is defined as enterprises and markets operating in townships (GDED 2014:11). The owners of township service SMMEs operate the enterprise and become employees of the SMME (Cant & Rabie 2018:228). Township enterprises have various legal forms, either for-profit or non-profit, registered under the Companies Act or Cooperative Act (GDED 2014:11). The following section expands on the valuable contribution of SMMEs to the economy.

2.3 CONTRIBUTION OF SMMEs TO THE ECONOMY

The contribution of SMMEs to the economy is visible at a global, African, South African, and township perspective. The following section elaborates on how SMMEs at these different levels contribute to the economy.

2.3.1 SMMEs global contribution to the economy

The OECD (2021:7) attests that SMEs contribute to global economic growth by increasing inclusivity, fostering innovation, and promoting environmental sustainability. The World Bank (2020) states that approximately 600 million employment opportunities would have to be created by 2030, creating an urgent need to prepare SMEs to be part of this employment creation and thus to contribute positively toward economic growth. The United States government found that more than 60% of SMEs contribute towards employment in the private sector. The SMEs' contributions are not only recognised in the private sector, but they are absolute drivers of the current economy, accounting for approximately 95% of all enterprises globally (Alagos 2022:1), and about 15% of global GDP in 2019 according to the OECD (Alexander 2019). Therefore, SMEs are substantial contributors to world economies.

Supriyono, Utami and Muktiyanto (2021:34) concluded that SMMEs in Indonesia, contribute less revenue taxes compared to large enterprises. However, there was a noticeable improvement when the tax rate changed from 1% to 0,5% of enterprise gross revenue, increasing the tax threshold for small enterprises contributing towards revenue taxes (Supriyono et al 2021:34). Therefore, SMMEs contribute towards revenue taxes even though it may not be significant, and a revision in tax thresholds results in an improvement in contribution towards revenue taxes by SMMEs.

Notwithstanding positive contributions by SMMEs, the survival rate of these enterprises globally is adversely affected by various factors, resulting in a downward spiral of the country's gross domestic product (GDP) and general economic standing (Edoun, Mbohwa & Bhila 2019:2824). The downward spiral was worsened when SMEs were affected by the pandemic, as noted by Allianz Care (2021), that highlighted the effect of the COVID-19 pandemic with more than 90% of SMEs in the United States negatively impacted, and more than 25% of British SMEs had planned to reduce employment by April 2020 when the pandemic commenced.

Therefore, the pandemic negatively impacted SMEs' contribution to the global economy. The following section discusses contributions in Africa and South Africa by SMMEs.

2.3.2 African SMMEs contribution to the economy

The SMEs are central to the advancement of the African continent (Muriithi 2017:37; Abisuga-Oyekule, Patra & Muchie 2020:405). Kalidas et al (2020) highlight that SMEs contribute more than 80% of the continent's employment in the informal and formal sectors. Makwara (2019:6-8) demonstrates that small enterprises contribute to socio-economic development. Kalidas et al (2020) state that when large enterprises, including public entities, retrench individuals, these individuals start small businesses to survive. Therefore, SMMEs help fill the dire need for employment, contributing to the economy. In a study conducted in Nigeria, Apulu, Latham and Moreton (2011:126) argue that SMEs contribute to the country's national and international economic development. In Kenya, the Kenya National Bureau of Statistics (KNBS) in 2021 found that SMEs contributed more than 20% of the country's GDP, and they are responsible for more than 90% of employment rate (Heyer et al 2021). Therefore, it is evident that SMEs are the core driver of economic development in various African countries

(Gonzalez, Munya & Ngatla 2019:2). Conversely, Cassim et al (2016:13) argue that informal SMEs in sub-Saharan Africa are relatively insignificant and make a minimal contribution towards rapidly growing the economy. Moreover, SMEs encounter many significant challenges over the long-term which hinders their survival and contribution to the country's development (Fofana 2023:71), as discussed in section 2.5.

2.3.3 South African SMMEs contribution to the economy

The SMEs in developing countries, like South Africa (Sayef 2017:3), and in newly formed economies, are essential worldwide to positively contribute toward economic growth (Ndiaye et al 2018:269). The beneficial contribution of SMEs is notable not only in developing countries but also in well-established economies (Runde, Savoy & Staguhn 2021:1). The significance of SMMEs contribution towards countries' reduction of poverty is important in developing countries (Sarmah, Saikia & Tripathi 2021:200). Therefore, this will in turn improve the GDP. Furthermore, SMMEs in the evolving market have the ability to create employment, pay revenue taxes and contribute towards the GDP (Agyapong 2010:196; Bushe 2019:1). Revenue taxes are income streams for the general government collected from income by individuals and profits by enterprises; social security contributions; taxes levied on goods and services; transfer of property; and other taxes (Kerr 2020:2; OECD 2022). Mpofu (2021:79) reviewed how government revenue can be improved by including informal sectors in developing countries and concluded that in six African countries these sectors contributed less than 6% of tax revenue.

In South Africa, the South African Revenue Service (2022:7) recorded an improvement in revenue taxes from SMMEs for the 2021/22 financial period. In 2021 the SME sector employed 47% of working South African individuals, contributed more than 20% to the GDP (Burger 2021), and paid 9% of corporate taxes (SEDA 2021:34). Schirmer and Visser (2021:7) argue that to improve employment and economic growth, the focus should be on the 20% of SMMEs that are informal multi-person enterprises because they employ roughly 50% of the sector workforce. Despite many support programmes initiated by government agencies, the performance of South African SMMEs is poor (Snowball & Mapuma 2020:198). Notwithstanding the discouraging results from government-initiated programmes, SMMEs could employ more workforce in the various sectors.

2.3.4 South African township SMMEs contribution to the economy

Wiid and Cant (2021:513) observe that informal enterprises play a vital role in most developing countries in terms of the economic contribution made. The discussion that follows will focus on how South African township SMMEs have contributed to the economy.

Most township SMMEs are informally registered (Van Wyk & Van Gaalen 2021). They contribute significantly to the economy by decreasing unemployment and enabling many families to survive daily (Chiromo & Nani 2019:671). In 2020, the informal sector contributed more than two million employed individuals, equating to more than 10% of the employment rate, and the informal economy contributed 6% of the GDP (StatsSA 2020:44). As observed by Morris, Pitt and Berthon (1996:59,63) and Bvuma and Marnewick (2020:5), informal sector SMMEs in the townships do not grow compared to formal sector SMMEs located in the cities. This may be because measuring the increase in size and growth for informal SMMEs is complex (Schirmer & Visser 2021:1).

A study conducted in Mankweng township, Limpopo Province, South Africa, outlined the SMMEs contributions to the economy and local economic development (Maloka 2013:105). These contributions include, amongst others, job creation and income earning opportunities for SMMEs (Maloka 2013:105). Bvuma and Marnewick (2020:5) argued that township SMMEs have the potential to contribute to the economy positively, however, the government must support SMMEs and reduce the constraints that hinder the much-needed contributions by township SMMEs (Bvuma & Marnewick 2020:5; Wiid & Cant 2021:18). This shows that township SMMEs have the potential to play an important role in contributing to the South African economy.

Amongst SMMEs, the service sector was found to be the second highest in terms of contributing to the South African economy (Bushe 2019:13). In contrast, a study conducted in Rustenburg found the service sector to have a lower economic growth contribution compared to other SMMEs in various sectors (Chiromo & Nani 2019:668). The literature review showed limited research conducted on township service SMMEs in Kagiso, South Africa.

The literature review unpacks how the contribution of local informal SMMEs is impacted by foreign-owned entities operating in a township. In an Ekurhuleni township study in the textile industry, Netshishivhe (2021:40) concluded that local SMMEs struggle to create employment and significantly contribute to the local economy due to foreign-owned enterprises operating at lower costs than local SMMEs. Moreover, foreign-owned enterprises have developed effective distribution networks, bargaining power in negotiating discounts, operating through collaborative efforts (Mahambehlala 2019:18). Therefore, foreign owners operate their enterprises at lower costs and more effectively than local SMMEs. Schirmer and Visser (2021:13-14) highlight the entrepreneurial and financial literacy skills of foreign-owned enterprises on how to operate SMMEs that local owners may learn from, in order to make a more meaningful contribution to the economy. Entrepreneurial skill is the ability to generate value within the economic, social, and environmental circumstances (Korobov et al 2021:2).

Financial literacy is the ability to have the know-how of budgeting, saving, and investing to make informed decisions (Fakoti 2021:79). Therefore, local owners should strengthen their entrepreneurial and financial literacy. The following section discusses the evolution of SMMEs in the various stages of an OLC.

2.4 TOWNSHIP SERVICE SMMEs IN THE ORGANISATIONAL LIFE CYCLE

The OLC models differ in terms of the number of stages or phases (Freshwater 2020:24; Mosca, Gianecchini & Campagnolo 2021:3). The OLCs are triggered by the commencement of an enterprise (Mosca et al 2021:3). Furthermore, OLCs track the development of enterprises in how they grow (Freshwater 2020:22). Understanding an enterprise's position in the OLC is important as it enables the owner or manager to make critical decisions towards growth and expansion (Churchill & Lewis 1983:48; Lester, Parnell & Carraher, 2003:348; Freshwater 2020:24). This section discusses the background to OLC models with a focus on the five-stage OLC before exploring the OLC. It then provides a rationale for focusing on the five-stage OLC for township service SMMEs, in Kagiso, South Africa.

2.4.1 Background to organisational life cycle models

Jirásek and Bílek (2018:7-12) summarised the different stages in the OLC models from 1967 to 2018, ranging from three to ten stages. Of the models the four-stage OLC was studied the most by nine authors over four decades, although it covers a limited range of OLC stages. Jirásek and Bílek (2018:7-13,15), and Al-Taie and Cater-Steel (2020:312) argue that the five-stage OLC traditionally used, is sound and consistent in determining enterprise progress, because a five-stage OLC has a better range to cover and may provide an improved holistic view on how an enterprise may evolve within the different stages (Appendix A).

2.4.2 The five-stage organisational life cycle

Miller and Friesen are the original authors of the five-stage OLC in the management control literature (Poisson-de & Normandin 2020:17). Lester and Parnell (2003:343) and Jirásek and Bílek (2018:7-12) reviewed commonly used OLC by SMEs consisting of five-stages. Lester and Parnell (2003:342-343) advocate for a five-stage OLC, with the stages identified as existence, survival, success, renewal, and plunge. The existence stage involves the commencement of the enterprise's development (Lester & Parnell 2003:342). In the survival stage, an enterprise either strives for, or does not find placement within the respective market (Lester & Parnell 2003:342). The success stage is the enterprise's ability to master compliance-related matters in business operations (Lester & Parnell 2003:343). The enterprise's renewal stage embraces a new way of performing tasks and collaborating with other enterprises (Lester & Parnell 2003:343). The plunge stage is when an enterprise's supply decreases because the focus is more personal than on promoting enterprise goals (Lester & Parnell 2003:343).

Seven years later, Madhani (2010:489) unpacked the improved five-stage OLC. Madhani (2010:489) describes the OLC of an enterprise by comparing the different stages with that of living animals. The following is a process of evolving and growing through various stages: birth also known as start-up, growth, maturity and decline or restoration (Madhani 2010:489-490; Jirásek & Bílek (2018:7-12). The comparison of OLC stages to those of Lester and Parnell is that existence is equivalent to start-up; survival comparable to growth; success similar to maturity; renewal equivalent to restoration; and the plunge stage comparable to the decline stage of the enterprise.

The restoration stage constitutes the re-established focal point of the enterprise (Jirásek & Bílek 2018:8; Palumbo & Manna 2018:245). Based on the cited sources, Figure 2.1 was formulated to outline a five-stage OLC by considering the different stages and turnover. The compilation of the five-stage OLC in Figure 2.1 is based on a combination of the five-stage OLC.

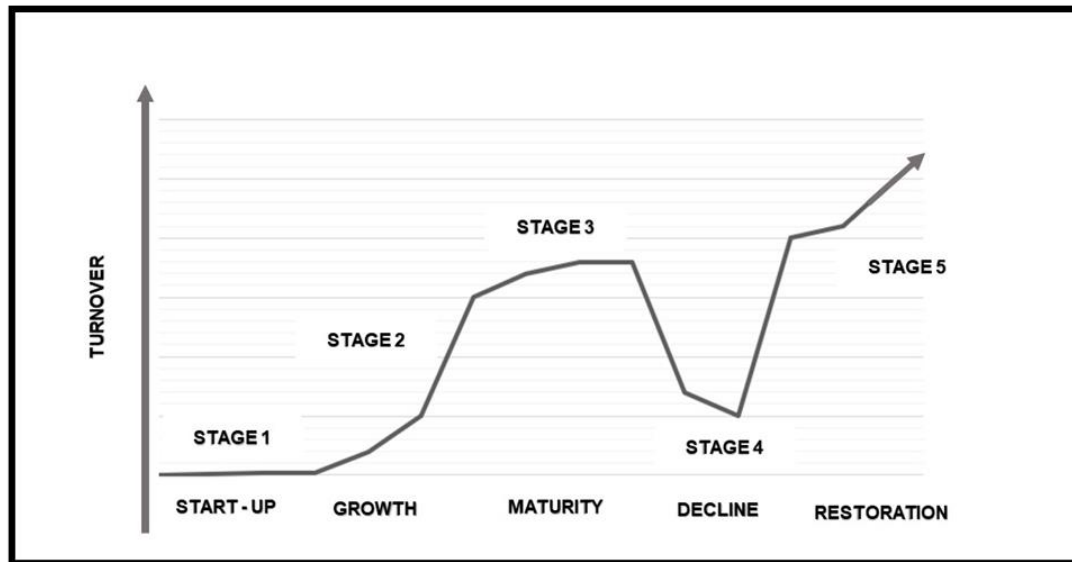


Figure 2.1: Five-stage organisational life cycle

Source: Researcher's observation from Lester and Parnell (2003:342), Madhani (2010:489), Jirásek and Bílek (2018:8), and Palumbo and Manna (2018:245).

Figure 2.1 outlines the researcher's view based on the cited sources of the five-stage OLC, as discussed above. Figure 2.1 depicts the cycle in which an enterprise is expected to evolve from the start-up to the growth, maturity, decline and restoration stages. The start-up stage is the beginning, similar to inception, and characterised by the enterprise developing an appropriate structure for operations (Tam & Gray 2016:6; Jirásek & Bílek 2018:7-12), whereas in the growth stage, which is related to development, a defined structure is identified (Tam & Gray 2016:25; Jirásek & Bílek 2018:7-12). In the maturity stage stability is attained to increase a variety of income streams (Hanks 1990:7; Jirásek and Bílek 2018:7-12). The decline stage is where the enterprise has less impact in the market and a decrease in cash inflows (Hanks 1990:7; Jirásek & Bílek 2018:7-12). The restoration stage is similar to revival, which is when an enterprise demonstrates the ability to recover (Palumbo & Manna 2018:245) by stimulating creativity and flexibility (Lester & Parnell 2008:543; Palumbo & Manna 2018:245). Each stage is discussed in subsections 2.4.2.1 to 2.4.2.5 below.

Studies conducted in Japan, a developed country, and Brazil, an undeveloped country, showed that SMMEs have different experiences during the various OLC stages (Coad & Kato 2020:1164). David-West, Umukoro, and Onuoha (2018:595) argue that SMMEs in sub-Saharan Africa encounter constraints that hinder enterprises from evolving in the OLC and are influenced by the inadequate digital ecosystem. Enterprises encounter several factors that either permit growth and expansion or hinders progress (Filho et al 2017:12). Moreover, most SMMEs do not swiftly progress to the maturity, decline, or restoration stages (Churchill & Lewis 1983:48) due to challenges encountered (Muda et al 2020:87), as illustrated in section 2.5. Section 1.1 provides an overview of the five stages of the OLC, reiterating that SMMEs fail to progress through the different stages. The following section outlines each stage in the five-stage OLC and indicates which stage is mainly occupied by SMMEs.

2.4.2.1 Stage 1: Start-up

Salamzadeh and Kawamorita (2015:3-5) draw attention to three start-up theories namely organisational, management, and entrepreneurship. Organisational theories focus on how individuals and enterprises are managed (Salamzadeh & Kawamorita 2015:5). Management theories relate to the people part of the enterprise which coordinate efforts towards a similar purpose (Salamzadeh & Kawamorita 2015:4). Entrepreneurship theories involve the enterprise's ability to generate new ideas, creativity, innovation, new products or services, and opportunities in the early stage of the enterprise (Salamzadeh & Kawamorita 2015:5).

In considering the theories encompassed in the start-up stage, Kariv (2020:2117) argue that many small enterprises in the start-up stage do not continue after five years. Furthermore, start-ups are exposed to and encounter various challenges, however, they are mainly affected by the lack of appropriate expertise and a lack of access to finance (Fielden, Davidson & Makin 2000:300; Kariv 2020:2111) Furthermore, Muñiz-Avila, Silveyra-Leon and Segarra-Perez (2019:60), and Al-Taie and Cater-Steel (2020:313) advocate that continuing research on start-up enterprises would allow for the extensive collection of experiences to strengthen different approaches in how SMMEs may grow and expand.

Mtshali et al (2017:6) believe that small enterprises experience various limitations. Moreover, Mahambehala (2019:17-18; 54) argues that SMMEs are confined to the survival stage and have a high possibility of closure or exit of the enterprise. According to a study conducted on a restaurant in Durban, South African SMMEs aim to survive beyond five years (Zwane, Kanyangale & Ndoro (2019:14). The study concluded that the organisational architecture relied on growing the enterprise beyond five years and required the involvement of employees to achieve specific goals (Zwane et al 2019:14). Additionally, the upskilling of employees and making necessary changes were critical for an enterprise to grow beyond a certain period (Zwane et al 2019:14). Therefore, township SMMEs must involve employees, upskill employees and be adaptable to survive beyond the start-up stage and to progress to the growth stage. The following section discusses whether SMMEs can progress to the growth stage.

2.4.2.2 *Stage 2: Growth*

Huang, Tseng, and Lin (2020:274) affirms that the pecking order theory is applicable to an enterprise in the growth stage to stimulate their development. Pecking order of financing is the way enterprises acquire capital funds by choosing internal funding before external funding, and debt before equity funding (Jibrán et al 2012:89). However, township SMMEs have limited internal resources because they are survivalist and may therefore rely on government support or family to secure additional funding.

As shown in Figure 2.1 stage 2 is the growth stage, which reflects an upward trend or growth in the enterprise turnover. Masurel (2019: 41) describes the growth stage as illustrating the enterprise's ability to flourish and to employ more individuals than in the start-up stage. The literature indicates that the growth stage is strengthened by various features. In Malaysia, SMMEs growth is reinforced by the influence of the existing employees within the SMMEs (Muda et al 2020:96). Venter and Hayidakis (2021:8) contend that SMMEs growth is enhanced by being involved in innovation. Panno (2020:142;155) argue that service organisations in the growth stage engage more in innovation strategies and cost-cutting initiatives. Ismail, Auzair and Amir (2019:159) concluded that configuring the performance measurement system of SMMEs from a OLC perspective is less comprehensive in the growth stage.

The less comprehensive growth is due to the inappropriate systems in place that focus on partial information, for example, financial information, rather than gathering detailed information (Ismail et al 2019:159). In the growth stage SMMEs are expected to apply and use performance measurement systems in more depth (Ismail et al 2019:159). However, upon observation, the application and use of the systems expected in the growth stage would be a challenge for SMMEs that focus on merely surviving. Therefore, the selected township service SMMEs would consider different growth factors within a performance measurement system. The following discussion outlines whether SMMEs can progress through to the maturity stage.

2.4.2.3 Stage 3: Maturity

Huang et al (2020:274) attest that the pecking order theory is applicable for an enterprise within the maturity stage to stimulate growth, a similar theory to the growth stage above. As shown in Figure 2.1 stage 3, the maturity stage is relatively stable and is the basis or inception of the enterprise engaging with new concepts or innovation to enable it to progress or to exist. Ismail et al (2019:159) concluded that a performance measurement system is used less in the maturity stage than the growth stage. Therefore, township service SMMEs do not progress to the maturity stage and limited literature exists that focuses on using performance measurement systems to assist them evolving to the OLC according to the literature review. The next section discusses whether SMMEs experience the decline stage.

2.4.2.4 Stage 4: Decline

Huang et al (2020:274) contend that the signalling theory is applicable to enterprises in the decline stage to stimulate growth. Signalling theory implies a positive relationship between the firm's cash flow and debt structure. As shown in Figure 2.1 stage 4, the decline stage occurs when the enterprise's existence sharply decreases, and its returns are not increasing. The decline stage occurs at the end of the cycle, after the maturity stage, where it is evident that the enterprise incurs losses and is facing enterprise closure (Marylin-Aguilar & Montoro-Sanchez 2020:188). Coad and Kato (2020:1160) argue that average growth is not crucial in determining the exit of a start-up but rather the change in sales.

The decline or exiting stage occurs when SMMEs are pushed to voluntarily liquidate, which differs from larger enterprises that would exit by engaging in a merger or bankruptcy (Coad & Kato 2020:1164). Jirásek and Bílek (2018:6) argue that the decline stage is usually the last stage of the OLC. However, the enterprise may experience two different turns of events, either the complete end of the enterprise, or the revival (Jirásek & Bílek 2018:6) or renewal stage (Lester et al 2008:315), referred to as the restoration stage in this study. The following section discusses whether SMMEs experience the restoration stage.

2.4.2.5 Stage 5: Restoration

The results from scholarly journal database searches, namely, ProQuest, EBSCOhost, and Emerald, showed restoration theories which differ by subject area. The subject areas were health, ecology, and enterprises, with only the latter applying to this study and further discussed. In the enterprise subject area, an Australian study for Woolworths and Coles supermarkets, argued that image restoration addresses crisis, controversy, or challenge, which influences market share growth (Grimmer 2017:28). Woolworths partnered with a well-known fitness instructor to advertise pre-packed food which was rejected by customers (Grimmer 2017:23). The severity of the crisis was rated mild and Woolworths' strategy, using evasion of responsibility to restore its image, was to assure customers that the advertisement was removed, and it had no intention of disappointing any customer (Grimmer 2017:23). In the study of Coles supermarket, it had unlawfully withheld suppliers' rebates, which severely damaged their image. Coles initially denied the allegations and shifted the blame, but then modified the denial by apologising for the earlier actions (Grimmer 2017:26). Therefore, the restoration of an enterprises' image may depend on the actions taken to deal with crisis, controversy, or challenges.

As shown in Figure 2.1, stage 5 is where the enterprise can be revived or restored, using new ideas. In the restoration stage, the enterprise endeavours to cease the difficulty associated with the maturity stage by defining the enterprise's purpose, creativity, and flexibility (Palumbo & Manna 2018:245). The restoration stage may result in rebuilding the enterprise or else it declines (Palumbo & Manna 2018:245).

Thus, when an enterprise fails to implement sufficient initiatives to repair, it declines (Palumbo & Manna 2018:244). In the context of SMMEs in emerging countries, Angeles, Perez-Encinas and Villanueva (2022:285) argue that the restoration and dimensioning stages of the OLC require intentional strategies that will enable small enterprises to grow and expand. Therefore, township service SMMEs need to be intentional in implementing different strategies to rebuild the enterprise towards growth and expansion. The following section expands on the challenges SMMEs face to grow and expand.

2.5 SMME CHALLENGES TOWARDS GROWTH AND EXPANSION

Over the years, studies have drawn attention to SMMEs encountering challenges (Shekar, Hassan & Al Mubarak 2021:237). The SMMEs are challenged to maintain their contribution towards employing individuals and managing their operations (Mhlongo 2021:285). Challenges encountered by SMMEs can be categorised into those that influence the enterprise externally and internally (Blose & Okeke-Uzodike 2020:68). External factors are those SMMEs have no control over, for example, competition, adverse market conditions, and bad debt (Kücher et al 2020:646). As SMMEs have no control over external factors, they will not be discussed in this study. Internal challenges represent matters tackled in-house and commonly known to be controlled by the enterprise (Fakoti 2014:924). Therefore, internal challenges were deliberated further in this study.

The SMMEs face various internal challenges, namely, financial, operational, human, and marketing (Kücher et al 2020:646) and their growth and expansion strategies depend on their ability to handle these independent challenges (Mhlongo 2021:93,96,203). Internal factors that challenge SMMEs growth and expansion are discussed below.

2.5.1 Financial challenges

Adomako and Mole (2018:24) argue that financial impediments are identified as internal challenges that SMMEs encounter. A study in Japan focusing on enterprises' growth paths and routes to exit, observed that SMMEs steer towards exit due to financial impediments (Coad & Kato 2020:1152). Moreover, the financial impediment is rated as a significant influence on enterprises' success, whereby SMMEs fail to

progress (Bhorat et al 2018:34; Tayla 2021:14). Chimucheka (2013:787) and Bhorat et al (2018:28) argue that SMMEs in South Africa require access to finance to grow and remain competitive. Similarly, Mukwarami and Tengeh (2017:341) and Fakoti (2021:84) argue that SMMEs are hindered from positive performance because of the lack of access to funds. However, financial institutions enforce requirements that limit SMMEs access to finance like limited access to security as well as not maintaining proper financial records (Chimucheka 2013:787; Bhila 2017:71; Mukwarami & Tengeh 2017:334; Bhorat et al 2018:34; Tayla 2021:14). Limited access to finance and appropriate resources impedes SMMEs from expanding beyond the township environment (Cant & Rabie 2018:239). Therefore, financial impediments are factors that influence SMMEs' growth and expansion.

2.5.2 Managerial and technical know-how challenges

Managerial and technical know-how is the level of understanding, competencies, abilities, knowledge, experiences, and global knowing of enterprises (Safari & Saleh 2019:638). Kücher et al (2020:658) argue that the failure of enterprises differs based on their level of maturity. The reasons for SMMEs failure include a lack of managerial and technical know-how (Kücher et al 2020:658). Popescu et al (2020:4) concluded that SMME's growth depends on managerial skills, comprising conceptual and technical skills. The lack of conceptual skills means that the enterprise would not be able to set goals and suggest solutions for challenges encountered while performing their duties for growth and expansion (Popescu et al 2020:4). Moreover, the lack of technical know-how would not promote better service delivery which supports growth of the enterprise (Popescu et al 2020:4). In a focused study on township start-ups, Mukwarami and Tengeh (2017:335), argued that most spaza shop owners and service SMMEs lack managerial and technical know-how. This was supported by Leonard and Dladla (2020:912-913). Therefore, the lack of managerial and technical know-how hinders SMMEs to evolve in the OLC towards growth and expansion.

2.5.3 Human resource challenges

Human resource challenges are encountered by SMMEs in enabling growth of the enterprises (Mrasi, Mason & Jere 2018:32). Human resources represent the ability to attract quality individuals (Mrasi et al 2018:32). The ability to attract suitable employees for the enterprise enables a competitive edge (Mukwarami & Tengeh

2017:341). Mukherjee (2018:9) argue that the challenge encountered by Indian SMMEs is the lack of human resources thereby eliminating potential enterprise growth. This is also evident in South African SMMEs where a lack of appropriate human resources has a negative influence on the growth of the enterprise (Leboea 2017:46; Bushe 2019:12; Van Zyl 2020:61). Factors that inhibit the growth and expansion of SMMEs include the inability to absorb skilled labourers (Makwara 2019:7). Therefore, the lack of appropriate human resources further hinders SMMEs' ability to optimise growth and expansion.

2.5.4 Marketing challenges

Mahambehlala (2019:69) concluded that marketing is one of the challenges encountered by SMMEs when establishing growth strategies. Marketing challenges include the lack of preparing the appropriate budget for marketing, knowledge in marketing, and the inability to identify new markets (Mahambehlala 2019:18). Moreover, enterprises encounter financial constraints in investing in the required marketing strategies (Cant & Wiid 2020:92). In a study regarding the correlation between marketing strategies and financial performance, Cammayo and Perez (2021:4220) found that SMMEs lacked appropriate marketing strategies because they relied on traditional methods. One traditional method is using word-of-mouth in approaching or obtaining customers (Mohtasham, Sarollahi & Hamirazavi 2017:233; Cant & Wiid 2020:100); and there are methods specific to a type of service provided like a stokvel which relies on trust as a resource for marketing (Matuku & Kaseke 2014:512; Gwamanda 2019:57). Therefore, when SMMEs do not have appropriate marketing strategies this hampers their growth and expansion.

2.6 SUMMARY

In section 2.1, it was outlined that the chapter aimed to meet the study's first objective, which is to illustrate the contribution SMMEs make to the economy and the challenges that affect their ability to evolve in the OLC towards growth and expansion. In section 2.2, a discussion on the definition of SMMEs from a global, African, South African township perspective. Additionally, highlighting that there is no universal definition of SMMEs, each country determines different components in defining enterprises to be in line with their respective legislation and strategic economic objectives.

Section 2.3, the discussion illustrated the contribution SMMEs make to the economy and the challenges that affect their ability to evolve in the OLC towards growth and expansion. The chapter used scholarly literature and grey sources to illustrate the findings, which are summarised below. The discussion showed that SMMEs contribute to the global economy by alleviating unemployment, improving the GDP per contribution, and positively impacting economic growth. These contributions to the economy by the global SMME sector echoed that in South Africa and in South African townships. Although there is a minimal survival rate for the SMME sector, their contributions are considered essential in South Africa. An observation made was that local SMMEs should learn how foreign-owned enterprises manage their businesses.

Section 2.4, the discussion then explored the individual theories and stages in the OLC ranging from three to ten stages, with the focus for this study on the most common theory – the five-stage OLC. The start-up stage is the formation of the enterprise; thereafter, the growth stage is where enterprises master service offerings to increase turnover; the maturity stage is when the enterprise is well established; however, it may enter the declining stage due to a decline in expected return; lastly, the enterprise may find ways to move into the restoration stage depending on the strategies used.

In the start-up stage, three theories exist to manage, coordinate, and generate new ideas by using the available resources of the enterprises. However, after five years in the start-up stage, SMMEs often struggle to progress beyond the start-up stage and move to the growth stage. The growth stage identified the pecking order theory and found that this stage is dependent on the type of system implemented and the SMME engaging in innovative strategies as well as cost cutting exercises. The maturity stage also utilised the pecking order theory but established that it is rarely reached by township service SMMEs as their focus is on daily survival rather than developing the enterprise to the growth stage. The fourth stage, the declining stage, is where the enterprise ceases to exist. Finally, the fifth or restoration stage is either when the enterprise rebuilds or declines which depends on the enterprise's ability to use identified internal strategies. However, a high failure rate exists despite the possibility for SMMEs to be restored.

Finally, in section 2.5, the discussion concluded on challenges faced by SMMEs to expand and grow. Internal challenges discussed in the literature were unpacked, namely financial, managerial, and technical know-how, human resource, and

marketing. The discussion established that a lack of appropriate financial expertise and limited access to finance for SMMEs further perpetuates failure rates. Further, the inability to manage and have adequate technical knowledge in operating enterprises results in SMMEs not setting appropriate goals to have corrective actions in place. Lastly, the limited financial resources of SMMEs are not able to attract the appropriate human resources to optimise enterprise growth and expansion. The challenges faced by SMMEs as alluded to above remain evident. Therefore, the study aims to explore suitable key performance indicators within the RDF to enable SMMEs to strive beyond survival and evolve in the OLC towards growth and expansion. Chapter 3 investigates the suitable key performance indicators within the RDF.

Hereafter, Chapter 3 will discuss the literature on performance measurement for township service SMMEs. Additionally, Chapter 3 discusses the Results and Determinants Framework and the suitable performance measurement indicators for township service SMMEs, in Kagiso, South Africa, to evolve in the OLC towards growth and expansion.

CHAPTER 3: PERFORMANCE INDICATORS SUITABLE FOR TOWNSHIP SERVICE SMMEs

3.1 INTRODUCTION

Chapter two addressed the lack of a universal definition of SMMEs in developed and developing countries. It showed how SMMEs are categorised based on the country specific goals for economic strategy. Additionally, it outlined SMMEs contributions to the economy, discussed the various stages in the OLC and unpacked the challenges encountered by SMMEs as they progress towards growth and expansion.

The purpose of Chapter 3 is to investigate the theory and literature on performance measurement and the RDF for SMMEs to ascertain which performance indicators may be suitable for township service SMMEs to evolve in the OLC towards growth and expansion as stated in research objective 2. The RDF discussed in section 1.2 is the preferred framework for this study on township service SMMEs, as it can be tailored to suit such enterprises. The RDF dimensions consist of two categories, namely, results which represent lagging indicators, and determinants, which represent leading indicators.

Section 3.2 details a discussion of performance measurement for SMMEs. This is followed by section 3.3, theorising the RDF. Next, the discussion focuses on the RDF dimensions of performance, namely the results or lagging indicators in section 3.4, and the determinants or leading indicators in section 3.5. The various concepts are defined, followed by determining the suitable key lagging and leading performance indicators. Section 3.6 details the summative conceptual framework guiding this study, which then informs the study methodology and provides the foundation for developing the interview guide.

3.2 PERFORMANCE MEASUREMENT FOR SMMEs

Bititci (2015:33) describes performance measurement as a process of gathering, analysing, and reporting data collected relating to specific deliverables. Fitzgerald, Johnson, Brignall, Silverstro and Voss (1991:1) attest that performance measurement is an essential part of any system of response control, however, service enterprises

encounter challenges in applying this system. Fitzgerald et al (1991:2) argue that output for service enterprises is complex to ascertain because a customer receives a mixture of tangible and intangible services. When a customer uses an airline service, an example of a tangible service would be the receipt of customer luggage, and example of an intangible service would be how helpful airline staff were during the travel experience (Fitzgerald et al 1991:2).

Waśniewski (2021:3317) and Papulová et al (2021:4) conclude that SMMEs performance measurement is conducted informally and not supported by appropriate measures. Waśniewski (2021:3318) and Papulová et al (2021:4) argue that more than 50% of SMMEs selected for a study about informal performance measurement for small enterprises, acknowledged the need for performance measurement. It is therefore important to firstly outline the concepts involved in performance measurement. The following section will focus on performance measurement concepts, systems, benefits, challenges, practical ways of using a performance measurement framework, and the theory applied in performance measurement systems.

3.2.1. Performance measurement concepts

Performance measurement concepts are divided into two categories, namely technical or social controls that distinguish between a performance measurement system and performance management (Bititci et al 2015:17,29). Technical controls are the rational, planned, bureaucratic and structural elements of the organisation and include business planning, measuring performance, setting targets, policies and procedures, reviews, and rewards (Bititci et al 2018:655; Nudurupati, Ginieis & Angelis 2018:733). Social controls in performance management focus on emergent, cultural, and behavioural aspects of the organisation, and include factors such as shared values, collaboration, participatory decision making, open information sharing, and keeping promises (Bititci et al 2018:655; Nudurupati et al 2018:733,747). The definitions of several concepts involved in performance measurement are listed in Table 3.1.

Table 3.1: Key definitions for performance measurement

Concept	Definition
Performance	Efficiency and/or effectiveness of an action.
Performance Measure	Qualitative or quantitative assessment of the efficiency and/or effectiveness of an action.
Performance Measurement System	Process (or processes) of setting goals, developing a set of performance measures, collecting, analysing, reporting, interpreting, reviewing, and acting on performance data (technical controls).
Performance Management	Cultural and behavioural routines that define how we use the performance measurement system to manage the performance of the organisation (social controls).

Source: Bititci (2015:17,29)

Table 3.1. provides a list of performance measurement concepts, from defining performance, performance measure, performance measurement system, and performance management. This study focuses on performance measurement systems by exploring a preferred framework that may allow SMMEs to be goal oriented by identifying performance indicators to enable them to grow and expand, following the OLC. Therefore, SMMEs performance depends on actions undertaken to be either efficient and/or effective, thereby applying a system to set the desired outcome by considering various processes to manage enterprise performance.

Additional concepts applicable to this study are the financial and non-financial performance indicators in relation to lagging and leading performance indicators in how SMMEs measure their performance. The performance of SMMEs can be measured by financial and non-financial performance indicators (Camilleri 2021:16). Scholars have published exhaustive studies relating to SMMEs financial performance indicators (Mabhungu 2017:76; Panno 2020:137; Van Zyl 2020:54; Fakoti 2021:79).

Measuring performance involves the review of financial performance indicators, considered a core focus by many scholars, and the assessment of non-financial performance indicators (Yadav et al 2013:964). Financial performance indicators and lagging performance indicators, are described as the company's financial position over a certain period (Heini 2007:35-36; Ahmed Naji et al 2020:266-267; Panno 2020:137). Lagging performance indicators include the measure of creating profit, or revenue (Panno:2020:138).

Non-financial performance is defined as an analysis of non-monetary financial information and a predictor of future events (Buhovac & Groff 2012:71; Panno 2020:137). Ahmed Naji et al (2020:266-267) and Panno (2020:137) state that leading performance indicators are non-financial performance indicators used to improve strategic support decisions. The studies cited concluded that financial and non-financial performance indicators are, respectively, lagging and leading performance indicators; with the latter terms used in this study.

3.2.2. Theory in performance measurement systems

There are various theories related to performance measurement systems (Kamble & Gunasekaran 2020:68; Treinta et al 2020:9). Well known performance measurement theories are the economic theory, institutional theory, stakeholder theory, balance scorecard, and organisational control theory (Treinta et al 2020:9). Demartini (2014:57) and Cardoni et al (2020:9) reveal that the performance measurement system is rooted in the contingency theory, which emanates from organisational control theory (Demartini 2014:10,57). Organisational control theory reviews behaviour within given systems (Demartini 2014:10,57; Cardinal, Kreutzer & Miller 2019:1); consists of six theories, namely classical, neo-classical, modern, open system, motivation, and contingency; of which, the contingency theory is most linked to performance measurement systems (Demartini 2014:10).

Contingency theory consists of the different facets of attributes that are influenced by the design and implementation of a performance measurement system (Demartini 2014:57). This theory allows for the selected performance system to be tailored to match the characteristics of the identified attributes (Demartini 2014:57). In section 1.2, it was established that the RDF may be tailored to suit the township service SMMEs. Therefore, the tailored RDF may be appropriate for this study to explore suitable performance indicators.

Selecting performance indicators to explore the difficulty of SMMEs progressing from the start-up stage towards growth and expansion, i.e. the conceptual framework, is discussed in section 3.6. The RDF's origins, benefits, and drawbacks are deliberated below.

3.2.3. The of role performance measurement systems

Bititci (2015:144,150) found that performance measurement systems in the enterprise effectively set the boundaries and outline performance indicators. The turnaround strategy of an enterprise when assessed using performance over a period is measured precisely by implementing a performance measurement system (Stankovic, Velimirovic & Velimirovic 2010:62, Williams-Ralph 2018:159, Katić & Bevanda 2019:31). Performance measurement systems adequately implemented by SMMEs are key to their success (Papulová et al 2021:14). Moreover, performance measurement systems require adherence to rules of the respective industry to be beneficial (Fitzgerald et al 1991:5; Bititci et al 2018:653; Rafiq et al 2021:3,6). A different viewpoint is presented by Heinicke (2018:483), arguing that the development and design have been researched in detail; but that there has been limited research regarding the implementation of a performance measurement system.

3.2.4. The role of performance measurement frameworks for SMMEs

A performance measurement framework measures or improves performance for the long-term growth of SMMEs (Waśniewski 2017:212). A performance measurement framework is utilised by various sectors (Bititci et al 2018:653) and is described by Folan and Browne (2005:665-668) as a specific set of guidelines classified as either structural or procedural. A structural framework is a set of measurements generally known as a performance measurement framework, for example as developed by Kaplan and Norton, Keegan et al, and Fitzgerald et al (Folan & Browne 2005:665), and are commonly used by enterprises (Malesios et al 2021:11). A procedural framework is a piecemeal process, with such frameworks developed, for example, by Sink and Tuttle, Lynch and Cross and Kayos (Folan & Browne 2005:665).

The preferred framework for this study is the RDF, which falls under the definition of a structural framework. The analogy is that the RDF is similar to the Performance Measurement System framework, which is suitable for service enterprises. The study will refer to the RDF, although the PMS framework was used to search the literature for service enterprises. The continuation and progress of SMMEs depend on utilising a performance framework that enables advancement towards a specific master plan of the enterprise (Katić & Bevanda 2019:7).

Performance is measured using a framework that enables an unobstructed view of how the enterprise is performing (Van Zyl 2020:15). However, measuring the performance of SMMEs using existing frameworks has been shown to be challenging if not tailored appropriately (Van Zyl 2020:67).

Van Zyl (2020:68) and Papulová et al (2021:4) list six reasons why there is limited use of performance measurement frameworks by SMMEs and these are:

- (i) Limited knowledge about its advantages.
- (ii) Limited financial resources.
- (iii) Limited management resources to implement the system.
- (iv) SMMEs still need to identify a framework or model to utilise.
- (v) Lack of strategy.
- (vi) Limited access to an available expert to support implementing a performance measurement system.

It can be concluded based on the above that SMMEs do not fully understand the performance measurement framework concepts (Papulová et al 2021:4). Therefore, SMMEs may find it difficult to process and implement a performance measurement framework.

Mabhungu (2017:38-42) investigating the performance measurement practice of retail SMMEs in Zimbabwe, a developing country, identified another performance framework suitable for service enterprises named the Service-Profit Framework, which was developed by Heskett et al (Mabhungu 2017:38-42). The Service-Profit Framework's core focus is on performance indicators related to frontline workers and customers (Mabhungu 2017:38-42). The framework attempts to reveal the impact on the relationship between financial and non-financial indicators (Mabhungu 2017:39). The Service-Profit Framework focuses on two lagging performance indicators, which are employees and customers. It thus provides a limited scope, whereas the RDF is able to explore a broader range of performance indicators that may be tailored to suit township service SMMEs.

3.2.5. Benefits, challenges, and practical ways of implementing performance measurement frameworks for SMMEs

De Waal and Kourtit (2013:460-461) identified two core reasons, four benefits, and two shortcomings of implementing performance measurement frameworks in well-established Dutch enterprises. The two core reasons are implementing the appropriate enterprise strategy and controls (De Waal & Kourtit 2013:459). The four benefits include improving performance results, guidance for implementing a clear strategy, the enterprise's subsequent ability to attract higher quality people, and the quality emphasised by the enterprise (De Waal & Kourtit 2013:459).

The two shortcomings consist of inadequate systems applied and insufficient quality of information utilised by the enterprises (De Waal & Kourtit 2013:459). The practical ways of implementing performance measurement frameworks require enterprises to identify measures, control those measures, and manage the process of updating, analysing, and acting on performance measures (Nudurupati et al 2018:748). Additionally, using performance measurement depends on the type of enterprise (Vu 2021:2305). Therefore, implementing a performance measurement system requires SMMEs to consider which framework to execute as well as its advantages and disadvantages.

Maduekwe and Kamala (2016:54) and Papulová et al (2021:5,14,17), observers of performance measurement frameworks implemented by SMMEs, note that SMMEs have a limited conception of the need to measure their performance or view the future benefits resulting from implementing an appropriate framework. Papulová et al (2021:5,14,17) further noted that implementing an appropriate performance measurement framework is challenging for any enterprise and would be even more difficult for SMMEs to integrate and strategically implement.

3.3 THEORISING THE RESULTS AND DETERMINANTS FRAMEWORK

As indicated in section 1.1, the seminal authors of the RDF are Fitzgerald, Johnston, Brignall, Silverstro and Voss who developed the framework in 1991 for service enterprises. Therefore, it may be useful to township service SMMEs selected for this study who provide services or goods, with services integral to providing the goods. The following discussion details the RDF concept.

3.3.1. The concept of the Results and Determinants Framework

Section 1.2.2.4 detailed the two categories and six dimensions of the RDF that service industry enterprises can use to measure performance (Van Zyl 2020:86). Bititci (2015:256) connects the results category to lagging performance indicators and the determinants category to leading performance indicators. The RDF is considered a balanced performance measurement framework because its indicators measure enterprise performance relating to both the past and future (Fitzgerald et al 1991:115; Van Zyl 2020:86). Table 3.2 illustrates the RDF developed by Fitzgerald et al (Brignall et al 1991:34; Heini 2007:35; Van Zyl 2020:86).

Table 3.2: The Results and Determinants Framework

Category	Dimension of performance	Types of measure
RESULTS Lagging Indicators	Competitiveness	Relative market share Sales growth Measures of the customer base
	Financial performance	Profitability Liquidity Capital structure Market ratios
DETERMINANTS Leading Indicators	Quality of service	Reliability responsiveness Aesthetics/Appearance Cleanliness/tidiness Comfort Friendliness Communication Courtesy Competence Access Availability Security
	Flexibility	Volume flexibility Delivery speed flexibility Specification flexibility
	Resource utilisation	Productivity Efficiency
	Innovation	Performance of the innovation process Performance of the individual innovations

Source: Fitzgerald & Moon (1996:98)

Table 3.2 highlights the six dimensions of the RDF. The results category or lagging indicators consists of two dimensions, namely, competitiveness and financial performance (Fitzgerald & Moon 1996:98; Van Zyl 2020:86), with seven performance indicators. The determinants category or leading indicators consists of four dimensions, namely, quality of service, flexibility, resource utilisation, and innovation with 18 performance indicators (Fitzgerald & Moon 1996:98; Van Zyl 2020:86).

The results category measures what has already been incurred by the enterprise, and the determinants category has been stated to be forward-looking (Fitzgerald et al 1991:115; Van Zyl 2020:19). Furthermore, the results category reflects the enterprise's success with the selected strategy and the determinants category reflects the competitiveness success (Fitzgerald et al 1991:7).

The different performance indicators under the two categories and six dimensions are discussed in detail in sections 3.4 and 3.5. The following section 3.3.2 outlines the steps and elements used for the RDF.

3.3.2. Steps and elements of using Results and Determinants Framework

The RDF design aims to provide a balanced approach to performance measurement, which is conducted in three steps, namely, reviewing the enterprise's competitive environment, selecting a strategy, and determining a service type (Fitzgerald et al 1991:125). In step one, the competitive environment is influenced by reviewing the nature of the performance measurement system, and the outcome results in determining counter strategies to sustain good performance (Fitzgerald et al 1999:116; Hálek et al 2020:65). In step two, selecting a strategy depends on the enterprise focus, which is either cost control or competitiveness (Fitzgerald et al 1999:116). If cost control is the focus, then the enterprise engages more in placing stricter controls on spending (Fitzgerald et al 1999:116). If the primary goal is being competitive, quality is the focus for the enterprise (Fitzgerald et al 1999:116). As part of step three in determining the service type, the RDF considers the type of service provided and the industry in order to determine the appropriate performance indicators (Fitzgerald et al 1991:118).

Fitzgerald et al (1991:9) and Ronald (1993:208) classify three common service types, namely professional services, mass services, and service shops. Professional services are described as high-contact enterprises where customers spend a

considerable amount of time in the service process (Fitzgerald et al 1991:9). Mass services have numerous customer transactions and limited contact with, as well as customisation for, the customers (Fitzgerald et al 1991:11). Service shops are characterised by levels of customer engagement, customisation, volumes of customers and staff discretion (Fitzgerald et al 1991:13). Therefore, the key focus for this study for township service SMMEs in Kagiso, South Africa, is classified under service shops and reference to the performance indicators relating to service enterprises is referred to as argued by Fitzgerald et al.

The process of utilising the RDF is by selecting suitable performance indicators necessary for enterprises and combining these with set defined goals to embrace swift changes surrounding them (Fitzgerald et al 1991:1). Therefore, suitable performance indicators as detailed in sections 3.4 and 3.5 that may allow enterprises to evolve in the OLC towards growth and expansion.

3.3.3. Advantages and disadvantages of the RDF

Fitzgerald et al (1991:2) and Ronald (1993:208) draw attention to four attributes of the RDFs relating to the service industry, namely intangibility, heterogeneity, simultaneity, and perishability. These attributes make it challenging for the service industry to measure performance. In contrast, the RDF makes it easy to measure the performance of service enterprises as articulated in section 3.3.3.1. The following section discusses the advantages and disadvantages of the RDF.

3.3.3.1 Advantages of the RDF

The advantage of the RDF is to provide service enterprises with a range of performance indicators within a competitive environment and to apply their designed strategy for growing as well as sustaining a competitive advantage (Fitzgerald et al 1991:125). The discussion below details some advantages of the RDF.

- A guide in measuring performance for service enterprises (Ronald 1993:208; Mabhungu 2017:38).
- It assists in identifying the differences in types of services and isolates the factors involved in the performance measurement process (Ronald 1993:208).
- It provides consolidated feedback consisting of feedforward and feedback control (Fitzgerald et al 1991:125; Pun & White 2005:64; Vu 2021:2305).

- The framework involves the entire management team (Fitzgerald et al 1991:125; Pun & White 2005:64).
- Ability to use the strategy and link operations with strategic goals (Pun & White 2005:64; Vu 2021:2305).
- Enterprises would want to focus on the assessment of competitiveness, financial efficiency, how resources are used, innovation and creativity, and operational flexibility (Vu 2021:2302).

The RDF advantages are providing guidance, understanding of various services, and obtaining feedback to establish the way forward.

Additional benefits are incorporating the management team, consolidating strategy with operations, and overall focus on competitiveness, efficiency, managing resources, innovation, creativity, and flexibility. Additionally, Watt and McNair-Connolly (2012:232) add another benefit of the RDF which is having the ability to reflect on the concept of causality.

3.3.3.2 *Disadvantages of the RDF*

Even though the RDF provides a systematic process to allow service enterprises to measure their performance, the framework has disadvantages, as outlined below.

- The existing performance system is not considered (Pun & White 2005:64).
- The framework is not flexible for any enterprise but is only suitable for service enterprises (Vu 2021:2305).
- The framework is not standard and not simple to maintain (Pun & White 2005:64; Vu 2021:2305).
- Key users are not involved in the process (Pun & White 2005:64).
- Timeframes are not clearly defined (Pun & White 2005:64).

The advantages of the RDF outweigh the disadvantages and provide clear guidance on how to implement the framework. Additionally, it requires township service enterprises to be able to link their plans to a determined strategy. The following discussion details how the key lagging performance indicators from the RDF were selected.

3.4 RESULTS OR LAGGING PERFORMANCE INDICATORS

In the RDF, competitiveness is the first dimension under results, a lagging performance indicator category, measured by the relative market share and position, sales growth, and measures of the customer base (Fitzgerald & Moon 1996:98). Financial performance is the second dimension of the RDF, a lagging performance indicator category, measured by profitability, liquidity, capital structure, and market ratios (Fitzgerald & Moon 1996:98). Sections 3.4.1-3.4.2 discusses the RDF results dimensions and respective indicators. Section 3.4.3 discusses the suitable key performance indicators explored empirically in this study.

3.4.1 Competitiveness

The first lagging indicator for the results category is competitiveness. Competitiveness is classified into three different levels, namely enterprise, sector, and economic (Blandinières et al 2018:10). The key focus for this study on the selected township service SMMEs is the enterprise level. As indicated above Fitzgerald et al (1991:8) and Fitzgerald and Moon (1996:980) concluded that competitiveness consists of three indicators. The measures of competitiveness are discussed below as well as which ones are suitable for the study of contributions for the township service SMMEs towards growth and expansion.

3.4.1.1 Relative market share and position

Market share is the percentage of all sales in an industry generated by a company (Chauhan 2023:395 &408). Fitzgerald et al (1991:20) identify market share relative to the competitor as a performance indicator for service enterprises. They add for example, that the tools to measure a competitor focus for a hotel enterprise relate to comparing occupancy ratios and room rates (Fitzgerald et al 1991:20).

Blandinières et al 2018:13) and the OECD 2021:10 describe market share as an outcome and measure of competitive performance, including an enterprise's success at the industry level. Market share and position is a performance indicator used by larger enterprises, unlike SMMEs, which tend to emphasise identifying their income and expenses (Läätä, Haldma & Moeller 2011:374). However, SMMEs may have access to market share and position by introducing a new product (Sitharam 2014:86) or using social media (Chatterjee et al 2021:9).

However, the argument can be made that the market share of township service SMMEs is not easily accessible to allow a competitive edge amongst similar enterprises within townships (Bvuma & Marnewick 2020:5).

Moreover, Chatterjee et al (2021:9) argue that utilising social media enables access to the market, and this presents SMMEs with leverage to expand and grow. Furthermore, Kumar and Ayedee (2018:142) conclude that SMMEs may use free social media platforms such as Facebook, Twitter, Instagram, and any other social networking sites, for enterprise growth and expansion. Consequently, a tailored RDF for the relative market share and position enables enterprises to share in the industry's available sales percentage, which could be measured by social media.

3.4.1.2 Sales growth

Sales growth refers to an increase in revenue over a period of time (Kharub, Mor & Rana 2022:3283). Vivence (2019:73) show that a review of the sales growth of SMMEs is not readily available, and it is therefore not easy to make a conclusion on this area. In contrast, some studies have shown a sizeable contribution by considering various aspects that influence sales growth for SMMEs, namely the size of the enterprise, developing trust, networking, innovation, and access to finance (Love & Roper 2015:38-40; Sani, Mohd-Khan & Noor 2019:85).

Williams and Kedir (2017:14) and Ndiaye et al (2018:276) draw a similar conclusion for SMMEs in developed and developing economies, namely that formally registered SMMEs can show higher annual sales growth than informal SMMEs. The lower sales growth by unregistered SMMEs is due to the challenges they encounter, namely power outages and limited access to finance (Ndiaye et al 2018:276). Therefore, this study will not explore sales growth as a performance indicator as there are significant studies previously published on this topic.

3.4.1.3 Measures of the customer base

A customer base is a group of customers that buy a product or service from an enterprise, and, in return, enterprises gain sales (Yang 2017:186). In previous studies on the RDF relating to the customer base or focus, Fitzgerald et al (1991:20) identify repeat bookings as a performance indicator for service enterprises. Panno (2020:150) argue that the customer base could be broadened to measure different types of service enterprises. Customer base performance is an enterprise approach to

measuring performance including customer satisfaction, number of customer complaints, repeat clients, and client's word of mouth (Panno 2020:150). The tool used to measure the customer base is by conducting a customer survey (Fitzgerald et al 1991:20). The customer base contributes positively to the SMMEs performance and is critical in developed and developing countries (Domi, Capelleras & Musabelliu 2020:141). Traditionally, customer base performance measurement was not taken seriously by SMMEs (Añaña, Rodrigues & Flores 2018:216). For example, Bvuma (2020:5) highlights that township SMMEs are challenged in developing relationships with customers.

Panno (2020:140, 142) illustrates that customer base performance results in notable business performance and develops the SMMEs ability to stimulate market demand. A previous study reveals that the customers perspective has played a critical role in measuring competitiveness (Eresia-Eke, Jammie & Locke 2019:3). Therefore, a tailored RDF to measure the customer base would be explored by determining an enterprise's ability to gain an increase in sales from a group of customers.

3.4.2 Financial performance

The second lagging indicator for the results category is financial performance. Financial performance indicators include profitability, liquidity, capital structure, and market ratios. Even though appropriate accounting records may be lacking in the SMMEs (Chimucheka 2013:787; Bhila 2017:71; Mukwarami & Tengeh 2017:334; Bhorat et al 2018:34; Tayla 2021:14), they are important for determining enterprise productivity and efficiency (Matsoso & Benedict 2016:144; Matar & Eneizan 2018:2). The indicators of financial performance are discussed below and reasons provided for the indicators that would contribute towards this study of selected township service SMMEs growth and expansion.

3.4.2.1 Profitability

Profitability is the ability of an enterprise to generate income over and above its expenses (Ismaila 2011:32; Prawirodipoero, Rahadi & Hidayat 2019:398; Horton 2021). Fitzgerald et al (1991:32) identify the profitability measure for service enterprises as profit contribution per rental asset. For example, property owned by an enterprise earns revenue (Bosma 2022:606). This is supported by Ismaila (2011:7) and Prawirodipoero et al (2019:395), which attest that profitability ratios measure the

enterprise's ability to generate income from using enterprise assets. Ismaila (2011:7) and Prawirodipoero et al (2019:395) detail the commonly used profitability ratios, which include:

- Profit margin measures the enterprise percentage of sales it takes to generate profit (Endri et al 2020:740; Horton 2021) and is calculated by dividing gross profit by net sales (Ismaila 2011:32).
- Return on investment (ROI) determines the enterprise profit when compared to total assets (Horton 2021) and is calculated by dividing net income by average total assets (Ismaila 2011:33).
- Return on equity (ROE) indicates to shareholders how profitable an enterprise is; and is measured by dividing net income by shareholders equity (Ismaila 2011:33; Bordeianu & Radu 2020:57).

The ROI and ROE is not applicable to this study or explored further due to the potential difficulty of obtaining financial records that reflect the two ratios. However, it has been found that the profit margin is mostly used by SMMEs (Ismaila 2011:69; Maduekwe & Kamala 2016:53).

Cardoni et al (2020:5) state that SMMEs' survival depends solely on making good earnings and demonstrating profitability. According to Gomwe, Potgieter and Litheko (2023:20), township service SMMEs use management tools solely to determine the available cash after expenses are incurred. In a study relating to the influence of financial analysis for SMMEs, Prawirodipoero et al (2019:396) concluded that the profitability performance indicator provides significant insight into the overall performance of the enterprise. This highlights the important role of measuring enterprise profitability as this enables enterprises to expand and grow further. A tailored RDF for profitability is deemed suitable to explore the enterprise ability to generate sufficient sales to cover expenses to survive or make a profit.

3.4.2.2 *Liquidity*

Liquidity is the ability of an enterprise to have sufficient assets convertible to cash to settle debt on time (Bordeianu & Radu 2020:53). Fitzgerald et al (1991:32) identify liquidity measures for service enterprises as the available working capital. Skae et al (2018:286) describe working capital as operating liquidity available to an enterprise

involving the management of trade debtors, creditors, inventory, and cash in an efficient manner. Liquidity ratios measure the ability of an enterprise to settle short-term liabilities (Ismaila 2011:7; Prawirodipoero et al 2019:395). Wiid and Cant (2021:3-4) highlights that although SMMEs are critical in their contribution to the economy; they may encounter liquidity challenges due to delayed payments from larger entities. When operating an enterprise, the importance of “cash is king” should be understood (DMPE 2017: 19; Masurel 2018:361).

The SMMEs strive to survive over a lengthy period but fail when they cannot meet their day-to-day obligations (Masurel 2018:361). Survival of township service SMMEs to progress in the OLC is dependent on the enterprise’s ability to remain profitable and meet its day-to-day obligations, and this is the liquidity of the enterprise (Van Zyl 2020:72). The liquidity indicator was explored for this study using a tailored RDF for liquidity which can be measured by exploring an enterprise’s ability to ensure there is cash available from sales and debtors in the short term in order to be able to buy stock and settle creditors.

3.4.2.3 Capital structure and market ratios

Capital structure comprises both debt and equity to finance enterprise operations and growth (Dinh & Pham 2020:338). The capital structure combines enterprise debt and equity (Dinh & Pham 2020:332). The debt part of capital structure for SMMEs is limited because they are self-funded rather than funded by loans from financial institutions (Delikanli & Kiliç 2021:57) Equity is the enterprise value attributed to the owners (Nguyen 2018:21). A capital structure guideline for all types of SMMEs is limited due to operating conditions varying according to country, region, and industry. Moreover, SMMEs lack of proper records management of financial decisions and maintenance of existing capital structure result in misleading records (Ncoluwe 2018:28-34; Panova 2020:370; Hacini et al 2022:9). Therefore, it is difficult to determine capital structure for SMMEs.

Market ratios detail the relationship between the enterprise share price to dividends and earnings (Correia 2019:25) but these are not applicable to township SMMEs that are unlisted. Mass service enterprises and service shops, with the latter discussed in section 3.3.2, are the focus of this study. Fitzgerald et al (1991:30-33) argue that capital structure and market ratios are not used for professional, service, and mass

service shops. Their exclusion is due to the nature of these service enterprises (Fitzgerald et al 1991:22). Therefore, capital structure and market ratios were not explored further.

3.4.3 The suitable key lagging performance indicators

Figure 3.1 indicates the suitable key lagging performance indicators explored empirically for the selected township service SMMEs.

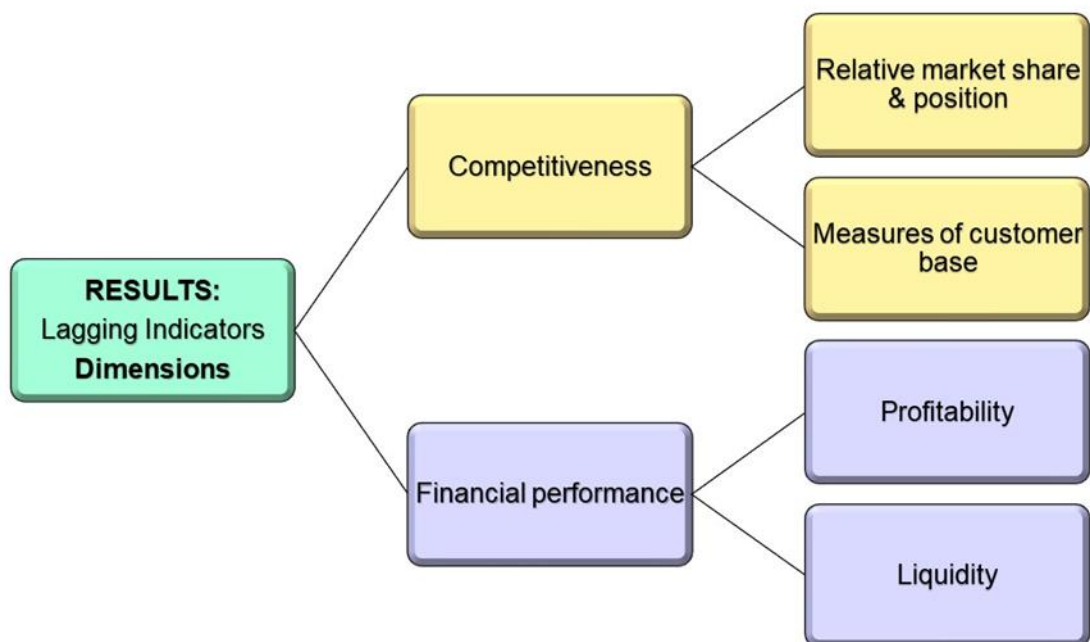


Figure 3.1: Researcher’s elected suitable results category or lagging performance indicators

Source: Researcher’s compilation from discussion 3.4.1 to 3.4.2.

Figure 3.1 shows the overall suitable key performance indicators explored for the two dimensions of the results category or lagging performance indicator. Firstly, key performance indicators for competitiveness include relative market share and position, as well as measure of customer base. Secondly, financial performance indicators include profitability and liquidity. This gap was identified from the literature review in section 1.2 and further discussed and supported in sections 3.4.1 and 3.4.2.

3.5 DETERMINANTS OR LEADING PERFORMANCE INDICATORS

As part of the RDF, the four dimensions in the determinants or leading performance indicators include quality of service, flexibility, resource utilisation, and innovation (Fitzgerald & Moon 1996:98). The discussion below provides the performance indicators for each leading performance indicator as well as which performance indicators were explored for this study and why they were selected.

3.5.1 Quality of service

The first leading indicator for the determinants category is quality of service. Quality of service is measured by 12 performance indicators, namely reliability, responsiveness, aesthetics or appearance, cleanliness or tidiness, comfort, friendliness, communication, courtesy, competence, access, availability, and security (Fitzgerald & Moon 1996:98).

Parasuraman, Zeithaml and Berry (1985:47) are the seminal authors of the SERVQUAL model which comprises ten performance indicators, namely reliability, responsiveness, credibility, tangibles, communication, courtesy, competence, access, understanding or knowing the customer, and security. With time, the ten measures were reduced to five performance indicators specific to service quality, namely, reliability, responsiveness, tangibles, assurance, and empathy (Mathong et al 2020:2). In addition, Adefisan (2016:33) and Prinsloo (2018:104) concluded that a more tailored SERVQUAL model or new model may be suitable for SMMEs to be able to measure quality of service functionally. Wijetunge (2016:726) illustrated that when SMMEs in Sri Lanka focus on service quality, it gives them a competitive edge and results in superior enterprise performance, thereby reducing failure rate. Moreover, Shetu and Hamid (2021:227) in a study in Bangladesh for a service enterprise using the SERVQUAL model concluded that reliability, assurance, and empathy are critical for the service provided to customers. Therefore, reliability, assurance, and empathy were explored for this study and discussed in detail below.

3.5.1.1 Reliability responsiveness

Reliability means the performance of service is dependable and conducted accurately by the enterprise (Parasuraman, Valerie & Berry 1988:23; Mathong et al 2020:2). Responsiveness is the ability to immediately assist customers (Parasuraman et al

1988:23; Fitzgerald et al 1991:42; Ramya et al 2019:40; Mathong et al 2020:2). Therefore, reliability responsiveness is the ability to provide services to customers that are dependable, accurate, and readily available.

Fitzgerald et al (1991:53) identify that the reliability responsiveness measure for service enterprises is assessing service delivery to the customer. Fitzgerald et al (1991:41) identify factors that influence reliability responsiveness as a performance indicator, namely, delivery reliability, punctuality, dependability of service, and dependability of staff. Previous studies have investigated how enterprises respond to the reliability of service quality (Wijetunge 2016:723; Mathong et al 2020:2). Prinsloo (2018:104) argues that the inclusive use of quality of service in the South African context has led to a conclusion that the reliability responsiveness dimension would be more functional than responsiveness, assurance, empathy, and tangibles when using the SERVQUAL model for SMMEs.

Furthermore, Prinsloo (2018:101) highlights that there is an overlapping interpretation between reliability and responsiveness. For example, how an employee addresses clients' requests and needs show the ability of an enterprise to be responsive, resulting in it being reliable (Prinsloo 2018:101). Reliability responsiveness performance indicators for the selected township service SMMEs would include providing a service as promised and attending to problems brought to the owners or managers attention (Mohtasham et al 2017:243). Therefore, suitable reliability responsiveness may be measured by exploring enterprise plans to ensure that customer service is dependable, accurate, and swiftly provided.

3.5.1.2 Assurance

Ramya et al (2019:40) and Mathong et al (2020:2) define assurance as the ability of employees to portray trust, confidence, knowledge of the product or service, and demonstrate courtesy towards the client. The quality assurance factors include staff competence, that is, the ability to express skill, knowledge, and thoroughness, of the service they are providing (Fitzgerald et al 1991:41; Ramya et al 2019:40; Mathong et al 2020:2). When the researcher conducted a search of scholarly journals for "assurance performance indicator for service SMMEs" this resulted in a limited number of studies found. The sectors that focus on the quality of service in measuring assurance are construction, manufacturing (Kamble et al 2020:2; Liu et al 2020:4;

Geng, Lai & Zhu 2021), information technology (Tambare et al 2022:4), education and supply chain, to mention a few. Therefore, the literature search revealed limited contributions on how SMMEs may use assurance to measure their performance within the service industry. Thus, for a tailored RDF of assurance for the selected township service SMMEs, would include the owner or manager or delegated staff member to show knowledge of the service/goods to assure customers and be kind and polite when serving customers.

3.5.1.3 *Empathy*

Ramya et al (2019:40) and Mathong et al (2020:2) define empathy as the ability to care for customers' specific needs. The empathy quality factors comprise the staff being courteous and polite when providing a service to customers (Fitzgerald et al 1991:41; Ramya et al 2019:40; Mathong et al (2020:2). Whenever an enterprise displays concern for customers and focuses on the customers best interest, it drives empathy (Shi & Shang 2020:190; Ali et al 2021:23). Moreover, when service staff members consider customers' specific needs, are courteous, polite, and have customers best interest at heart, it would drive excellent quality of service (Bahadur et al 2020:245). However, the literature review revealed limited information on how service SMMEs measure the quality of their service using empathy. Therefore, a tailored RDF for empathy in how the quality of service is measured for the selected township service SMMEs, would determine if customers are provided with what they require when receiving the service.

3.5.2 Flexibility

The second leading indicator for the determinants category is flexibility. Flexibility is the ability to accommodate changes for clients or customers pertaining to their requirements (Bititci 2015:264). In the RDF, flexibility is measured by volume, delivery speed, and specification performance indicators (Fitzgerald & Moon 1996:98) for service enterprises. The existing literature shows that flexibility is dependent on the availability of financial resources and is therefore generally easier for larger enterprises to accommodate (Sen et al 2022:11). As established in section 2.5, financial constraint is one of the hindrances for SMMEs. Furthermore, flexibility requires a certain level of managerial skill (Werner et al 2021:62) and SMMEs struggle with managerial and technical know-how in making decisions (Kücher et al 2020:658).

Therefore, flexibility being measured by volume, delivery speed, and specification is a challenge for the selected township service SMMEs due to the highlighted hindrances and was thus not explored further in this study.

3.5.3 Resource utilisation

The third leading indicator for the determinants category is resource utilisation. Resource utilisation is measured by productivity and efficiency performance indicators (Fitzgerald & Moon 1996:98). Productivity is how an enterprise is productive in providing a service and is measured by the ratio of inputs to outputs (Fitzgerald et al 1991:78; Van Ewijk 2018:23). Efficiency is the connection between “inputs” and “outputs” of a system (Kao 2017:20). Input is the resource used by the enterprise to provide the service, for example labour, material, plant and equipment (Fitzgerald et al 1991:80). Output is measured by, for example, the number of services or goods delivered or sold; for example, a consulting service may use the number of hours of service to a client (Fitzgerald et al 1991:79). Resource utilisation for the growth and expansion of an enterprise is managed by the owners of SMMEs (Fakoti 2021:78). However, resource utilisation requires additional financial resources to enable enterprises to be productive and efficient (David-West et al 2018:593). As financial constraint is one of the challenges encountered by SMMEs as illustrated in section 2.5, resource utilisation as a leading indicator was not further explored in this study.

3.5.4 Innovation performance

The last leading indicator for the determinants category is innovation. Innovation is described as a brand new or changed and restructured value of an enterprise (Dziallas & Blind 2019:4; Hyland & Karlsson 2021a:12). Innovation is measured by the performance of the innovation process and individual innovation performance indicators (Fitzgerald & Moon 1996:98). The innovation process begins with a recognised need for something new and with an anticipation to be successfully implemented (Banu 2018:906). Individual innovation is the enterprise’s willingness to endeavour into something new (Seddighi & Mathew 2020:225).

Even though it is a norm that SMMEs are normally less innovative compared to larger enterprises their innovative contribution over the years has improved (OECD 2018:4-5). However, the potential to be highly innovative and aiming for high productivity may

be linked to large enterprises' strategies. These strategies incorporate the use of internal strategic resources (OECD 2018:4-5) which may give SMMEs a competitive advantage. Therefore, any internal strategic resource would provide SMMEs with a chance to obtain a competitive edge that has the potential to allow for growth and expansion. Because the focus of the study is at the enterprise level, two aspects of individual innovation performance, namely, the innovation process and individual innovation performance indicators, are discussed below.

3.5.4.1 Innovation process

The innovation process is the implementation or adoption of new or improved changes in the enterprise product or delivery method (Nguyen, Nguyen & Nguyen 2018:240). The innovation process, according to ISO56000, was designed to bring a common balance to the innovation process (Rezak, Djenouhat & Kherbachi 2022:104), and outlines six transforming elements required for an enterprise to develop and deliver innovation (Advancing Standards 2021:3). The transforming elements consist of organisational context, leadership capability, operational support, planning, measurement or evaluation, and ongoing improvement (Advancing Standards 2021:3; Hyland & Karlsson 2021:14a; Mikael et al 2022:6), described below.

Organisational context refers to the ability of the enterprise to assess external as well as internal issues and trends; for example, individual preferences, technology advancement, internal abilities to source opportunities, and obstacles that trigger innovation (Hyland & Karlsson 2021a:14). Leadership capability is management's ability to establish enterprise vision, strategy, policy, roles, and responsibilities (Hyland & Karlsson 2021a:14). Operational support is actual activities to bring a project in line with the set strategy and objectives (Hyland & Karlsson 2021a:14). Planning is the detail on how innovation set by management, with identified opportunities and risks, would be executed (Hyland & Karlsson 2021a:14). Measurement or evaluation is identifying the strengths and weaknesses of the innovation process (Hyland & Karlsson 2021a:14). Ongoing improvement is the continuous process of ensuring that any identified weaknesses are addressed with a clear understanding of the context, leadership, planning, support, and operations of the innovation process (Hyland & Karlsson 2021a:14).

Therefore, the detailed elements of an innovation process would be a complex task to undertake by the selected township service SMMEs considering the discussion in section 2.4 that their existence is merely surviving rather than enhancing the enterprise.

Performance of the innovation process has no set measure for measuring the output (Rammer 2016:2), because there are many outputs which are determined by the type of enterprise and the sector (Taques et al 2021:11). For example, in the manufacturing sector, this may involve inventory innovation (Taques et al 2021:18). Process innovation is a more complex indicator for SMMEs (Taques et al 2021:15), because it has no set measure of output (Rammer 2016:2). Because the measurement is complex this may pose a challenge for SMMEs to determine indicators and was therefore not explored further.

3.5.4.2 Individual innovation

Enterprise innovation is dependent on the ability to have appropriate competencies and explore new ideas over a period to embrace enterprise survival and growth (Seddighi & Mathew 2020:225). A study in England has however demonstrated that core competencies in implementing enterprise innovation are difficult due to the financial and technological constraints that require that allocated research and development resources must be available (Seddighi & Mathew 2020:225). In contrast a study conducted in Brazil does not consider innovation as a way of measuring performance of an enterprise. The findings of the study illustrate that an emphasis on innovation may lead to a new product, but that financial gains are not quickly realised in the short term (De Oliveira et al 2018:161-162). Individual innovation performance indicators for the selected township service SMMEs would be how enterprises embrace new ideas (Mohtasham et al 2017:244). Therefore, it is plausible to explore a tailored RDF for innovation on how the selected township service SMMEs embrace enterprise innovation in discovering new services or existing services with new innovative ideas. This is bearing in mind that many of these SMMEs are created, driven, and sustained by the 'founding' individual/s.

3.5.5 The suitable leading performance indicators

Figure 3.2 indicates the suitable key leading performance indicators decided upon to explore empirically the selected township service.

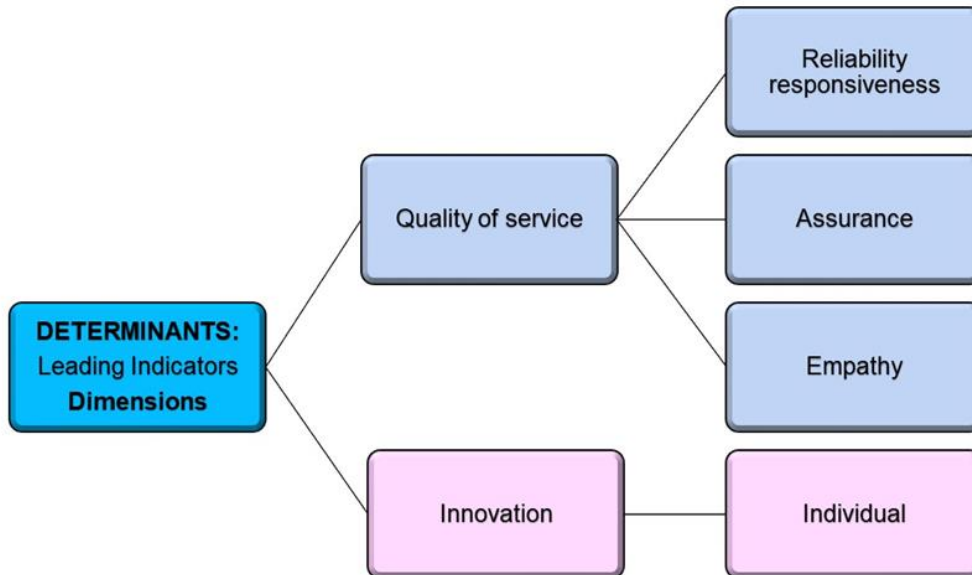


Figure 3.2: Researcher’s elected suitable determinants category or leading performance indicators.

Source: Researcher’s compilation from discussions in sections 3.5.1-3.5.4.

Figure 3.2 indicates the selection discussed in sections 3.5.1 to 3.5.4. The overall selection to be explored for quality of service comprises reliability responsiveness, assurance, and empathy, as well as individual innovation for the innovation determinants category or leading performance indicator. The identified gap in the literature review as discussed in section 1.2 resulted in tailored RDF performance indicators for the selected township service SMMEs being explored. This was supported by the deliberations in sections 3.5.1 to 3.5.4.

3.6 SUMMATIVE CONCEPTUAL FRAMEWORK GUIDING THIS STUDY

Before providing the components of the posited conceptual framework for this study, it is important understand the basis of establishing a framework for the study.

3.6.1 Theory and framework

Varpio et al (2020:989) define theory as “an abstract description of the relationships between concepts that help us to understand the world”. A framework is defined as a foundation of ideas that is a building block for investigating experiences that have occurred and considers the researcher’s perspectives (Lester 2005:458). Furthermore, a framework is designed to establish the nature of the questions to be asked and the way questions are designed (Lester 2005:458). Additionally, the framework considers the way the concepts, constructs, and processes of research are explained (Lester 2005:458). Moreover, the performance framework includes the principle of unearthing new knowledge as it pertains to the research topic (Lester 2005:458)

3.6.2 The conceptual framework

Lester (2005:460), Grant and Osanloo (2014:16), and Kivunja (2018:48) distinguish between theoretical and conceptual frameworks. A theoretical framework has a strong reliance on what was previously established by researchers to address a problem (Lester 2005:458; Grant & Osanloo 2014:16; Kivunja 2018:48). A conceptual framework is where concepts are selected and explored in anticipation of finding a relationship that may be appropriate for solving an identified problem (Lester 2005:460; Grant & Osanloo 2014:17). Generally, township service SMMEs are in survival mode (Hadebe 2010:20; Bingwa 2020) and may require a balanced framework to develop performance indicators (Fitzgerald et al 1991:115; Van Zyl 2020:86).

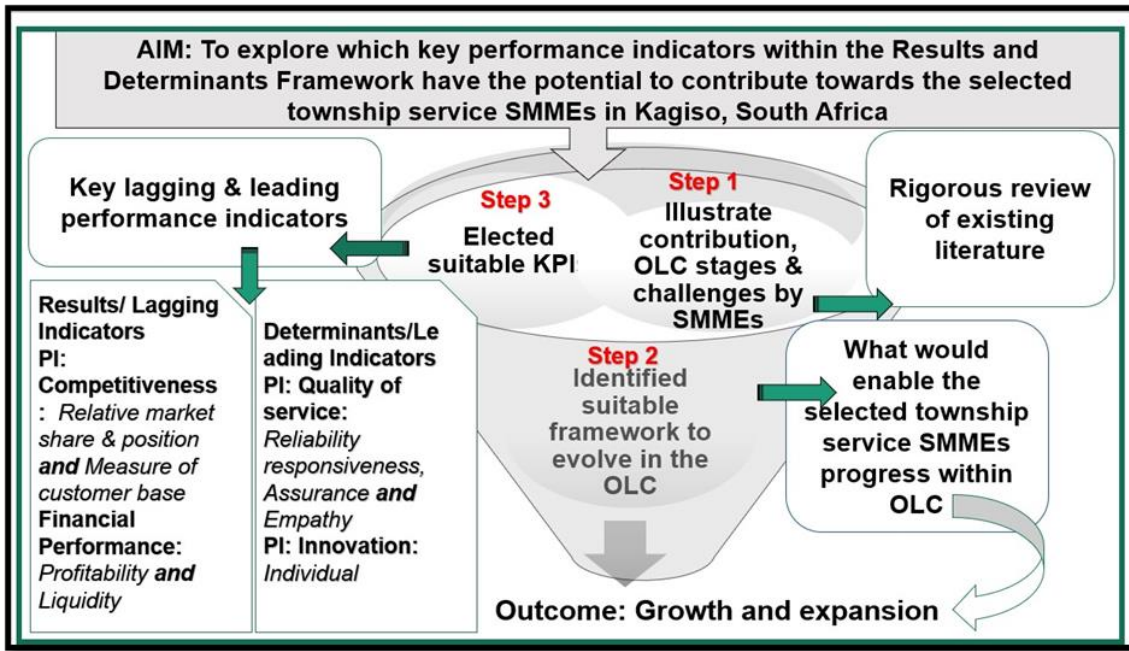


Figure 3.3: The conceptual framework for the study

Source: Researcher's compilation

Figure 3.3 illustrates the conceptual framework undertaken in the study. In step 1, a review of the existing literature demonstrated the SMMEs contributions to the economy, the OLC and challenges encountered as discussed in sections 2.3 to 2.5. This led to determining how the performance of township service SMMEs may improve in step 2, which was conducting a preliminary review of the recent literature as discussed in section 1.2 to establish which performance measurement framework may be suitable for the selected township service SMMEs. It was found that the RDF would be suitable due to its service industry nature and as it may be tailored to suit the selected township service SMMEs. Step 3 involves selecting key performance indicators from the RDF, as detailed in sections 3.4 and 3.5 with the aim of exploring how the selected township service SMMEs progress in the five-stage OLC, as discussed in section 2.4. Furthermore, within the conceptual framework, key lagging and leading performance indicators are the primary theoretical focus area for the study and the secondary focus area for this study is how the SMMEs evolve in the OLC.

3.7 SUMMARY

In section 3.1, it was outlined that the chapter aimed to meet the study's second objective, which is to investigate the theory and literature on performance measurement, from the existing frameworks and RDF performance indicators suitable for the selected township service SMMEs to evolve in the OLC towards growth and expansion. In section 3.2, four performance measurement concepts, namely performance, performance measure, performance measurement system, and performance management, were defined. Other concepts pertinent to the study are financial and non-financial indicators, also referred to as lagging and leading performance indicators, respectively.

Section 3.2 detailed the key concepts in performance systems, including several existing theories, while identifying contingency theory that links the design and implementation of a performance framework for SMMEs. Additionally, the role of a performance measurement system provides six benefits and five drawbacks. The section also showed practical ways of using a performance measurement framework. The measuring of performance in service enterprises can be challenging due to the intangible nature of services. The discussion added to the role of the performance measurement framework for SMMEs, in their context of limited knowledge and resources available for implementation. However, SMMEs electing the framework suitable to their needs and context may show improved performance.

Section 3.3 focused on the RDF as a balanced performance measurement framework designed for service enterprises. The framework follows three steps namely, reviewing the competitive environment, deciding on a strategy, and determining the type of service. The RDF has several advantages, including providing a guide for measuring performance, identifying differences in services, providing consolidated feedback, involving the entire management team, and connecting operations to strategic goals. The RDF also has drawbacks, such as failing to consider the existing performance system, being less flexible for non-service enterprises, and lacking standardisation. Overall, the advantages outweigh the disadvantages, and the RDF provides clear guidance on how to implement the framework.

The RDF has two categories, namely results or lagging indicators that measure past performance, and determinants that measure future performance. The next two paragraphs summarise the discussion relating to the selected dimensions from the RDF.

In section 3.4, a more in-depth discussion of the RDF results or lagging indicators which identified two dimensions of competitiveness and financial performance. Under the competitiveness dimension, three RDF performance indicators, namely market share and position, sales growth, and measures of the customer base, were defined. The first and third performance indicators were deemed suitable for a tailored RDF for the selected township service SMMEs and were therefore selected to be explored empirically. The financial performance dimension has four RDF performance indicators, namely profitability, liquidity, capital structure, and market ratio, that were defined. The selected lagging performance indicators of competitiveness and financial performance dimensions were illustrated in Figure 3.1.

Section 3.5 outlined the determinants or leading indicators in greater detail; specifically, the two selected dimensions of quality of service and innovation. In quality of service, of the 11 performance indicators in the RDF, three, namely, reliability responsiveness, assurance, and empathy, were selected to be explored empirically. These three indicators were deemed suitable for a tailored RDF. Innovation consisted of two performance indicators, namely, the innovation process which was found to be complex, and individual innovation also referred to as enterprise innovation and found to be appropriate to explore for the selected township service SMMEs. The elected leading performance indicators from the quality of service and innovation dimensions were illustrated in Figure 3.2.

In section 3.6, a conceptual framework for this study was proposed, after understanding the difference between theory and framework. Theory consolidates abstract concepts and ideas to have a better view of the world, and a framework provides building blocks through the enquiry of experiences investigated. Additionally, the difference between a conceptual framework, which is based on exploring an obstacle using a systematic approach from a particular world view, and a theoretical framework, which is based on exploring an obstacle using a systematic approach from a particular world view, was discussed. This study identified performance indicators from the RDF that are suitable to explore empirically to assess whether they can guide

the selected township service SMMEs on how to track their performance towards growth and expansion. Following this, the suitable indicators from the RDF were used to formulate the interview guide and questions posed to the participants that are discussed in Chapter 4. The next chapter discusses the research design and methodology used for the empirical part of the study.

CHAPTER 4: RESEARCH METHODOLOGY

4.1 INTRODUCTION

In Chapter 2, the first study objective was discussed to illustrate the contribution SMMEs make to the economy and the challenges that affect their ability to evolve in the OLC from growth to expansion. In Chapter 3, the second study objective was discussed, which was to investigate the theory and literature on performance measurement from the existing frameworks and which RDF performance indicators may be suitable for the selected township service SMMEs to evolve in the OLC towards growth and expansion. The purpose of Chapter 4 is to discuss the plan, structure, and execution of the empirical study to meet objective 3, namely, to explore which key lagging and leading performance indicators within a tailored RDF may contribute to the selected township service SMMEs to evolve in the OLC towards growth and expansion, Chapter 4 commences with the research overview as illustrated in Figure 4.1.

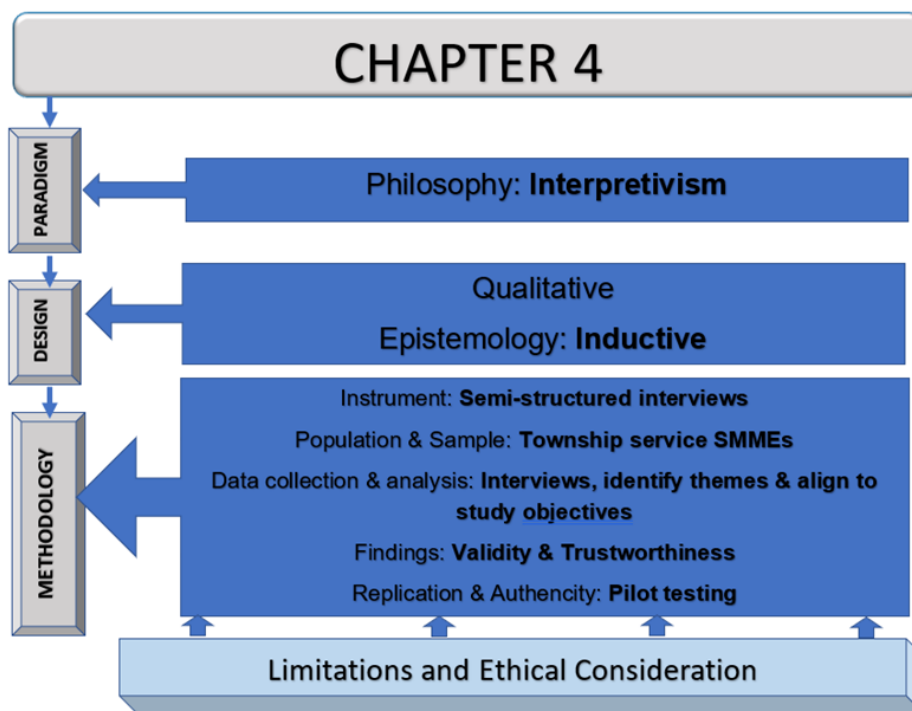


Figure 4.1: Researcher's outline of methodology

Source: Researcher's compilation

Figure 4.1 outlines the research philosophy which is discussed in section 4.3 and the research design described in section 4.4. Section 4.5 details the empirical study methodology consisting of the research instruments, target population, sampling method, sample size, data collection, data analysis techniques, as well as the validity, replicability or reliability, and trustworthiness of the data collected and the findings. Section 4.6 outlines the limitations of the methods selected and ethical considerations.

4.2 RESEARCH OVERVIEW

Saunders, Lewis, and Thornhill (2019:108) unpack how researchers follow a structured process in developing and determining an effective methodology. This process is demonstrated as the research onion (Figure 4.2), which the researcher adopted as discussed below.

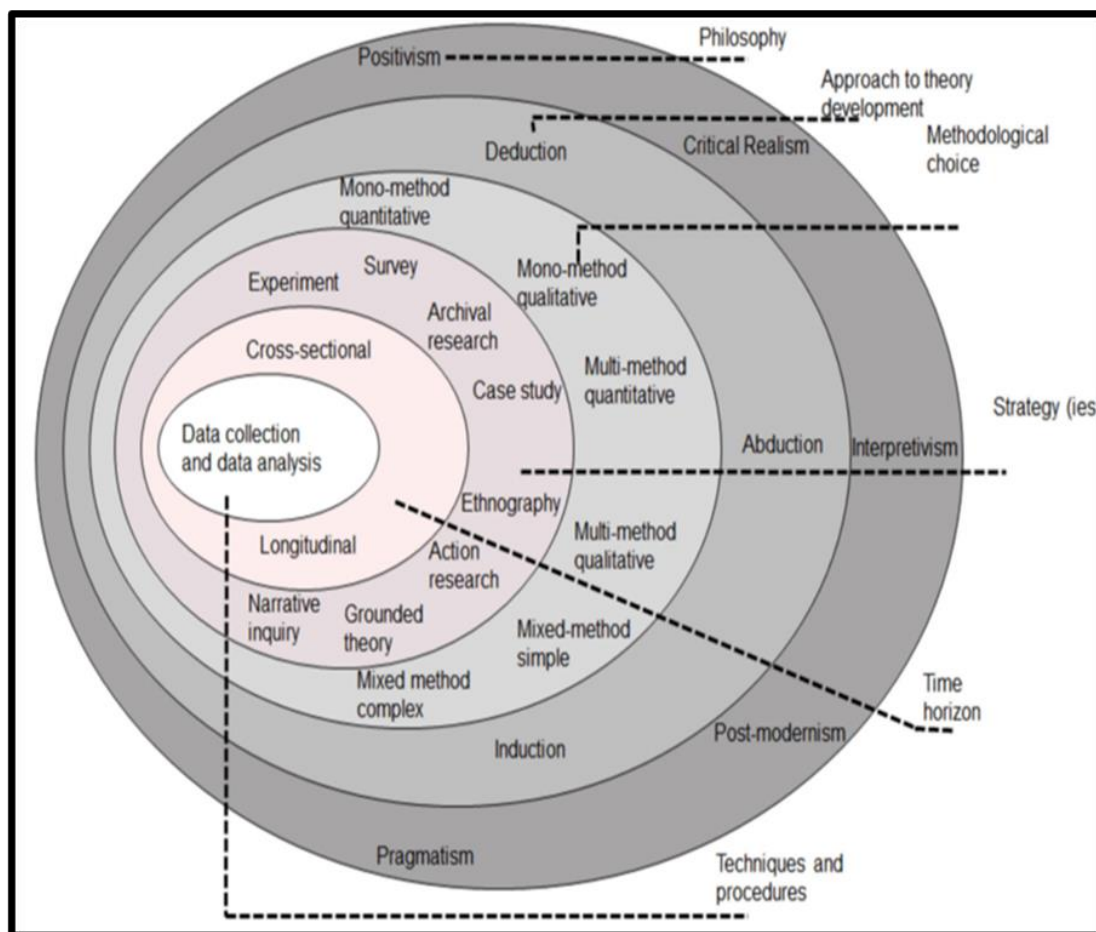


Figure 4.2: Research onion

Source: Saunders et al. (2019:108)

Figure 4.2 illustrates six processes for effectively detailing a study methodology. The unpacking process for establishing the research methodology starts from the outer layers and moves to the inner layers of the onion (Saunders et al 2019:128-129). The first layer is the selected philosophy, interpretivism, which is discussed in detail in section 4.3. For the second layer, the approach to theory development, an inductive strategy was chosen, which Morris et al (2022:969) claim is associated with interpretivism; a thorough description of this strategy is provided in section 4.4. The third layer, methodological choice, the mono-method qualitative was established in sections 1.8 and 4.5. The fourth layer, the research strategy, includes various approaches namely experiment, survey, archival, case study, ethnography, action research, grounded theory, and narrative (Figure 4.2). The study did not elect to use any of the strategies. However, added to these type of research strategies is another approach named phenomenology, described by Tomaszewski, Zarestky and Gonzalez (2020:2), which captures real-time experiences was used for this study and is briefly explained in section 4.4. For the fifth layer, the time horizon, a cross-sectional design was found to be appropriate for this study as explained in section 4.5. The final layer, technique, and procedures involved a semi-structured interview guide to gather the data, and the steps taken are explained in section 4.5.

4.3 RESEARCH PHILOSOPHY

Research philosophy is the initial process of unpacking how data are collected in a study (Saunders et al 2019:108). Saunders et al (2019:130) define research philosophy as a component that encompasses the beliefs and nature of acquiring knowledge. Research philosophy focuses on social behaviours to obtain in-depth knowledge by investigation of data collected when using a qualitative approach (Saunders et al 2019:145). The literature outlines six philosophies, namely: positivism, postmodernism, pragmatism, constructivism, critical realism, and interpretivism (Saunders et al 2019:144), which are briefly defined below.

Positivism views one reality as an existing truth and is ideal for large samples (Saunders et al 2019:144). Postmodernism seeks to investigate the different ways of thinking and provides various options for the real world (Saunders et al 2019:160). Pragmatism is ideal for a mixed approach (Saunders et al 2019:145). Constructivism is acquiring knowledge (Coghlan & Brydon-Miller 2014:183).

Critical realism's nature is to view the actual and real experiences by analysis of pre-existing structures; hence it is suitable for a quantitative approach (Saunders et al 2019:144). Five of the six philosophies were found not applicable to this study. Lastly, interpretivism is the view of how people interpret their real world (Schwartz-Shea & Yanow 2020:2). Based on this, the interpretivism research philosophy was deemed suitable for this study.

Schwartz-Shea and Yanow (2020:2) describe interpretivism as how individuals view and interpret their realities while Creswell and Poth (2018:35) describe it as how researchers seek to build knowledge by understanding individuals' unique viewpoints and the meaning of those viewpoints. Therefore, interpretivism explores the unique viewpoints of individual owners and managers of the selected township service SMMEs as stated in study objective 3.

Kanainabogi (2015:74), Mabhungu (2017:96), and Sibisi (2018:56-57) explored performance measurement frameworks for SMMEs, and interpretivism paradigms were applied in gathering data from participants perspectives for two of these studies (Kanainabogi 2015:139-140; Sibisi 2018:56-57). Therefore, it is appropriate to use interpretivism for the present study. Zahle (2021:219) argues that interpretivism philosophy is commonly used for qualitative approaches. The next section discusses the qualitative approach.

4.4 RESEARCH DESIGN

The research design outlines the plan of the study to be conducted (Saunders, Lewis & Thornhill 2016:163-164; Creswell & Creswell 2018:33; Chowdhury 2019:105). The research design also assists in collecting data to address the questions and objectives of the study (Kanainabogi 2015:110). The two ways in which data are gathered as part of the research design, is quantitative and qualitative. Quantitative research is, for example, gathering monetary data (Creswell & Creswell 2018:44). On the other hand, a qualitative approach collects data from human experiences and incorporates daily encounters (Saunders et al 2016:168; Creswell & Creswell 2018:43; Tomaszewski, Zarestky & Gonzalez 2020:2). Furthermore, the qualitative approach allows for the collection of in-depth experiences of participants (Creswell & Creswell 2018:44). De Villiers, Dumay, and Maroun (2019:1477) and Allan (2020:177,183) argue that the

qualitative approach is important in accounting and social studies because it allows gathering data from research questions and exploring a deeper understanding that is not available through collecting quantitative data. Therefore, data gathering for this study used a qualitative approach because the study required collecting in-depth human experiences on key performance indicators used by the selected township service SMMEs.

After establishing the research design, the following step was the development of the appropriate theory. The development of a theory depends on the researcher's epistemology (Rivas 2017:2). Epistemology has two different types of reasoning that applies to the quantitative or qualitative approaches (Rivas 2017:2; Creswell & Creswell 2018:116). In quantitative research, deductive reasoning is used (Rivas 2017:2; De Villiers et al 2019:1465). In a quantitative analysis, where the researcher is a realist, they believe in only one actual reality to be discovered, which is called deductive reasoning (Rivas 2017:2; De Villiers et al 2019:1466); and deductive reasoning predetermines the codes (Collins & Stockton 2018:7).

In contrast, a qualitative approach uses inductive reasoning (Creswell & Creswell 2018:126), and an inductive process is the analysis of data collected during the research study by determining themes from the participants responses (Nowell et al 2017:8; Ncoluwe 2018:37). Inductive reasoning is preferable in a qualitative approach as it explores many facets of truths (Rivas 2017:2; Chandrasekara 2019:23; Abouchadi et al 2022:4). Mabhungu (2017:96) used inductive reasoning to design a performance measurement framework using the published findings on current SMME performance measurement practises in Zimbabwe. In contrast, in a study of key performance indicators for measuring sustainability, Alghamdi (2022:498,502) employed inductive reasoning without formulating a framework. Thus, inductive reasoning may be employed in different settings as scoped by the researcher. Therefore, inductive reasoning was deemed suitable for this study because it qualitatively explored the truths of the suitable performance indicators used by the selected township service SMMEs to evolve in the OLC.

As indicated about in section 4.2 Tomaszewski, Zarestky and Gonzalez (2020:2) listed other research design types. A case study investigates a specific and complex survey to understand the activities of a particular circumstance (Bloomberg 2018:237). Ethnography is the examination of the culture of various people, seeking to understand

the meaning of the patterns of culture, behaviours, beliefs, language, and ideation (Tomaszewski et al 2020:3). Narrative is the descriptive way of telling a story based on a series of events (Rau & Coetzee 2022:700). Lastly, phenomenology is the capturing of human behaviour by considering incidents that occurred at a particular time (Mabhungu 2017:98; Camilleri 2021:14). The research design type found suitable for this study was phenomenology, an exploratory approach. Phenomenology permits the researcher to further explore the study. Ibouder, Fayolle and Louitri (2021:993) defined the exploratory approach as capturing study phenomena. Therefore, the study was undertaken to explore the phenomena of the experiences of owners or managers of selected township service SMMEs.

4.5 METHODOLOGY

The study aims to use the tailored RDF to determine suitable key performance indicators for the selected township service SMMEs. The methodology applied to gather and analyse the data is outlined below to ensure that the empirical work is accounted for appropriately (Ward 2021:22). The following sections will detail the study research instrument, population, sampling method and sample size, data collection, data analysis, validity, replicability or reliability, and trustworthiness.

4.5.1 Research instrument

Researchers aim to obtain a better understanding about a specific topic from participants' (Jääskeläinen, Laihonen & Lönnqvist 2014:1470; Bearman 2019:1) and commonly use interviews as a research instrument in qualitative data collection methods (Bearman 2019:1). There are three types of interviews, namely, structured, unstructured, and semi-structured interviews (Creswell 2013:45; O'Reilly & Dogra 2017:37).

Structured interviews consist of a rigid process of determining questions in advance and are suitable for quantitative research studies (O'Reilly & Dogra 2017:37). This study followed a qualitative approach as structured interviews were not deemed suitable. Unstructured interviews are when a researcher has an interview with a participant in which the order of the questions is not structured (Zahle 2021:207). Unstructured interviews are preferred in a qualitative study, but only if they have a limited number of questions.

This limitation may restrict the researcher from gathering the participants' experiences should a probing question lead to another question, thus it would not be best suited to the study.

Semi-structured interviews enable the researcher to probe further to gather additional details from participants (Lynch 2021:43). Semi-structured interviews could capture participants' in-depth experiences (Camilleri 2021:16). Ardley and Taylor (2019:4) endorse interviews with the SMMEs owners as the primary data. Snyder (2019:333) and Zahle (2021:208) advocate for semi-structured interviews as suitable if they have pre-determined questions aligned with the objectives and research questions of the study. McEwan (2017:1) advocates for a combination of literature and semi-structured interviews which may capture additional contributions to the study. Therefore, the researcher used semi-structured interviews to collect the primary data from the selected township service SMMEs in order to explore suitable key performance indicators and to capture additional contributions by the participants.

Interviews may be conducted either in a group format, called a focus group, or with individuals, which is semi-structured (Saunders et al 2023:450,485). Focus groups have challenges which include interruptions by one group member while another is responding to a question (Williams et al 2020:7); a question could turn into a debate which consumes time causing rescheduling of the interview (Saunders et al 2016:419-420); or there may be a dominant opinion from some participants in a group. Interviews were therefore not conducted in groups so that each participants' view was well captured; and individual interviews provide the researcher and participant the appropriate amount of time for the pre-determined questions (Saunders et al 2023:147). Therefore, individual semi-structured interviews are appropriate for this study to capture real experiences.

The interview guide (Appendix E) was designed by the researcher to address the objectives and research questions. The interview guide consists of Parts A and B, and section 4.5.4 describes what this cover. A pilot test was conducted to test the research instrument and refine the planned process for the study, as detailed below.

The researcher conducted the pilot study by selecting three township service SMMEs within the different types of service enterprises (Eldridge et al 2016:8). The three-township service SMMEs selected for the pilot test were a furniture upholsterer, a

cleaning service, and a loan shark or financial services enterprise. Jara et al (2020:251) conclude that a pilot test aims to achieve the following:

- Refine the approach of the interview questions to the participants.
- Practice the interview questions, techniques, and identify any modifications needed.
- Determine if the allocated time is sufficient.

In performing the above, the pilot test would also show whether the study has the potential to be replicated in another setting (Hair et al 2020:7). After lessons learnt during the pilot test, the researcher refined the planned approach to conducting the interviews. The participants were asked the interview questions, but additional explanations, based on the specific service provided by the SMME, were provided to ensure a clear understanding of the question. This understanding allowed the participants to respond swiftly and within the time allocated. Therefore, the gathered information may offer rich data that would enable the study objectives to be met. The following discussion deliberates on the population for the study.

4.5.2 Population

The population consists of individuals or objects a researcher is interested in exploring for a study (Young & Template 2014:79; Rahi, Alnaser & Ghani 2019:1163). The study was limited regarding service industry coverage from the area identified. All SMMEs not operating as service type enterprises were excluded. As indicated in section 2.2, the selected township service SMMEs, according to the South African definition, are found in micro and survivalist enterprises (Bvuma & Marnewick 2020:6). The classification of South African SMMEs was discussed in section 2.2.2. From observation, most of the enterprises in the population would be informal with fewer than five or no employees. The type of SMMEs in the population as identified above were determined when voluntary participants were interviewed.

As indicated in section 1.9.2.2 a database of all SMMEs per area has not been captured by SEDA (2016:15) making it difficult to determine the number of enterprises in Kagiso. However, during the initial background visit to Kagiso Avenue, over 50 township service SMMEs were observed in “Kagiso Avenue” and within a three-kilometre radius thereof, as indicated in section 1.9.2.2. The population of township

service SMMEs in Kagiso Avenue and within a three-kilometre radius was observed to comprise hair salons, street vendors, shebeen, childcare facilities, and internet cafés. As indicated in section 2.2.2, certain selected SMMEs in the population may function as a dual operation, by providing services and selling goods. The sampling method is discussed in section 4.5.3.

4.5.3 Sampling

The researcher can extract a sample from the population using different methods (Creswell & Creswell 2018:250; Hair et al 2020:179). The two sampling methods are probability and non-probability sampling (Hair et al 2020:179). For probability sampling method every unit of the population has an equal chance to be chosen (Hair et al 2020:184); this method is mainly used for quantitative studies (Guetterman 2020:1), and therefore, probability sampling was not used.

Non-probability sampling is classified as convenience, snowballing, quota, and judgement (Rahi et al 2019:1164; Hair et al 2020:185). Convenience sampling is the ability to extract a sample conveniently and with ease by saving time, money, and effort by the researcher (Creswell & Poth 2018:225; Rahi et al 2019:1164; Andrade 2021:86). Snowball sampling is when the first participants identified refer the researcher to other participants who have more in-depth knowledge on the research topic (Creswell & Poth 2018:225; Franco, Haase & António 2021:246). Quota sampling consists of selecting sample elements from different levels of a population to ensure that each level is represented (Rahi et al 2019:1164). Judgement sampling is classified as purposive sampling when the sample is selected for a particular reason. The sampling approach selected for this study and the size are explained in section 4.5.3.1.

4.5.3.1 Sample selection and size

Creswell and Poth (2018:447) and Panno (2020:143) applied purposive sampling by being flexible in their sample selection so as to capture specific participants phenomenon. The purposive sampling technique was therefore used to identify the participants as it permits flexibility for the researcher to select township service SMMEs that fit the pre-determined demographics. The participants identified were owners and managers of selected SMMEs because they have the knowledge of which performance measurement indicators have the potential for the business to evolve in the OLC. Seeing that the study followed a qualitative approach using semi-structured

interviews and purposive sampling, a sample of 20 owners and managers from selected township service SMMEs was deemed suitable for the in-depth investigation.

Additionally, the township service SMMEs were selected irrespective of the number of years in business. This is consistent with previous studies, with Papulová et al (2021:6) and Fakoti (2021:82), selecting SMMEs with various business years ranging from less than three to more than ten years. Therefore, the sample of the participants that the researcher planned to interview was owners and managers from 20 township service SMMEs with varying years in business. However, not all planned township service SMMEs were interviewed because data saturation was reached at 14, as discussed below in section 4.5.4. The following section details the recruitment strategy.

4.5.3.2 Recruitment strategy

Negrin et al (2022:1) reflected on the importance of recruitment strategy for the success of a research study. The recruitment strategy sets out the groundwork required, the recruitment plan, establishes a connection with the participants, and motivates participants to contribute to the study (Negrin et al 2022:6-10). The groundwork involved three steps for the recruitment process. Firstly, in section 4.5.3, areas were identified to source participants. Secondly, the recruitment plan used a direct method of recruiting participants in person similar to the approach used by Negrin et al (2022:6). Finally, Figure 4.3 shows the researcher's route walked to approach the selected township service SMMEs, in Kagiso, South Africa.

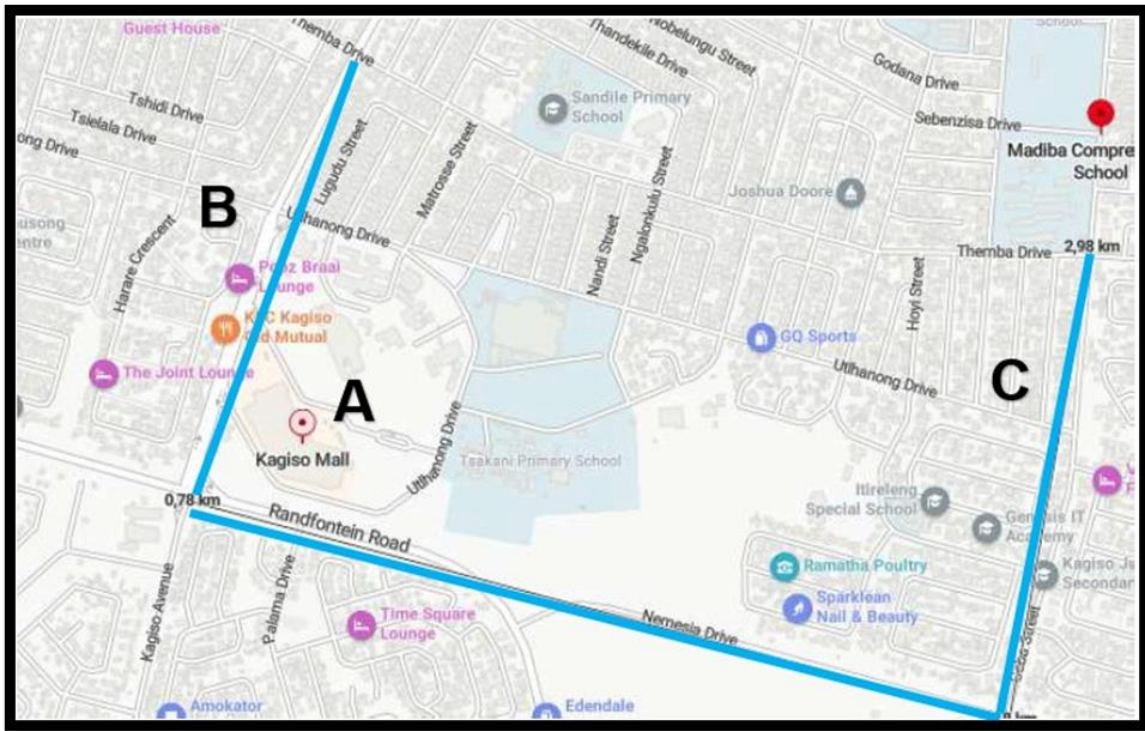


Figure 4.3: Researcher – Route walked to approach and select township service SMMEs

Source: Google Maps (2023)

Figure 4.3 marks the route in the study area, from A to C, that was used for the walkabout. As alluded in section 1.1, there has been growth in township service SMMEs along Kagiso Avenue and within 3km radius since the development of the Kagiso Mall marked “A” in 2012 (2012). Section 5.4.1 details the types of township service SMMEs interviewed. The following section describes how data were collected from the selected township service SMMEs in Kagiso, South Africa.

4.5.4 Data collection

Data collection is a procedure that allows information to be accumulated for a specific reason (Bongomin et al 2018:57). Data are extracted from the identified participants who are selected from the sample population (Whitehead et al 2020:123). Saunders et al (2023:212) attest that data exist in a certain time horizon in either the longitudinal or cross-sectional time. Longitudinal time is when data is collected repeatedly over a period by observing changes (Saunders et al 2023:212); and is not appropriate for the study.

Cross-sectional time is when an area has been identified where data would be collected at a certain point in time (Choi et al 2023:351; Saunders et al 2023:212); which is more appropriate for the study as the researcher had already established an area and time when data would be collected.

The researcher approached the participants of the 20 selected SMMEs in the study area of Kagiso Avenue over a period of two days to set a date for the interview. The owners and managers approached were provided with the interview guide, participants' information sheet, and consent to participate, before the pre-arranged date. Participants were notified that participation in the study is voluntarily. The interviews were all conducted face-to-face. Each interview duration was 45 minutes and was audio-recorded with participants' consent, to ensure accurate recording of their responses. Each participant was given a unique code to protect their identity.

Additionally, a planning document was prepared that outlined the questions with suitable key performance indicators. The planning document used performance indicators definitions to formulate the main and follow-up questions (Sub Appendix F.1). The definitions were extracted from the literature. Based on participants' responses a suitable interview date and time was arranged.

Using the interview guide, the researcher interviewed 14 owners and managers of selected township service SMMEs with the specific selection detailed in section 5.4. As discussed in section 4.5.3.1, 20 township service SMMEs were planned to be interviewed, however, data saturation was reached after 14 interviews. Saturation occurs when no new information is discovered from the participants (Creswell & Creswell 2018:307). Therefore, this provided sufficient evidence to meet the objectives of the study. The following section details the process followed to analyse the collected data.

4.5.5 Data analysis

Creswell and Creswell (2018:313) identify data analysis as a procedure that a researcher undertakes in separating and making sense of the information collected, which is similar to peeling the layers of an onion and then putting it back together. The data collected from 14 audio-recorded face to face semi-structured interviews were transcribed by a service provider into text. The researcher reviewed the transcribed data and labelled the responses to align to the interview guide as well as relistened all

the transcribed interviews against the transcriptions. This process allowed the researcher to immerse in the detail of the collected data (Saldaña 2016:20-21; Costa 2019:12). Using the transcribed interviews, the researcher synthesised the responses into three main groups, namely, Performance Indicator – Results, Performance Indicator – Determinants, and Growth and expansion. The researcher and a second coder performed a thematic analysis using ATLAS.ti) to find and analyse themes into the five main groups detailed in section 5.2. Braun and Clarke (2012:2), Castleberry and Nolen (2018:808) and Braun and Clarke (2022:4) argue that a thematic analysis best suits the qualitative approach. The identified themes extracted from the interviews were then coded using the thematic analysis.

Figure 4.4, on the next page, shows a six-step approach used by Creswell and Creswell (2018:316-317) to authenticate the accuracy of data. Using a credible tool like ATLAS.ti provides a rigorous process to analyse the data collected from participants.

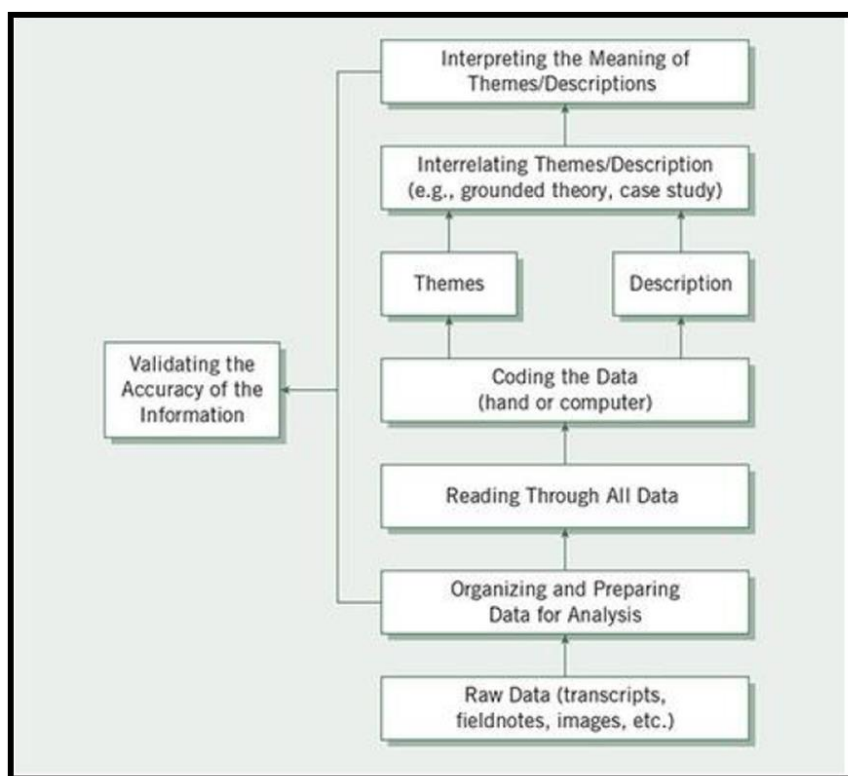


Figure 4.4: Six steps to authenticate the accuracy of data

Source: Creswell and Creswell (2018:317)

Figure 4.4 outlines the six-step approach used by the researcher to review the participants responses, interpret the meanings of the themes, and make connections

with the various themes identified. Step 1 was to obtain all the raw data; step 2 to organise and prepare the data for the data analysis; step 3 to read through and immerse in the data in order to have an in-depth understanding of the participants responses; in step 4 the researcher created a project to document all codes using ATLAS.ti and a second coder interrogated the transcriptions to have an in-depth understanding of the data; in step 5 the codes were organised into categories to create themes; and, in step 6, the themes were interpreted and linked to meet study objective 3 and this will be discussed in section 5.2.

The collected data were reviewed by the researcher following the six-step approach to establish the accuracy and richness of the data collected. In section 5.3 a detailed discussion on how the coding process was conducted is provided. Cho and Lee (2014:6) demonstrated the continuum of the coding process during which the codes preconceived and emanating from participants responses became solidified. The combination of the two approaches may be complementary (Azungah 2018:394; Pearse 2021:97). Therefore, the study primarily used inductive reasoning and the researcher opted to strengthen the generated findings by applying deductive reasoning as well, which demonstrated the continuum process to gain rich data.

4.5.6 Validity

Validity relates to the manner in which a researcher conducts research in order to ensure that findings are accurate when using certain procedures (Creswell & Crewell 2014:201). Creswell and Miller (2000:126) affirm validity to be the process of upholding the quality of information from the researcher, participants, and readers perspective. The primary data were collected from semi-structured interviews, which were based on the interview guide, and then transcribed for accurate interpretation. The established semi-structured interview guide aims to obtain real experiences from the participants and enhances the qualitative approach (Neuzil, McCloskey & Chan 2023:92). The final interview guide was reviewed by the study supervisors and second coder, which strengthens trustworthiness in a qualitative approach, such as this study used. The following section discusses replicability or reliability which are part of the measures of trustworthiness.

4.5.7 Replicability or reliability

The process of replicability or reliability in research is the ability to ascertain consistent or stable outcomes when repeated in a different setting (Cypress 2017:256; Creswell & Creswell 2018:325,326). The pilot study detailed in section 4.5.1, showed that questions from the interview guide needed to be made relevant to the specific enterprise for the SMMEs to understand better. Reviewing the questions before interviewing the participants allowed the researcher to better articulate the questions. The allocated time of 45 minutes was also found to be sufficient to obtain a response from the participants.

4.5.8 Trustworthiness

Rachel (2022:600) affirms that trustworthiness in a qualitative approach is how data are collected, analysed, and methods used to accomplish positive results. Rachel (2022:599-600) found trustworthiness to be critical when evaluating a qualitative approach in order to allow for transparency. Lincoln and Guba list different aspects of trustworthiness, namely, credibility, dependability, confirmability, transferability, and authenticity (Cypress 2017:255; Rachel 2022:599). The following section discusses the five key elements of trustworthiness.

Credibility is built from engaging with the relevant participants to have true data that is trustworthy (DeJonckheere & Vaughn 2019:7; Eksteen 2019:43). The researcher had easy access to Kagiso Avenue where the core township service SMMEs were concentrated, and which allowed the researcher to engage with the participants. The researcher independently coded the data then shared the text interviews of the township service SMMEs with the second coder which would ensure credibility. Castleberry and Nolen (2018:814) and Sibisi (2018:63) attest to collected data being analysed by following a certain process to ensure credibility. Consequently, the researcher analysed the collected data and detailed each of the steps or cycles undertaken as discussed in section 5.3.2. By engaging with the relevant participants in the identified area with ease of access; and applying a transparent process in collecting and analysing the data, affirms the credibility of the data collected. The processes followed to validate credibility of the data are outlined in section 5.3 of Chapter 5.

Dependability is when the methodology, data, and findings of a study have a clear and evident relationship (Baumgart, Craig & Tong 2021:539). The researcher opted to use semi-structured interviews to conduct the empirical work, after which, the data collected, and findings were matched to suitable key performance indicators for the township service SMMEs. Cypress (2017:258) achieved dependability by relying on experts to validate the themes and identified descriptors as well as a doctoral candidate who reviewed the findings. In this study dependability was achieved when qualified transcribers translated the interviews, and the second coder expert validated the themes created by the researcher.

Confirmability is when findings are guided by the participants and not the researcher's self-interest (Leboea 2017:34; Castleberry & Nolen 2018:814; DeJonckheere & Vaughn 2019:7). Lynch (2021:50) established confirmability by indicating participants characteristics as well as the techniques and methods used. In order to ensure confirmability, the researcher's findings were based on the participants responses, with the details of participants demographics provided in section 5.4.1. Furthermore, Cypress (2017:258) states that confirmability is when the researcher maintains a journal of events that occurred pertinent to the study. Therefore, the researcher kept a journal documenting when interviews were conducted, as this would confirm the occurrence of events. Therefore, the researcher in the research project used several ways to affirm confirmability.

Transferability is when the findings of a study are applicable in other contexts (Leboa 2017:34; Nowell et al 2017:3; Castleberry & Nolen 2018:814; DeJonckheere & Vaughn 2019:7). Eksteen (2019:43) states that when a researcher has crafted a coding framework and applied it to other settings, it proves to be transferable. In order to test transferability, the researcher conducted a pilot test only in the context of township service SMMEs and participants were able to respond to the interview questions relating to the suitable key performance indicators as detailed in section 4.5.7. Furthermore, the generated coding framework in section 5.3 justifies transferability.

Authenticity is to establish the trustworthiness of the findings and stakeholders involved. Creswell and Poth (2018:340-343) state that the process of obtaining data when applying trustworthiness requires validation through certain lenses. The three lenses used to validate trustworthiness are through the researcher's, the participants, and the observers (Creswell & Poth 2018:340-343).

The researcher's ability to engage with the participants in the selected township service SMMEs would be a valuable contribution on how township service SMMEs may grow and expand using suitable performance indicators. The research project participants are the owners and managers of the enterprises that conduct business in their homes, rented space, or streets. The observers are the scholars whose findings were discussed in the literature review, for example, scholars who review and criticise SMMEs on various aspects including how their enterprises perform. Therefore, it would be authentic to provide insights from the three lenses into how enterprises perform according to the questions asked during the interviews.

4.6 LIMITATIONS OF THE METHODOLOGY

The two methodologies used in research, namely the qualitative and quantitative approaches, have benefits and limitations. A limitation of a qualitative approach is the challenge of appropriate validity and reliability (Kanainabogi 2015:106) which is due to the nature of qualitative data (Kanainabogi 2015:106; Khalid & Alkudhir 2018:14-15).

The focus of a qualitative approach is on a specific context, leading to a limited basis for scientific generalisation (Kanainabogi 2015:106; Lynch 2021:50). Hence, for this study specific performance indicators were suitable for the selected township service SMMEs and the study would not include any other type of SMMEs, leading to a limited basis for generalisation. Additionally, quantitative and qualitative approaches have limitations in how data are collected, analysed, and interpreted (Mwita 2022:622-623). Contrasting from a quantitative approach, the sample size for a qualitative approach is limited, which links to the challenge of reliability (Hrvatín & Bru 2022:21). As the qualitative approach uses an in-depth investigation of the participants real experiences (Saunders et al 2023:171), the limited sample size does not allow the findings to be generalised to all service SMMEs for developing countries.

4.7 ETHICAL CONSIDERATIONS

Ethical considerations emerge when research is being conducted in order to ensure the protection of participants, the reputation of the research (Grant 2018:26), and the protection of participants' right to privacy (Mohd-Arifin 2018:30; Mahomed, Loots &

Staunton 2022:26). The participants were informed that the information gathered will be retained for 15 years in a password-protected folder. The researcher, supervisors, and other reviewers, such as the transcriber and second coder, will have access to the collected information with confidentiality agreements signed. Additionally, the research study will use internationally recognised moral principles when interacting with human participants, namely autonomy, beneficence, non-maleficence, and justice (Jahn 2011:225-226; Ludwig et al 2021:9).

Autonomy enables participants to make informed decisions about volunteering for the study (Saunders et al 2016:303-304; Taquette & Souza 2022:5). Their consent must be given freely and involved participants must be competent to provide responses to the questions posed (Mohd-Arifin 2018:30). Consequently, in the study, the participant information sheet detailed in Appendix C shows that participants were afforded an opportunity to make an informed decision when volunteering for the study. Additionally, applying the autonomy principle ensures that information gathered from the participants is authentic.

Beneficence means treating others as you would expect to be treated (Denzin & Giardina 2016:53; Ludwig et al 2021:9). The researcher needs to provide assurance and be clear on the protocols to eliminate any distress that may be encountered by participants (Sanjari et al 2014:4). Other considerations include clear communication required for participants' disclosure, emotional care during the interview, and being accessible for a period (Sanjari et al 2014:5). The application of the beneficence principle is to ensure participants are protected from harm (Lynch 2021:50). The beneficence principle was demonstrated in the study by the researcher being non-judgmental of the participants' shared experiences and responses to the interview questions.

Non-maleficence is achieved by giving participants the assurance that their data are protected even when reporting the study findings (Lynch 2021:52). The application of the non-maleficence principle in the study is demonstrated in section 5.5 in having SMMEs anonymised by using unique codes. This enables the research study to comply with confidentiality and the POPI Act in protecting and not disclosing participants' personal information.

Justice occurs when obtaining data from participants in an equal manner with no segregation applied in the selection of participants (Denzin & Giardina 2016:22; Ludwig et al 2021:9). In the study, the researcher's selection of township service SMMEs was based on their voluntary acceptance and thus their responses were obtained without segregation. Sanjari et al (2014:4) and Mohd-Arifin (2018:30) argue that ethical considerations require a rigorous process due to the extensive nature of the study process. The study abided by the university policy on copyright infringement and the plagiarism policy; and the study has ethical clearance from the College of Accounting Science Ethics Review Committee (Appendix B). Sections 5.4 and 5.5 demonstrate how the researcher applied a rigorous process when engaging with the empirical aspects of the study.

4.8 SUMMARY

Section 4.1. outlined the planned research approach to respond to objective 3, to explore which key lagging and leading performance indicators within a tailored RDF may contribute to the selected township service SMMEs in South Africa to evolve in the OLC towards growth and expansion. The process of conducting research with reference to adopting the Research Onion is discussed in section 4.2; with the layers identified as philosophy, approach to theory development, and the methodology of the empirical study.

The research philosophy discussion in section 4.3 drew attention to the fact that when conducting research, a specific philosophy enables the researcher to have a certain thought process when collecting data. Six philosophies were identified from the literature, namely, positivism, postmodernism, pragmatism, constructivism, critical realism, and interpretivism. The interpretivism concept was deemed to be appropriate for enabling the researcher to comprehend the enterprises' actual experiences when measuring the selected performance indicators within the tailored RDF.

Section 4.4 described the research design of this study which focused on using a qualitative approach and applying an inductive epistemology theory. The qualitative approach was deemed suitable for this study as it allowed for a comprehensive understanding of the subject matter. The inductive method would gather in-depth human experiences on the key performance indicators from the selected township

service SMMEs. The literature surveyed illustrated several research design types, namely, case studies, ethnographies, narratives, and phenomenology. The research design chosen for the study was phenomenology, which allowed for further exploration of the experiences of owners and managers of selected township service SMMEs. This design aimed to examine cultural patterns, behaviours, beliefs, language, and ideation, to gain a deeper understanding of the phenomena studied.

Section 4.5 outlined the step-by-step methodological process. Semi-structured interviews were used as the research instrument, as it allows for probing and gathering of in-depth experiences from participants. Regardless of no database available for Kagiso SMMEs, the population was determined as more than 50 township service SMMEs in Kagiso Avenue or within a three-kilometre radius thereof; most being informal with fewer than five or no employees. The purposive sampling technique was used to select 20 owners and managers from township service SMMEs for interviews. Fourteen (14) interviews were conducted because data saturation was reached 14. The use of audio-recorded interviews and transcription services ensured that the data collected were accurately documented and could be reviewed for verification and replication.

The collected data from the interviews were transcribed and analysed using thematic analyses to ensure a rigorous process. The study preferred to use a continuum for coding process of preconceived codes and emanating from participants responses. This concurred with the selected research philosophy of interpretivism, and the selected research design, the inductive epistemology theory, as discussed above. The researcher and a second coder used ATLAS.ti to ensure that the identified themes were appropriate for meeting the study objective. The researcher was the first coder who collected primary data from participants and a second coder confirmed the validity of the data. The study's validity was strengthened by a well-designed interview guide. The replicability of reliability of the study was reinforced by conducting a pilot test, to refine the interview questions. Trustworthiness was established through rigorous data collection and analysis, credibility, dependability, and confirmability, through participant responses.

Section 4.6 highlighted the benefits and limitations of quantitative and qualitative approaches in research. Qualitative approaches face challenges of validity and reliability as a result of its nature as well as focusing on specific contexts. The time

required for data collection, analysis, and interpretation, poses a limitation for both approaches. Moreover, a qualitative approach is limited in sample size, which impacts on reliability but allows for in-depth investigation of participants experiences. For this reason, qualitative approaches cannot be generalised to all service SMMEs in developing countries due to the limited sample size.

Section 4.7 focused on the importance of ethical considerations in research which includes protecting participants and their privacy. The study adhered to the four internationally recognised moral principles for ethics. Firstly, autonomy, by obtaining freely given informed consent from competent participants. Secondly, beneficence, by protecting participants from harm, treating participants with respect, and being non-judgemental during interviews. Thirdly, non-maleficence, by keeping participants information confidential for 15 years in compliance with the POPI Act, and anonymized SMMEs using unique codes to emphasise privacy. Lastly, justice, by the researcher selecting township service SMMEs based on their voluntary acceptance without segregation as well as ensuring selection was fair and unbiased. The study has obtained ethical clearance and followed the university policies and procedures.

The following chapter, Chapter 5, shows the overall process of how the researcher analysed the collected data. Additionally, the findings from the participants responses are presented.

CHAPTER 5: RESEARCH ANALYSIS AND FINDINGS

5.1 INTRODUCTION

To meet objective 3 Chapter 4 described the study's research methodology in sections 4.2 to 4.7. The study used a qualitative approach, and although this approach has limitations, it also has the advantage of obtaining a comprehensive understanding of the township service SMMEs by collecting in-depth insights.

Chapter 5 discusses the data analysis and interpretation of the data obtained from the semi-structured interviews with the selected Kagiso township service SMMEs and places the results in context of the literature. This responds to study objective 3, exploring which key lagging and leading performance indicators within a tailored RDF may contribute to the selected township service SMMEs in South Africa to evolve in the OLC towards growth and expansion.

The summary of themes and categories of the study are presented in section 5.2. In section 5.3, the researcher presents the management of data, collection of data, coding process, how codes and categories are blended into categories and themes, how the coding process is strengthened and refined with the second coder process, and the use of Artificial Intelligence (AI) by ATLAS.ti. Thereafter, in sections 5.4 and 5.5, respectively, the demographics and findings from the participants who underwent semi-structured interviews are described, and a summary presented linked to objective 3.

5.2 SUMMARY OF THEMES AND CATEGORIES

Table 5.1 lists the themes with their respective categories to meet objective 3.

Table 5.1: List of themes and categories

Theme	Category
Theme 1: Lagging performance indicators for enhancing competitiveness	Category 1.1: Enriching relative market share and position through competitiveness
	Category 1.2: Measures of customer base to increase competitiveness
Theme 2: Lagging performance indicators for improving financial performance	Category 2.1: Optimising profitability through financial performance
	Category 2.2: Enhancing liquidity by improving financial performance
Theme 3: Leading performance indicators for township service SMMEs in enriching quality of service	Category 3.1: Enterprise service reliability responsiveness to enrich quality of service
	Category 3.2: Increase assurance to improve quality of service
	Category 3.3: Empathy enhanced through quality of service
Theme 4: Leading performance indicators for embracing innovative ideas	Category 4.1: Embracing new ideas to boost individual innovation performance
	Category 4.2: Township service SMMEs not embracing new ideas to boost individual innovation performance
Theme 5: Township service SMMEs' claims of their evolution within the organisational life cycle stages	Category 5.1: Organisational life cycle claimed by the participants
	Category 5.2: How participants have a lived experience towards growth and expansion of the enterprise

Source: Researcher's compilation

Table 5.1 outlines the themes and categories generated by analysing the data from the participants' responses to questions in Part B of the interview guide, with a more in-depth discussion presented section 5.5. The following section discusses the data management plan and the data analysis process.

5.3 OUTLINE OF MANAGEMENT AND ANALYSIS OF DATA

This section briefly discusses the data management and outlines the data analysis process followed for this study. The data analysis process was done by applying deductive reasoning, followed by a detailed cyclical process used to capture participants' responses to the interview questions. The participants' responses were captured two-fold, namely, i) the demographics in section 5.4, and ii) using inductive reasoning to code participants' responses in section 5.5. The generated inductive codes were the key lagging and leading performance indicators, illustrated as tailored RDF for the respective selected dimensions. The following section provides a brief overview of the data management.

5.3.1 Data management

Data management is critical in order to have a structure that captures the phenomenon from the data collected and achieves a rigorous process through data analysis (Miles, Huberman & Saldaña 2020:64). Section 4.5 shows that the research instrument chosen for the data collection was semi-structured interviews (O'Reilly and Dogra 2017:37), in order to obtain participants' perspectives (Neuzil, McCloskey & Chan 2023:92) and apply the thematic analysis as explained in section 4.5.5.

As indicated in section 4.7 and Appendix C, the researcher will maintain the collected data for a period of 15 years in an electronic folder in a computer that is password protected for future research or academic purposes, subject to Research Ethics Review as well as approval if applicable. After 15 years of storing the data, it will be permanently deleted from the electronic folder. The researcher, supervisors, other reviewers such as the transcriber and second coder have access to the collected information but have signed confidentiality agreements. The following section describes coding as part of analysing the data.

5.3.2 Data analysis process

The data analysis was performed after collecting the data from 14 interviews. The planned sample size was 20 township service SMMEs 14 was the final number because data saturation was reached after 14 interviews. The data analysis used both deductive and inductive reasoning to facilitate the capture of data as well as the refinement of concepts (Azungah 2018:383; Young et al 2020:1).

Therefore, the researcher used both deductive and inductive reasoning to obtain new findings and refine concepts. The following discussion demonstrates the generated codes using deductive reasoning, as illustrated in Figure 5.1.

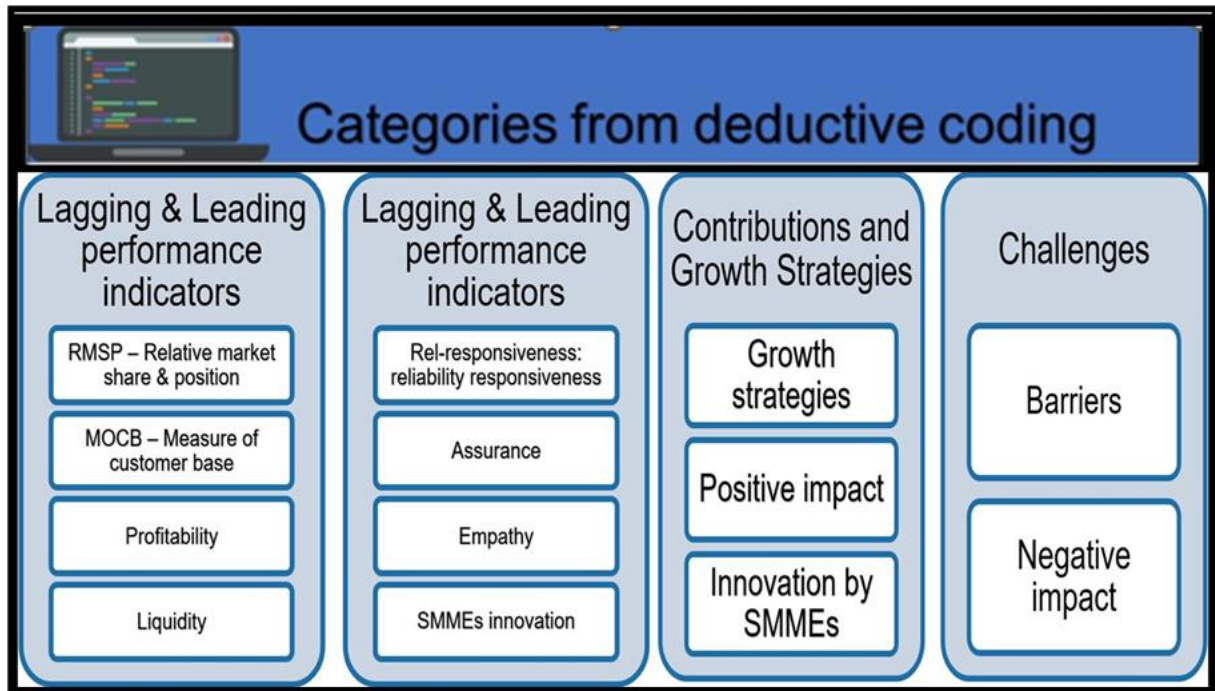


Figure 5.1: Categories from deductive codes used during the data analysis

Source: Researcher compilation

Figure 5.1 shows the created categories using the eight pre-existing key performance indicators; other codes were compiled to explore which key lagging and leading performance indicators can lead SMMEs towards growth and expansion. Azungah (2018:394) concluded that inductive analysis is a result of coding responses from participants' perspectives. Therefore, the researcher used the inductive analysis approach to create codes from the participants' perspectives. The generated codes were then allocated to the pre-existing categories, inductively generated and themes formed. Themes derived from the findings were validated or confirmed using the existing literature and presented in section 5.5. The following section details the actual cycles followed by the researcher in analysing the collected data.

The researcher predominantly used inductive reasoning by coding based on participants' responses. Figure 5.2 illustrates how the data were analysed.

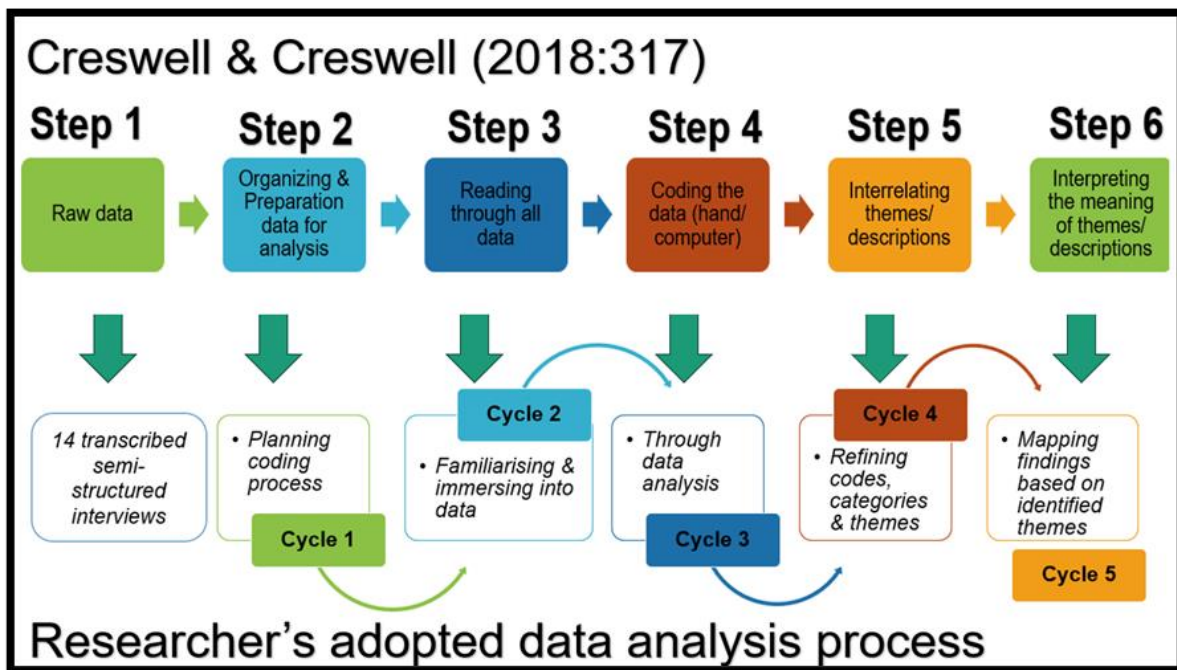


Figure 5.2: Process of analysing qualitative data

Source: Steps 1 to 6 (Creswell & Creswell 2018:317) and cycles 1 to 5: Researcher's adopted data analysis process

Figure 5.2 A outlines the six-step data analysis approach elucidated by Creswell and Creswell (2018:317). Figure 5.2 B illustrates the cycles showing how the researcher adopted the steps after data collection in step 1. The six-step approach was illustrated in Figure 4.5 and discussed in section 4.5.5. In Figure 5.2 B, the researcher aligned the steps from steps 2 to 6 to cycles followed when analysing the data collected from the participants, as discussed below.

Step 2 required organising and preparing for the data analysis, and the researcher's cycle 1 resumed by outlining a plan for coding the data. Step 3 required reading through all the data and in cycle 2 the researcher took time to familiarise herself with the data collected. Xu and Zammit (2020:3) attest the importance of making sense of the data before creating codes, categories, and themes. Step 4 used a computer or manual system to generate codes, and in cycle 3 the researcher used ATLAS.ti to create the codes.

Step 5 was the process of interrelating themes or descriptions, and in cycle 4 the researcher refined the codes, categories and themes identified, which were then further enhanced by the second coder, as detailed below. Step 6 involved the interpretation of identified themes and in cycle 5 the researcher mapped the findings based on the identified themes. The following discussion further expands on the five-cycle approach followed by the researcher in analysing the data supported by references to the literature.

- Cycle 1: Planning the coding process
 - The thought process was affirmed to ensure codes emanated from participants responses and not from the researcher.
 - The researcher reviewed the transcribed data and labelled the responses to align to the interview guide.

Azungah (2018:392), Creswell and Creswell (2018:361), and Costa (2019:6) affirm that the planning process in data analysis is required to organise the data. Nowell et al (2017:8) and Ncoliwe (2018:37) attest that codes are generated from participants responses which supports the inductive approach.

- Cycle 2: Familiarising with and immersing into the data
 - As shown in Figure 5.2, the researcher performed cycle 2.
 - The researcher listened to the audio-recorded interviews to immerse in the participants' responses.
 - The researcher reviewed participants' responses to the posed questions.

Saldaña (2016:20-21) and Costa (2019:12) highlight the important process of familiarising and immersing into the data before the initial codes are formulated.

- Cycle 3: Thorough data analysis
 - As shown in Figure 5.2, the researcher completed cycle 3.
 - This was followed by grouping the questions based on participants' responses.
 - Then by assigning codes for each response.

- After that codes were identified that may be categorised together according to participants' responses.
- Categories were provided prefixes that were linked to the suitable key performance indicators.
- Themes were generated to obtain evidence that would support the study objective.

Ko and Abdulmajeed (2022:4) attest to the importance of data analyses when conducting a systematic review to obtain more in-depth meaning of the data.

- Cycle 4: Refining the codes, categories, and themes
 - The researcher compared the codes created by human-based coding with the second coder.
 - Using ATLAS.ti, the researcher created a new project to generate codes, and compared this to the second coder, in order to refine the codes already generated.
 - The researcher followed cycle 5; and the themes were detailed in sections 5.2 and 5.5.

The researcher initiated a discussion with the second coder to refine the identified codes, categories, and themes. Qureshi and Ünlü (2020:6-7) support refining codes, categories, and themes.

- Cycle 5: Mapping findings based on identified themes
 - Themes were synthesised based on the categories to respond to the research objectives and where appropriate, a semantic linkage was applied.
 - Themes were mapped to the relevant literature and for each finding used to confirm, demonstrate, refute, or provide insight obtained from the participants.

Bingham and Witkowsky (2022:134,136) affirm that mapping findings from the respective codes and categories be appropriately themed to meet the study objective. The following section details the township service SMMEs demographics.

5.4 PRESENTATION OF DEMOGRAPHICS DATA

The demographic data of the selected township service SMMEs interviewed were derived from the interview guide Section A. Demographics may be characterised by various items (Majid, Yasir & Yasir 2017:146; Özkan et al 2019:392; Uvet 2020:9) and for this study contained role responsibility, years in business, type of services, and stage of the enterprise, as illustrated in Figure 5.3. The researcher used Excel software to capture participants' responses to Section A of the interview guide and documented the results in Figure 5.3

Section A - Demographics Township service SMMEs: Kagiso, South Africa					
Q1: Composition of the SMMEs		Q2: Number of years in business		Q3: Type of services	
12 being both Owner & Manager		6 which are less than 3 years		7 Others	
1 - Manager		4 which are 3-5 years		2 Hair salons	
1 - Other (Staff)		1 which is 6-10 years		1 Street vendor	
		3 which are more than 10 years		1 Shebeen	
				1 Childcare	
				2 Internet Café	
Q4: Provide a service or both		Q5: Stage of the business		Q3: Other types	
7 Service only		5 Start-ups (Just starting up)		1 Steel services	
7 Service & goods		5 Grown (Gaining more business)		1 Accommodation	
		3 Matured (Well-established)		1 Tekkies wash	
		1 Decline (Losing business)		1 Fast Food	
		0 Restoration (Recovering)		1 Logistics	
				1 Car wash	
				1 Tailoring services	

Figure 5.3: Selected township service SMMEs demographics

Source: Researcher compilation

Figure 5.3 shows that in terms of composition, for 12 of the 14 SMMEs the owner was the manager, one participant was a manager, and one a staff member. The number of years in business ranged from less than three years to more than 10 years, strengthening the coverage of the SMMEs. In section 4.5 the types of township service SMMEs were described and in this study, they consisted of two hair salons and internet cafés, and one each of street vendor (sales vegetables and provides a service

of pre-preparing of vegetables on customers request), shebeen (provided sale of goods and venue for events as a service to customers), childcare, accommodation, fast food, steel service, tailor, tekkie wash, logistics, and car wash. Fifty percent of the township service SMMEs provided a service only and the balance provided services and goods (dual operation). The businesses are in the start-up, growing, maturing, and declining stages, with none identified to be in the restoration stage.

A semantic linkage was conducted by comparing self-declared stages according to the responses to Questions 5 with Question 17; and will be discussed further in Section 5.5 under Theme 5. The semantic linkage was conducted to steer support the second focus area of this study, as discussed in section 3.6.2, and challenge the status quo according to the literature that township service SMMEs do not evolve in the OLC towards growth and expansion. Each theme and category created, as discussed in sections 5.5.1 to 5.5.4, was supported by verbal responses, and where appropriate, a semantic linkage was conducted as discussed in section 5.5.5 below.

5.5 PRESENTATION OF FINDINGS

Part B of the interview guide had questions relating to suitable key lagging and leading performance indicators, which is the primary and secondary focus areas for this study as related to the SMMEs evolving in the OLC towards growth and expansion. This section discusses in detail the results of the codes generated, codes utilised to create categories, and categories into themes, using Part B of the interview guide. The findings from the participants' perspectives were synthesised and incorporated into the five themes indicated in Table 5.1. In this section, the selected township service SMMEs referred to as participants were provided unique codes to maintain their anonymity; for example, P1 means participant 1. The following discussion deliberates on the findings relating to theme 1.

5.5.1 Theme 1: Lagging performance indicators for enhancing competitiveness

Theme 1 focuses on lagging performance indicators for enhancing competitiveness measured by relative market share and measures of customer base. As indicated in sections 5.5.1.1 and 5.5.1.2, two categories were formulated based on the participants' responses to Questions 1 to 4, as detailed below.

5.5.1.1 *Category 1.1: Enriching relative market share and position through competitiveness*

The participant responses to Question 1 and Question 2 were coded under relative market share and position; with the tailored RDF performance indicators listed in Figure 5.4.

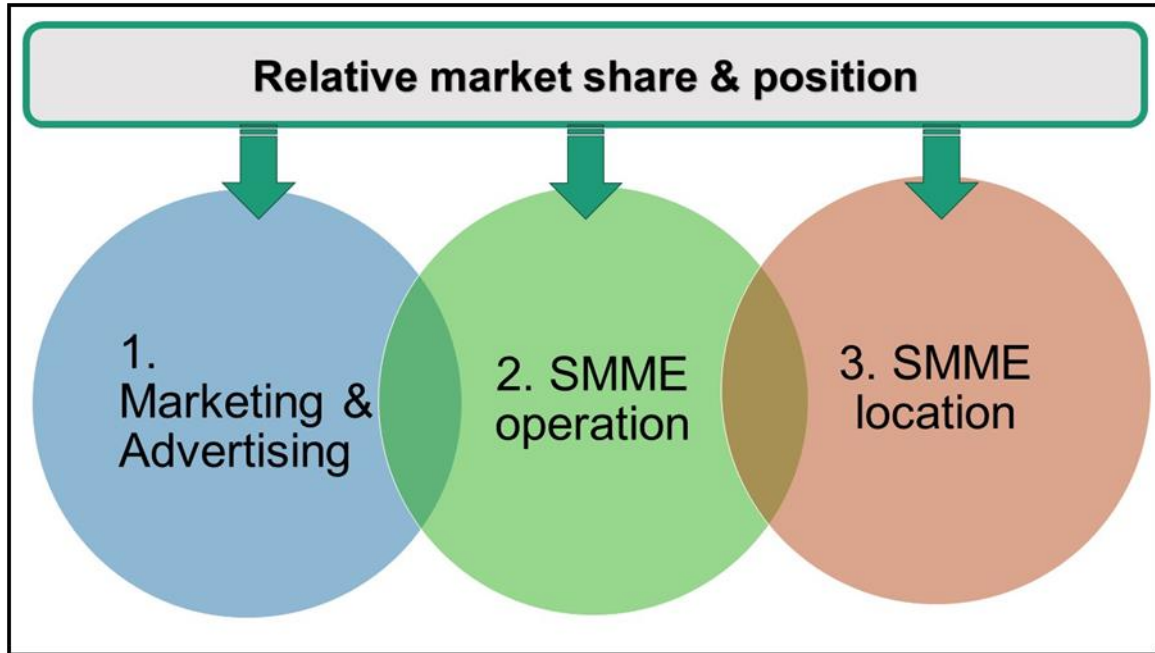


Figure 5.4: Suitable performance indicators for relative market share & position

Source: Researcher compilation

Figure 5.4 displays three performance indicators identified from the participants' responses that may increase relative market share and position, namely, marketing and advertising, SMME operation, and SMME location. The following discussion relates to marketing and advertising, the first performance indicator.

Ten of the 14 interviewed participants use social media platforms for marketing and advertising. Participants indicated that other means of marketing and advertising included activities to attract potential customers, door to door canvassing, websites, mannequins, outside boards, with examples given by P11 and P14:

P11: "...Outside events.... Yeah...Attracting the customers..."

P11: "We do use...Social media, I've got an outside board and [use] word of mouth."

P14: [I use] “TikTok, Instagram, Facebook also WhatsApp to attract customers to the business.”

However, P4, P5, P7 and P9 indicated they did not use social media platforms because they believed they had clientele, thereby, missing an opportunity to increase relative market share and position.

Two examples express the non-use of social media platforms:

P4: “No, I don’t do that ...”

P9: “No, people just walk past or come where I am positioned...”

According to previous studies, developing countries utilise free platforms to market and advertise (Kumar & Ayedee 2018:142; Prince 2019:7; Chatterjee et al 2021:9). This is evident from the expressions used by participants. Selected township service SMMEs also showed reliance on traditional methods of marketing such as word of mouth, which is similar to findings by Mohtasham, Sarollahi and Hamirazavi (2017:233) and Cant and Wiid (2020:100). Therefore, based on the above evidence, participants utilised mainly social media platforms to increase relative market share and position, and this was supported by previous studies in developing countries. Participants also had new ways of marketing, not previously published for township service SMMEs, namely, using outside events, outside boards, and WhatsApp.

Regarding the second performance indicator, the SMME operation, participants shared their insights on how SMMEs are effectively operated to stay competitive and increase their relative market share and position. For example, P9 and P8 stated using the two expressions below:

P9: “I ensure that the stock items that I have are fresh for customers...”

P8: “I source the generation away... where the vibe is worth now... So, I’ll bring #2000 and if they get out of fashion; Even now I was speaking to them because...DJs want to know their time slots tonight.”

P8 meant that in order to remain competitive, the enterprises consult with the current generation to understand what is currently trending in other similar businesses and ensure that DJs are booked to play at the establishment. As a result, relative market share and position will increase.

However, P7 and P10 opted not to take advantage of planning and studying the market, but instead rely on the service offering provided. As a result, an opportunity to increase relative market share and position was lost, with the following two examples demonstrating the lack of comparison with other enterprises:

P7: "Mine they stay this way because they will go and compare, but eventually they will come back ... come back."

P10: "I 'don't see the need to compare myself with any other similar businesses, I focus on my own business."

In the literature review, the researcher did not find sources discussing SMME operations as a way of increasing relative market share and position for township service SMMEs.

Regarding the third performance indicator, SMME location, the participants shared insights on how well positioned the enterprises are with highly concentrated customers' foot presence and spending less on marketing to increase their relative market share and position. The participants expressed these responses to Questions 1 and 2. For example, P3 and P9 responded with the two statements below:

P3: "It's easier because it's closer to the mall as well, and it's easier to go outside of Kagiso. So as well closer to the in main road, the main [road] and [easy access for] the Uber."

P9: "People just walk past or come where I am positioned."

The responses demonstrate that participants rely on the current location to increase relative market share and position. Therefore, an increased relative market share and position is enhanced by the SMME's location. In the review of the literature, the researcher did not find sources discussing SMME location as a way of increasing relative market share and position for township service SMMEs.

5.5.1.2 Category 1.2: Measure of customer base to increase competitiveness

The participant responses to Questions 3 and 4, were coded under measures of customer base, and listed in Figure 5.5, which illustrates the tailored RDF performance indicators that increase and decrease the indicator.

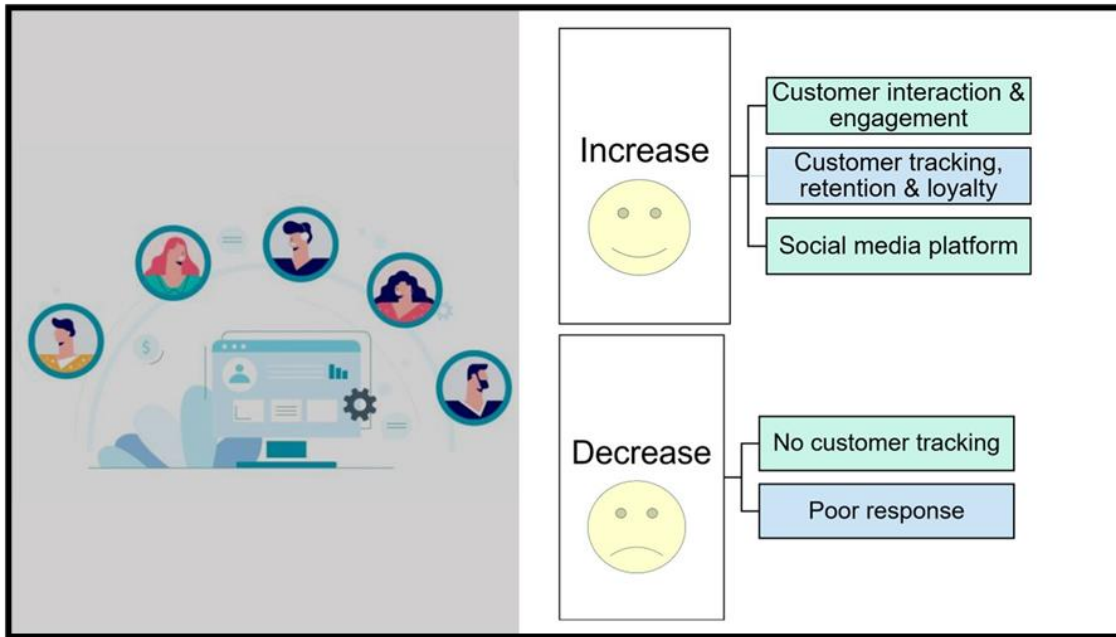


Figure 5.5: Suitable performance indicators that increase or decrease the measures of customer base

Source: Researcher compilation

Figure 5.5, in the upper part, illustrates three performance indicators identified from participants' responses that may increase the measure of customer base, namely customer interactions and engagement, customer tracking, retention and loyalty, and social media platform. The lower part shows two performance indicators that decrease the measure of customer base, namely, no customer tracking and poor response.

The first performance indicator that may increase the measure of customer base (Figure 5.5) is customer interactions and engagement, and the participants shared their perspectives on how to increase the measure of customer base by embracing responses from customers and referrals based on the service provided, with examples expressed by P1, P3 and P6:

P1: "They will respond they have received the service from steelworks company."

P1 "seeing our previous work and liking the work."

P3: "On our rooms, we have something to indicate are you happy, where can we improve."

P6: "And if the service is bad, the customer is able to come and tell me verbally, or I see them not coming back, then I know that I did make a mess of it."

P6 "I make sure it's a quality type of work."

The responses illustrate that customer experience leads to other customer referrals due to past services received and the quality of work offered by the enterprise. Previously, Fitzgerald et al (1991:20) and Panno (2020:150) also attested to the importance of surveys and customer satisfaction as a measure of customer base. Although customer experience is not a new insight (Eresia-Eke, Jammie & Locke 2019:3), the quality of work may suggest a newly discovered phenomenon, and a new insight for the township service SMMEs.

The second performance indicator that may increase the measure of customer base (Figure 5.5), is customer tracking, retention and loyalty. Participants shared their perspectives on how to increase the measure of customer base by recording customers' details, with examples expressed by P1, P3 and P10:

P1: "Yes. We track them on our computer, customer records. Also, provide our customers discounts."

P3: "We've got yeah the database."

P10: "So I write down customer name and date they arrived."

According to Panno (2020:150) a measure of customer base incorporates taking note of repeating customers. As noted above, specific SMMEs maintain customer records, and this permits them to increase the measure of customer base.

The third performance indicator that may increase the measure of customer base (Figure 5.5), is the use of social media. Participants shared their views on how to increase the measure of customer base by engaging with customers using social media platforms, with examples expressed by P1 and P8:

P1: "Customer engages with me using a WhatsApp."

P8: "You know, [customer will say] we saw your post...somebody retweet..."

In the review of the literature, the researcher did not find sources discussing the use of social media as a way of increasing the measure of customer base for township service SMMEs.

The first and second performance indicator that may decrease the measure of customer base (Figure 5.5), are the lack of tracking customers and providing poor response to customers. Participants overlooked the importance of tracking customers' as well as not taking customers' feedback, with examples expressed by P7 and P8:

P7: "No."

P8: "I don't actually."

In general, as attested by Añaña et al (2018:216), in a study conducted in a developing country, SMMEs do not adequately consider the measure of the customer base. Similarly, Bvuma (2020:5) states that township SMMEs in general fail to develop a solid relationship with customers. Thus, the study findings relating to the first and second performance indicators that may decrease the measure of customer base (Figure 5.5), support previous studies that had shown township SMMEs inadequate response to customers. Therefore, township service SMMEs need to pay attention to performance indicators which may result in an increased customer base.

5.5.2 Theme 2: Lagging performance indicators for improving financial performance

Theme 2 centred on lagging performance indicators for improving financial performance measured by profitability and liquidity. As indicated in sections 5.5.2.1 and 5.5.2.2, two main categories were formulated based on the participants responses to Questions 5 to 8. The following subsections detail the two categories.

5.5.2.1 Category 2.1: Optimising profitability through financial performance

The participant's responses to Questions 5 and 6 brought forth three performance indicators for measuring profitability. Figure 5.6 indicates the tailored RDF performance indicators that contribute to optimising profitability.

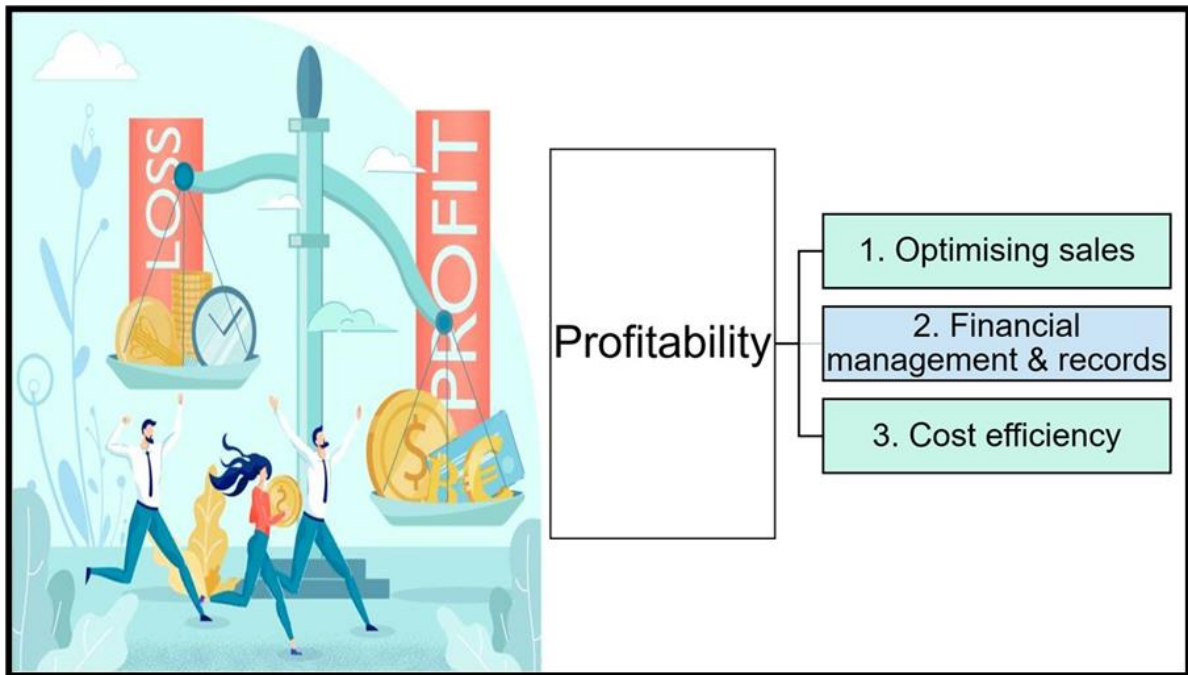


Figure 5.6: Optimising an enterprise's financial strength through profitability

Source: Researcher compilation

Figure 5.6 outlines three performance indicators identified from participants' responses that optimise profitability, namely, optimising sales, financial management and records, as well as cost efficiency. The following section discusses optimising sales, the first performance indicator.

The responses provided by the participants demonstrate how enterprises optimise their profit by reducing expenses, resulting in savings. Thus, the savings allowed the participants to provide a service at a competitive selling price to optimise profitability. This is achieved by purchasing in bulk, negotiating with the supplier, ensuring that customers receive the correct order, and comparing prices, as expressed by P1, P11, P12, and P14:

P1: "We buy more and much more quantity than less price. In that case, we get more discount from our suppliers." ...

P11: "Check sales, specials...I check if there more specials...."

P12: "Lower in the expenses is to mean that negotiating for a good price with a supplier..."

P14: "One important thing you do is to ensure you provide the customer with the right order, because [if] you do not, the customer will bring back the order and that becomes wasted food."

Gomwe et al (2023:20) unveiled that service SMMEs use management tools to maximise available cash after expenses have been incurred. As a result, as described above, township service SMMEs employed methods to maximise profitability.

In relation to the second performance indicator, financial management and records, participants shared their perceptions on how to maintain financial records, and these were found to be inconsistent amongst the participants. This is demonstrated by SMMEs with financial backgrounds having kept financial records and reviewed profits. The added advantage for specific participants with financial management backgrounds was that they assisted the SMME in knowing what to do. This is expressed below by participants P5 and P11:

P5: "Yes, we do keep records."

P11: "I did financial management in college."

However, other SMMEs maintained records intuitively to stock up or review weekly returns to ensure expenses were covered. This was expressed by P4 and P10:

P4: "Yes, I put something aside for those things that I need for my stock."

P10: "At everything that we do, we keep a record in a book. We record transactions from Monday until Friday. Before we open for Saturday, the money that we've accumulated for the week, we go and bank it. We look at the need for the material and check if it is enough."

Additionally, participants P3 and P8 employed a bookkeeper, or captured transactions using a POS system, while P10 choose not to use the recorded information. The expressions of the participants are listed below.

P3: "I do...have a bookkeeper."

P8: "Income and expenses are more manually, we do have a POS system."

P10: Ah I like, I just record the information (vernacular translated). No, I don't use information. I just write my transaction, my ins and outs."

In general, SMME survival depends on recognising good earnings in order to demonstrate profitability (Cardoni et al 2020:5). As a result of the evidence presented above, record keeping was either formal using an accounting system or informal in order for the enterprise to realise profit. In contrast, previous studies by Chimucheka (2013:787), Bhorat et al (2018:34), and Tayla (2021:14) found that SMMEs do not keep proper financial records. Therefore, this study findings appear to be inconsistent with previous studies as some forms of financial records were found to be maintained formally or intuitively.

In relation to the third performance indicator, cost efficiency, the majority of participants work in silos. They do not therefore collaborate with other similar businesses to create an opportunity as a collective to have bargaining power in negotiating discounts with the suppliers for cost efficiency by reducing cost to increase profitability. This is the result of existing fierce competition, which causes businesses to be envious and aim to survive. The lack of identifying cost efficiency approaches is a result of SMMEs being insecure and having limited awareness, as expressed by P6, P8, and P10:

P6: "... but because we are black people you know we always want to find faults (Eish) rather than advantages of making each other better for sure. It's something that I want to establish in Kagiso."

P8: "It's really based on the associations before that (Yeah) you know, because those are the people who are supposed to suggest (Yes), because we all in the association."

P10: "People will not agree to collaborate."

On the other hand, some participants indicated that they refer customers to other SMMEs if they are unable to help them which results in them collaborating with other SMMEs, as expressed below by P1 and P3:

P1: "Yes, we do. When we have a lot of work here some customers, maybe they might require referrals for work that needs to be done that we can't."

P3: "But I think you know earlier on I indicated that when I'm fully booked... ... I refer them to other B&B."

Additionally, three of the 14 interviewed participants indicated the difficulty of collaboration for cost efficiency while aiming to maintain survival of the SMMEs. Thus, any opportunity to optimise profitability through identifying cost efficiency approaches is disregarded, as expressed by P6 and P13:

P6: [Other SMMEs] “are jealous or are not happy with you starting that business.”

P13: [Other SMMEs feel that] “you are snatching food from their mouth.”

The above discussion shows different participant views on cost efficiency approaches and survival in a competitive environment for improving profitability. As described in the literature, collaborative efforts are opportunities utilised by foreign-owned township SMMEs to have successful enterprises (Netshishivhe 2021:40) in order to reduce cost to maximise profitability. Therefore, cost efficiency approaches are needed from the township service SMMEs as it provides them an opportunity to lower operational costs, similar to the system used by foreign-owned SMMEs. Furthermore, an opportunity also exists for the review of existing government policies regarding benefits for local enterprises by encouraging collaborative cost efficiency initiatives.

5.5.2.2 Category 2.2: Enhancing liquidity by improving financial performance

The participants responses to Questions 7 and 8, revealed three performance indicators as lagging indicators of liquidity. Figure 5.7 shows the tailored RDF performance indicators that were used to enhance liquidity as detailed below.

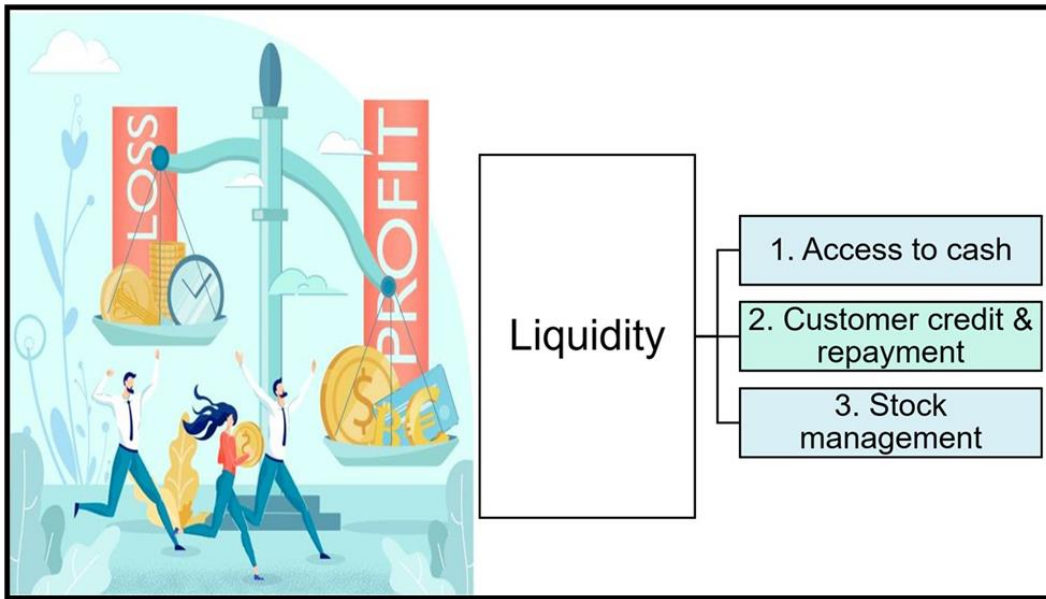


Figure 5.7: Optimising an enterprises' financial strength through liquidity

Source: Researcher compilation

Figure 5.7 outlines three performance indicators identified from participants responses that optimises liquidity, namely, access to cash, customer credit and repayment, and stock management. Relating to liquidity, the first performance indicator is access to cash.

The participants can generate additional cash by leveraging what customers contribute after service delivery, as articulated by P2's response, or using savings from a bank account, as expressed by P5 below.

P2: "We just take the money from the clients and buy it. [hairpiece required]."

P5: "Like I said earlier one, we place money aside...we take this money and we bank it, so when we run out of stock we are able to use what we have put in the bank."

However, there are instances where participants borrow money when there is a shortage of cash, as expressed below by examples from P10 and P11:

P10: "I get excess of cash either from the loan shark or ask relatives."

P11: "For that month, that's when I there's, there's that. Loan shark"

According to Van Zyl (2020:72), SMME's ability to meet day-to-day obligations is defined as liquidity and the interviewed participants ensured that any obligations were

met at all costs or by using available savings. Borrowing cash from a loan shark was not investigated in terms of the long-term impact because loan sharks charge a higher interest rate to recover borrowed funds, which may have a negative impact on improving the enterprise's financial performance. In the case of enterprises that use savings, the risk of repaying cash with interest is reduced, and there is an opportunity to improve financial performance.

In relation to the second performance indicator, customer credit and repayment, participants unveiled different performance approaches. The participants' approach included not granting customers credit from the start, as expressed by P3 and P8:

P3: "...and I don't offer on credit.:

P8: "That is no."

In another instance the participant initially granted customers credit but then decided not to grant credit any longer to customers due to a failed commitment, as expressed below by P10:

P10: "I am actually considering not granting credit anymore".

However, other participants because of the developed relationships and customers paying at the end of the month based on a mutual agreement, permit credit to customers, as expressed by P6 and P13, as examples:

P6: "Yes, we have customers that we've cut a deal, like a tender where we wash or provide the service to the customers for the whole month, and at the end we go and do our collection of money due to us."

P13: "And then they will give me, money that will cover (Vernacular part), the other times that they gonna wash [their cars]"

DMPE (2017:19) and Masurel (2018:361) advocated that "cash is king". Therefore, the above indicates various approaches to secure the cash required to operate the SMME. An approach elected by the participants to avoid granting customers credit enables the opportunity to have available cash. With reference to the third performance indicator, stock management, the participants revealed that to improve financial performance SMMEs need to know how to manage cash flow to ensure that needed stock is purchased within a reasonable time. The following are the participants' views:

P6: "We look at the end of the material and check if it enough."

P9: "I stock on my on Fridays and on ... on Tuesdays."

It should be noted that most of the participants are able to purchase stock and pay their suppliers, and examples are expressed by P5 and P9

P5: "We pay immediately."

P9: "I always pay in cash."

However, other participants utilise the credit offered by suppliers, and examples of this were expressed by P1 and P8:

P1: "We do have an arrangement to pay."

P8: "Yeah, with suppliers obviously we get credit."

Skae et al (2018:286) attest to liquidity being efficiently managed by managing working capital which involves trade debtors, creditors, inventory, and cash.

Participants have ways to access cash, as well as manage credit and the stock required to provide a service to their customers. Therefore, the above unveils approaches to improve financial performance.

5.5.3 Theme 3: Leading performance indicators for township service SMMEs in enriching quality of service

Theme 3 centred on leading performance indicators for enriching the quality of service as measured by reliability responsiveness, assurance, and empathy. As demonstrated in sections 5.5.3.1 to 5.5.3.3, three categories were generated from the responses to Questions 9 to 14. The following discussion relates to participants' responses to customer service and engagement.

5.5.3.1 Category 3.1: Enterprise service reliability responsiveness to enrich quality of service

The participants responses to Questions 9 to 11, unveiled three performance indicators as leading indicators of the quality of service through reliability responsiveness. Figure 5.8 illustrates the three tailored RDF performance indicators which are detailed below.

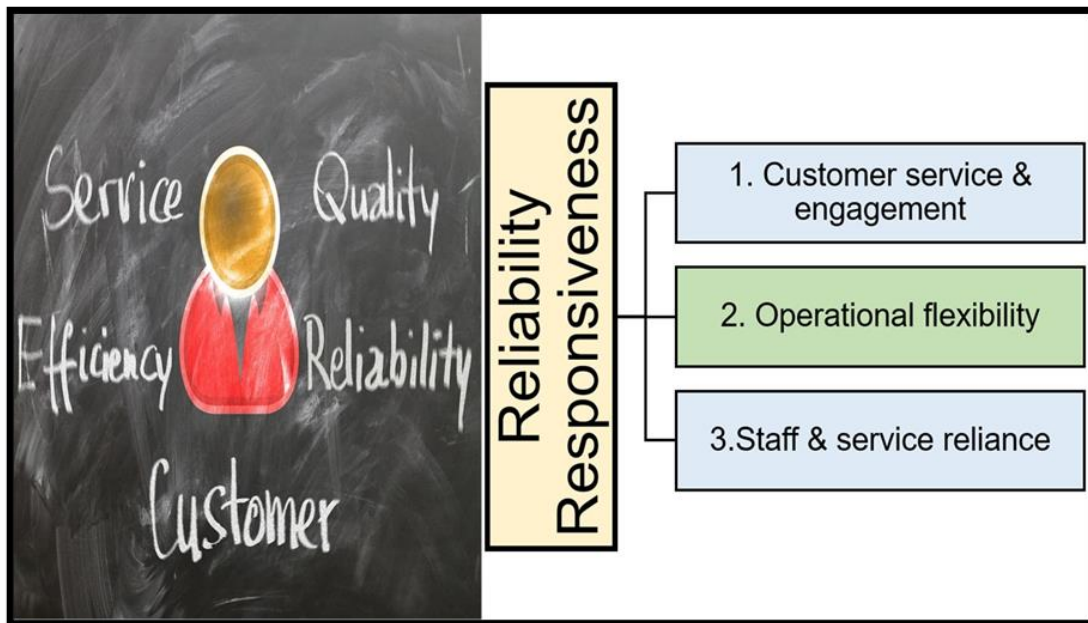


Figure 5.8: Optimising reliability responsiveness

Source: Researcher compilation

Figure 5.8 presents three performance indicators identified from participants responses that may optimise reliability responsiveness; comprising customer service and engagement, operational flexibility, and staff and service reliance. For the first performance indicator, customer service and engagement, the participants unveiled the enterprises' need to respond to customers' needs, review customer feedback, and consider involvement of staff members, with two examples by P2 and P4 expressing the importance of customer service engagement:

P2: "We also add service dealing that somebody might say ohh I need food, we can just order something here for them."

P4: [We] "...listen to the customers what they want."

According to previous studies, reliability responsiveness is when enterprises can assist customers (Parasuraman et al 1988:23; Fitzgerald et al 1991:42; Ramya et al 2019:40). Prinsloo (2018:101) endorses that the manner in which staff members address clients result in the enterprise being able to provide improved quality of service. Tung, Chen and Schuckert (2017:32) attest that enterprise growth occurs when responsiveness and feedback to customers as well as staff members are part of the contributions. Therefore, this is portrayed in how participants respond to the provision of a reliable service.

Regarding the second performance indicator, operational flexibility, the participants shared their enthusiasm in being available for customers, to ensure that the SMME continues to meet customer satisfaction, as well as staff being available. The study findings demonstrated participants being available to customers even during ad-hoc trading hours, and expressed by the following examples:

P1: "Weekends we do work if we arrange with the customer."

P14: "From 9 and then I don't know knocking off time because sometimes...Someone...Comes at 6 and we knock off at 6 I have to attend with them."

Fitzgerald et al (1991:41) argue that punctuality of an enterprises is part of reliability responsiveness. Therefore, SMMEs being available not only during trading hours but also ad-hoc hours present an opportunity for the SMMEs to be flexible in operating.

Regarding the third performance indicator, staff and service reliance, the participants provided perspectives of being willing to arrange staff for the customers and ensuring that the SMMEs are available to provide the service required, with examples expressed by P3 and P11 below.

P3: "When you wake up with in the morning, they have a place where they are able to refresh and go the event..."

P11: "The teachers must always be available. So, if I'm not here, they must be here."

Prinsloo (2018:101) affirms that an enterprise is reliable when staff members address and respond to clients' requests. The overall responses by the participants relating to service reliance responsiveness for the selected township service SMMEs bring forth elements of informally using performance indicators, according to the literature detailed above, which embraces growth by engaging with customers, and also being open to providing services differently by being flexible.

5.5.3.2 Category 3.2: Increase assurance to improve quality of service

The responses of participants to Questions 12 and 13 revealed two tailored RDF performance indicators as leading indicators of assurance, as indicated in Figure 5.9 below.

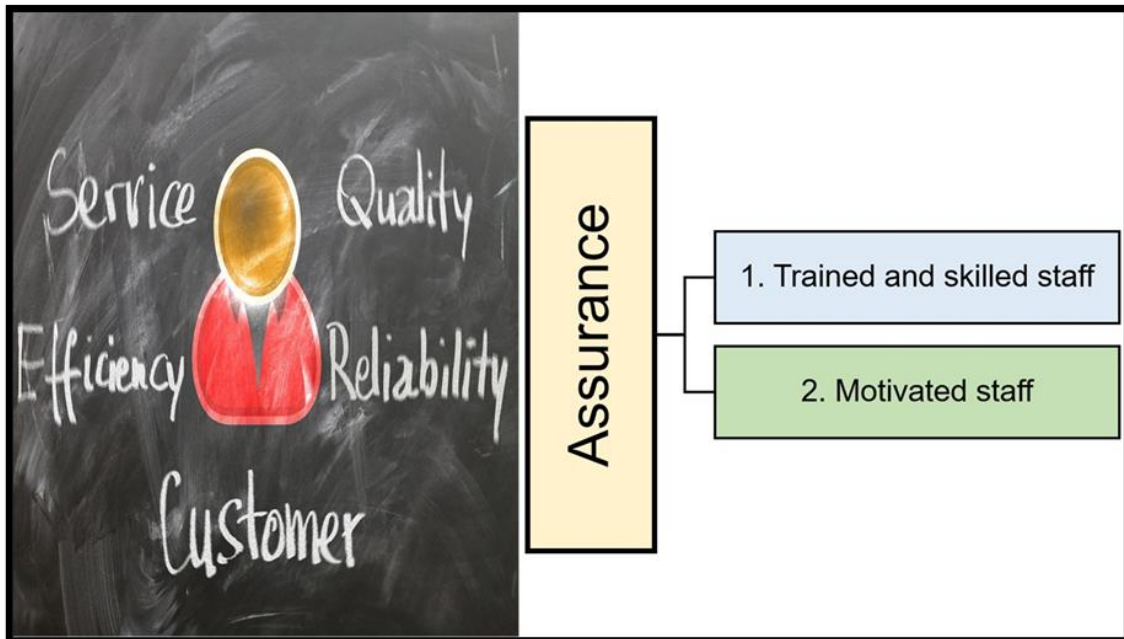


Figure 5.9: Increasing the assurance by owners & staff members

Source: Researcher compilation

Figure 5.9 outlines two performance indicators identified from participants responses that increase assurance, namely, trained and skilled staff, as well as motivated staff members.

For the first performance indicator, the participants responded that they ensure that their staff are trained and skilled, as expressed in the following examples by P1 and P13:

P1: "Yes they do. They do. According to the law that we set for them."

P13: "So I would take guys that normally wash [cars] outside to practice wash [cars] inside and viza ... [in order to] train [them]."

Complementary to having a trained staff member is when staff members are well trained and work together as a team. This, therefore, illustrates assurance to the customers for the service required, as for example expressed by P4 and P6:

P4: "Because we're working together. (Yeah). Anything, maybe sometimes you can't understand, we're standing together then we'll be able to assist each other."

P6: "I also provided training, training to the staff members using our own shoes or own tekkies. The staff members to watch a video on how the tekkies are washed."

Fitzgerald et al (1991:41) and Ramya et al (2019:40) advocate that acquired skills by staff members ensures assurance of the quality of service. In the review of the literature, the researcher did not find sources discussing teamwork as a way of increasing assurance for township service SMMEs.

Regarding the second performance indicator in Figure 5.9, motivated staff, participants shared insights that staff members given incentives are motivated allowing improved quality of service to customers. The following are the expressions of the participants:

P13: "... Yes, I [owner] give them motivation here and there by confirming that the work that you do is great when washing the car."

P14: "Where they [customers] give them tips."

Ramya et al (2019:40) and Mathong et al (2020:2) affirm that assurance is the ability to demonstrate courtesy towards the client. Therefore, the owner or customer providing staff with extra cash demonstrates appreciation for the service provided and as a result staff members are motivated.

The overall responses by the participants relating to assurance for the selected township service SMMEs bring forth performance indicators similar to previous studies highlighted above which embraces growth. Importantly, the findings suggest that using staff motivation through incentives and teamwork by staff members to measure the quality of service provided, is a new insight that was not found in the related RDF literature.

5.5.3.3 Category 3.3: Empathy enhanced through quality of service

The participants' responses to Question 14, unveiled two performance indicators for empathy indicators by enterprises understanding customer needs to enrich the quality of service. Figure 5.10 shows the two tailored RDF performance indicators that are detailed below.

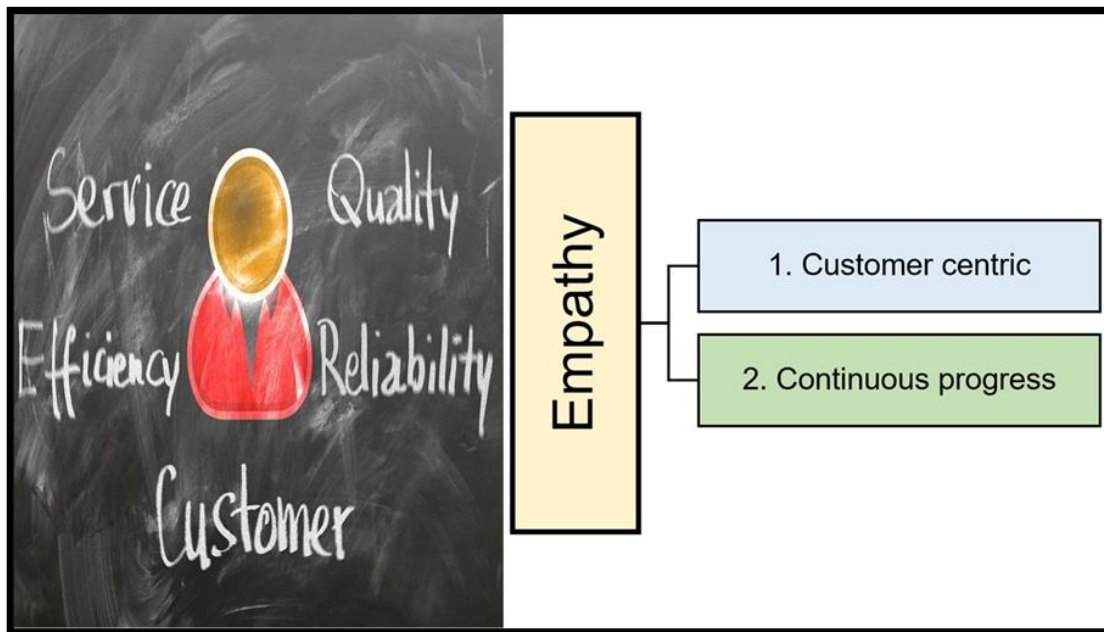


Figure 5.10: Optimising empathy by owners & staff members

Source: Researcher compilation

Figure 5.10 shows two performance indicators in which participants shed light for enhancing empathy, namely, being customer centric and reviewing customer feedback continuously. However, it should be noted that participants did not fully engage with this performance indicator and further research may be needed. For the first performance indicator, customer centric, participants acknowledged the importance of meeting customer wishes, as expressed by P6 and P7 as examples:

P6: “Everything and every customer that comes to the shop, whether they are young or they are old, we have to make sure that we treat them the same.”

P7: “Always ensure that whatever customer wishes they want you give them.”

Ramya et al (2019:40) and Mathong et al (2020:2) attest to empathy involving SMMEs caring for customers’ specific needs. Similarly, Fitzgerald et al (1991:41), Shi and Shang (2020:190), Ali et al (2021:23), and Bahadur et al (2020:245) affirm that empathy is attained when staff members are courteous and polite, and solely focusing on the customers best interest to deliver a quality service. Therefore, these studies emphasise being customer centric as a performance indicator for improving empathy. The findings of the study detailed above from township service SMMEs agree with the elements found in the literature, which embraces growth.

Regarding the second performance indicator, continuous progress, participants highlight how important it is to obtain continuous progress from customers, as expressed by P1:

P1: “And also we also call the customer to get feedback if there was any problems with the work that has been done. We ask them how were the workers when they were conducting the work. The customer will respond, “no the staff members were okay, they were respectful in doing their work, we didn’t find any challenges with them.”

In the review of the literature, the researcher did not find sources discussing continuous progress, related to the RDF, as a way of improving empathy for township service SMMEs.

5.5.4 Theme 4: Leading performance indicators for embracing innovative

Ideas

Theme 4 draws attention to the leading performance indicators for embracing innovation as measured by individual innovation. As demonstrated in sections 5.5.4.1 and 5.5.4.2, two categories, namely, active boosters and non-boosters of individual innovation, were outlined.

5.5.4.1 Category 4.1: Embracing new ideas to boost individual innovation performance

The participants responses to Questions 15 and 16, unveiled three tailored RDF performance indicators used to improve the leading individual innovation indicator, as shown in Figure 5.11.

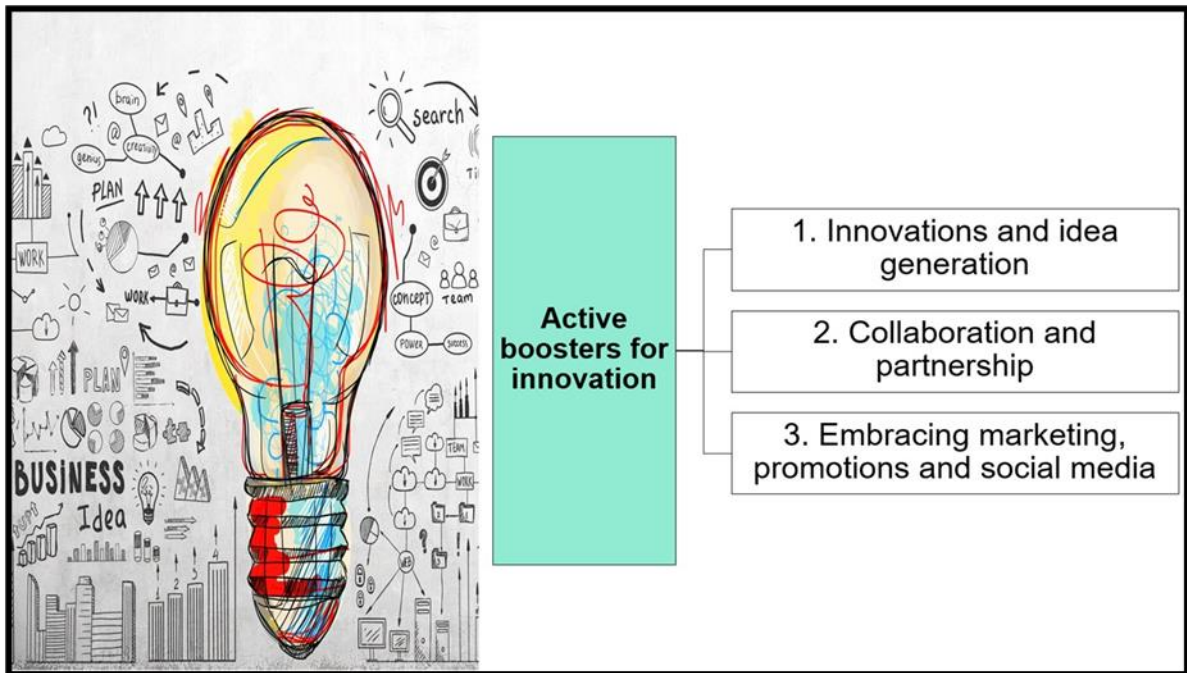


Figure 5.11: Innovation active boosters for township service SMMEs

Source: Researcher's compilation

Figure 5.11 outlines three performance indicators identified from participants' responses that actively boosts individual innovation; innovations and idea generation; collaboration and partnership; and embracing marketing, promotions, and social media. For the first performance indicator, innovations and idea generation, participants articulated the importance of embracing new ideas, as expressed by P6, P10, and P13, as examples:

P6: "I want to attract cyclists and bikers to come to my, to my lifestyle, uh, place. Including having artists and clothing, um, in terms of retail."

P10: "But one idea that I came up with was to allow my customers to be connected to the Wi-Fi while I'm busy with the services that they require."

P13: "I guess I'm not spacey [I do not have enough space] but what I'm thinking is a small garden just a small garden, I did think of the jumping castle (Vernacular part) because one of my friends want it yeah."

The study findings above are confirmed by previous studies where Mohtasham et al (2017:244) advocate SMMEs to embrace new ideas from the collaborative efforts of all the stakeholders; and Seddighi and Mathew (2020:225) attest to SMMEs exploring new ideas over a period of time to enable survival and growth.

In relation to the second performance indicator, collaboration and partnership, the SMMEs identified opportunities to engage with other enterprises. The following are examples of their views by P1, P3, and P10:

P1: "But we do have partnerships with businesses in the aluminium business. We do work with them time and again."

P3: "But I think you know earlier on I indicated that when I'm fully booked... I refer them [customers] to other B&B."

P10: "I do there's one similar business (vernacular translated). This happens when I do not have capacity to assist the customer."

In the review of the literature, the researcher did not find sources discussing collaboration and partnership, related to the RDF, as a way of improving empathy for township service SMMEs.

In relation to the third performance indicator, embracing marketing, promotions and social media, the participants stated that they use any opportunity to attract potential customers. This was expressed as follows:

P2: "We try to do like a promotions like a mother days special try to give them."

P3: "We drop our price an offer bottle of champagne."

P6: "Browsing through Instagram. Tik Tok, Google in terms of seeing and observing what competitors are doing that you can do differently"

In the review of the literature, the researcher did not find sources discussing embracing innovation, marketing, promotions and social media, related to RDF, as a way of improving individual innovation for township service SMMEs.

5.5.4.2 Category 4.2: Township service SMMEs not embracing new ideas to boost individual innovation performance

The participants responses found to be unfavourable to Questions 15 and 16 unveiled three tailored RDF performance indicators resulting in non-boosters of innovation, as shown in Figure 5.12.

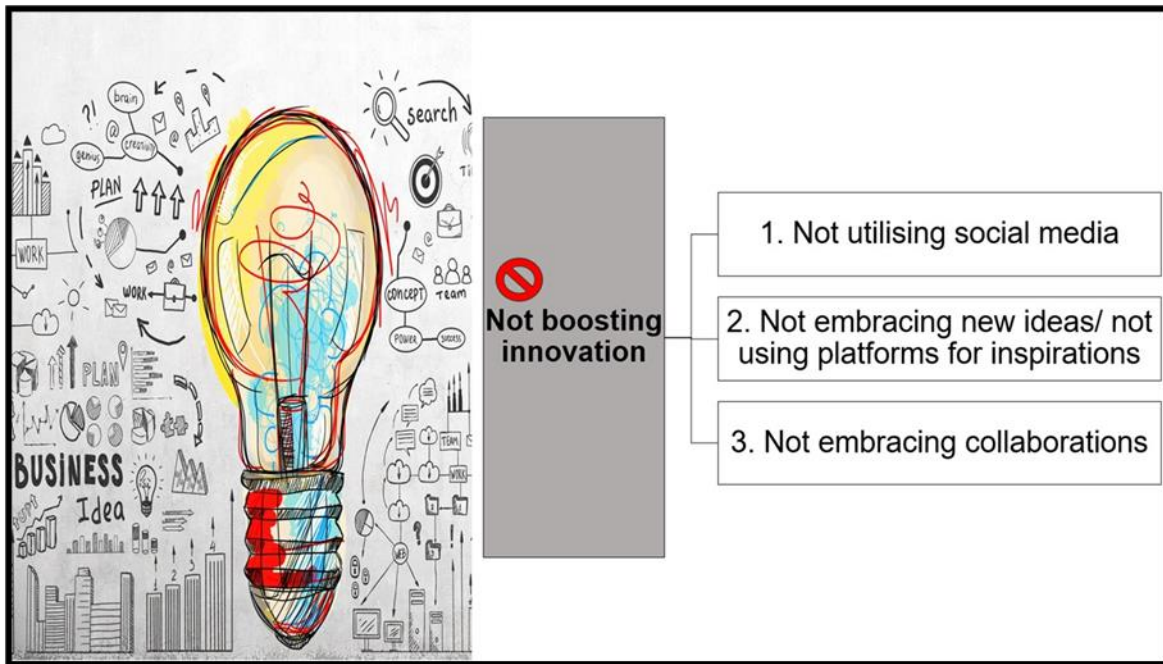


Figure 5.12: Innovation for non-active boosters for township service SMMEs

Source: Researcher's compilation

Figure 5.12 outlines three performance indicators from participants responses that do not enhance individual innovation performance in township service SMMEs. These performance indicators include not using social media, not embracing new ideas or using platforms for inspirations, and not embracing collaborations. For the first performance indicator, not using social media, the participants indicated that social media is not used as a platform for obtaining new ideas, and this was expressed by P7 and P9:

P7: "Not necessarily."

P9: "No."

Regarding the second performance indicator, not embracing new ideas or using platforms for inspirations, SMMEs indicated the lack of identifying new ideas and platforms for inspirations, as expressed by P8 and P10 as examples:

P8: "Unfortunately in the business of I mean there's nothing like that [platforms], but I do go to other places for ideas..."

P10: "No, no ... we work individually. When it comes to that [platforms]."

In relation to the third performance indicator, not embracing collaboration, SMMEs indicated the lack of collaboration may be due to resentment by other people as expressed by P1 and P6:

P1: "No, we have never done a brainstorming session with other businesses."

P6: "And it's difficult to collaborate because when you start a similar business, it seems that the other similar businesses, um, are jealous or are not happy with you starting that business."

As a result, for the three performance indicators that are unfavourable to individual innovation the study findings highlighted that some SMMEs did not embrace social media and did not seize the opportunity to generate new ideas as suggested by Seddighi and Mathew (2020:225). Additionally, they lack the opportunity to embrace platforms and collaborations to improve individual innovation. In conclusion, future research may need to be conducted in this regard.

5.5.5 Theme 5: Township service SMMEs' claims of their evolution within the organisational life cycle stages

Theme 5 was generated by applying the semantic linkage based on the enterprises' stages established in Section A, Question 5 and Section B, Question 17. Participants self-declared through the phrases detailed below which enterprise stage they were at, and the researcher compared these stages with the literature.

5.5.5.1 Category 5.1: Organisational life cycle claimed by the participants

In Question 5, the five stages in the OLC were stated and participants were asked to indicate the stage their enterprise was in. The researcher compared the self-declared stages asked in Question 5 with responses to Question 17, as illustrated in Figure 5.13.

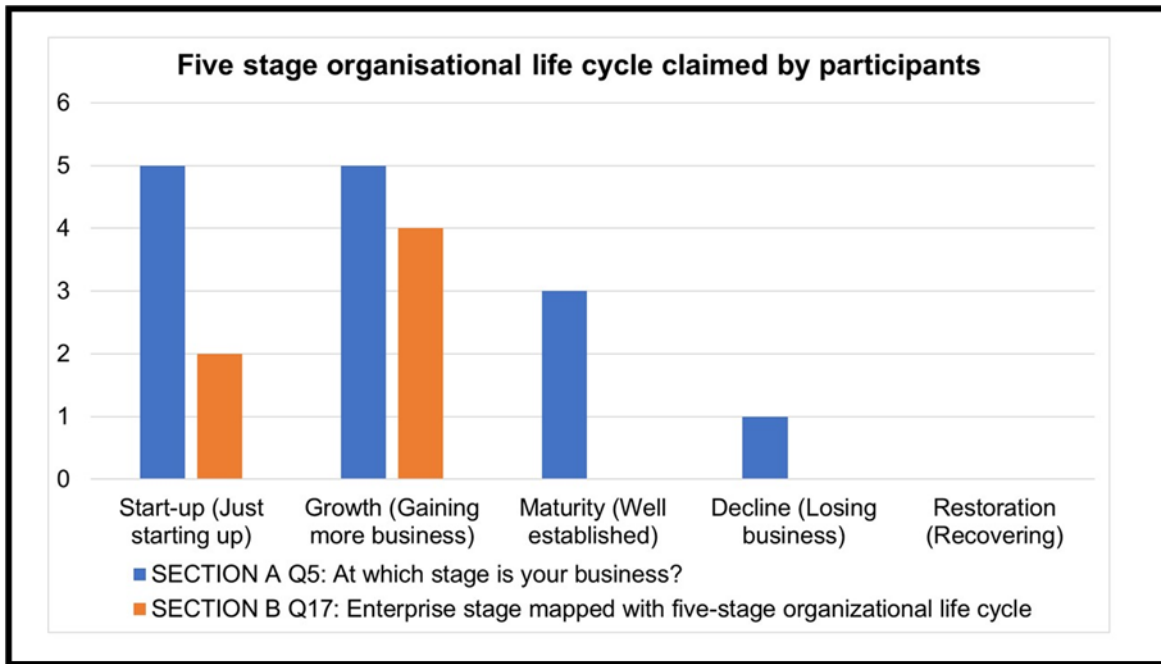


Figure 5.13: Five-stage organisational life cycle claimed by participants

Source: Researcher's compilation

In Figure 5.13 the blue bars indicate the responses to Question 5 while the orange line shows the enterprise stage identified by the researcher from the participants' self-declared responses and phrases to Question 17. The key words, phrases or quotations below were taken from Section B, Question 17, and mapped to the theory of the five-stage OLC discussed in section 2.4.2. Certain township service SMMEs, for example P1, P2, P5 and P9, responses to Question 17 could not be used to map to the OLC. The following section discusses the phrases that were mapped from enterprises responses to Question 5 indicated to be start-ups with each phrase mapped to the growth stages, with examples from P6, P10 and P13:

P6: "If I can show you where we started, if I can show you where we started off, um, you will see the difference. The set up was quite different from where it is right now."

P10: "...More customers from the schools do flood in..."

P13: "You know the progress Yeah, I'm proud of it because I started literally with nothing."

Previous studies in both developed and developing countries like Japan and Brazil, show that SMMEs do have different experiences in the OLC (Coad & Kato 2020:1164). This is supported by the comparison above showing specific SMMEs evolving in the OLC, from what was self-declared. For example, P6 indicated that it was a start-up enterprise, but the semantic analysis based on their response to Question 17, revealed that it was in the growth stage. Furthermore, the findings detailed in category 5.5.5.2 demonstrate a small-scale growth of the enterprise.

5.5.5.2 *Category 5.2: How participants have lived experience towards growth and expansion of the enterprise*

Two township service SMMEs' showed progress from the start-up to the growth stage. Pictures of the two SMMEs demonstrated this change, as displayed in Figures 5.14 and 5.15, which is shared with their permission.



Figure 5.14: Participant one – demonstration of growth

Source: Researcher's compilation

Figure 5.14 illustrates the growth of participant one who responded to Question 5 stating that they are at the start-up stage but who are actually in the growth stage. This is based on the pictures shared by the participants who started the business in front of a yard, and which did not have high concentration foot presence there. Later, this participant secured space along one of the busiest streets in Kagiso.



Figure 5.15: Participant two - demonstration of growth

Source: Researcher's compilation

Figure 5.15 also demonstrates a similar response to Q17. The enterprise initially operated as a car wash but has managed to expand to a pub and grill as shown in the pictures. The above evidence shows the growth of township service SMMEs that are self-driven and result in a better standard of living due to the sustained income derived from the services provided. This is contrary to David-West et al (2018:595) contending that SMMEs within sub-Saharan Africa struggle to evolve in the OLC.

Despite the majority of the interviewed participants expressing areas of concern when responding to Question 18, in desiring growth for the business responding to Question 19, it appears that the motto is to ensure survival as well as continuation of the operation. This is evident from the expressions of the participants for example participants one and two:

P1: "I requested my friends to quit their work and yeah. Now this brings more pressure on me to also reminds me that I've made these guys to quit their day job. So this business needs to work. Myself has also quitted working a normal day job. Home that they've got high expectations. This cause me to be hungry. So I need to make sure that this work and this, this really puts a lot of, um, Ability to just press on in doing more."

P2: "It keeps me young."

Therefore, the participants have a motto to survive and build continuously on their confidence to ensure that the business succeeds. In the review of the literature, the researcher did not find sources discussing growth in the OLC that led towards growth and expansion for township service SMMEs.

5.6 SUMMARY

In section 5.1, the discussion set the scene by outlining the methodology detailed in Chapter 4. Chapter 5 discussed data analysis and interpretation from semi-structured interviews from selected Kagiso township service SMMEs. The discussion centred around key lagging and leading indicators to respond to objective 3.

In section 5.2 the researcher outlined the themes and categories from the participants' responses to meet the third objective. Participants' verbal responses supported the generated themes one to four and corresponding categories, and theme five was formulated using semantic analysis.

In section 5.3, the researcher discussed data management, data collection, coding processes, the use of ATLAS.ti, and the second coder processes. In order to capture and analyse participant responses, the process employed deductive and inductive reasoning. Semi-structured interviews were used to collect the data; then analysed thematically. The analysis process was divided into five cycles, namely, planning, familiarising with the data, coding, refining codes and themes, and mapping the findings. The generated codes and themes were validated against the existing literature.

In section 5.4, the researcher presented the demographics from the responses to Section A of the interview guide, and Figure 5.4 depicted the overall view. The demographics included township service SMMEs role responsibility, years in business, type of services, and enterprise stage. The demographics revealed that most township service SMMEs are operated by owners and managers of enterprises ranging from less than three years to more than ten years, and provide various services, including hair salons, street vendors, and shebeens. The range of enterprise OLC stages included start-up, growth, maturity, and decline.

In section 5.5, the discussion highlighted the findings after analysing the data from the interviews with the selected Kagiso township service SMMEs. The first theme focused on lagging performance indicators for enhancing competitiveness, specifically relative market share and position, as well as measures of customer base. Regarding relative market share and position, the participants brought forth three performance indicators, firstly, for marketing and advertising participants used traditional methods, however, they also included the use of social media. The last two performance indicators, SMME effective operations and a high concentration of foot presence based on location added new insight into the township service SMMEs. In relation to the measures of customer base, participants drew attention to three performance indicators: i) for customer interactions and engagement, participants emphasised embracing customers feedback and referrals, ii) for customer tracking, retention and loyalty, some participants tracked customers and offered discounts, while others opted not to use the opportunity, and iii) for social media use, participants engaged with customers using different platforms, for example WhatsApp.

The second theme centred on improving financial performance being measured by profitability and liquidity indicators. Regarding profitability, the participants identified three performance indicators for profitability: i) optimising sales, by purchasing in bulk, negotiating with suppliers, and providing customers with the correct order to maximise sales and reduce expenses, ii) financial management, whereby specific participants kept formal financial records, whilst others maintained records intuitively to manage expenses, and iii) cost efficiency approaches among participants was limited due to fierce competition and insecurity. In relation to liquidity, the participants identified three performance indicators, i) they identified access to cash, where specific participants leveraged the funds from customer contributions, used savings from a bank account, or borrowed money, ii) for customer credit and repayment, specific participants did not offer credit, while others allowed credit based on mutual agreement, and iii) in stock management, participants highlighted the need to ensure stock was purchased within a reasonable time, and participants paid suppliers immediately or utilised credit offered.

The third theme highlighted leading performance indicators for improving the quality of service by reliability responsiveness, assurance and empathy. Regarding reliability responsiveness participants yielded three performance indicators, i) customer service

and engagement emphasised the value of responding to customers, reviewing feedback, and involving staff members, ii) operational flexibility highlighted the importance of being available to customers even during ad-hoc trading hours, and iii) staff and service reliance drew attention to the availability of services and staff members. In relation to assurance, the participants responses yielded two performance indicators: i) having trained and skilled staff, emphasising the need to be trained and work as a team, and ii) staff members were motivated by receiving incentives after providing a service to a customer. Regarding empathy, the participants highlighted two performance indicators: i) being customer centric acknowledges meeting customers desires, and ii) continuous progress which requires reviewing customers' continuous feedback.

The fourth theme, the participants identified three performance indicators that boost individual innovation in township service SMMEs, namely, innovations and idea generation, collaboration and partnership, and embracing marketing, promotions, and social media. The importance of embracing new ideas and collaborating with others was emphasised by participants. However, specific participants did not use social media, did not embrace new ideas, nor seek inspiration from platforms, and did not engage in collaborations. This lack of engagement with these performance indicators may hinder individual innovation in their businesses. Further research is needed in this area.

The fifth theme, the secondary focus area for this study, unpacks participants' claims of evolution within the stages of the organisational life cycle. The evidence of projected self-declared OLC, was different compared to the semantic analysis conducted. It should be noted that the discovery of evolving in the OLC was found to be contradictory to the existing literature that SMMEs in sub-Saharan Africa struggle to evolve beyond the start-up stage in the OLC. Despite challenges, participants are motivated to ensure the survival and success of their businesses, demonstrating their capability to improve their quality of life.

Chapter 6 summarises and concludes the study by discussing whether the objectives were met, the aim achieved, and the research question answered. Finally, Chapter 6 takes a forward-thinking approach by outlining recommendations for future research and emphasising the study's significance and potential impact on SMME scholars.

CHAPTER 6: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

6.1 INTRODUCTION

Chapter 5 presented the approach to the analysis and the findings from the data collected from the township service SMMEs.

In section 6.2, a summary of the research is presented. This is followed by section 6.3 that discusses the main outcomes of the research objectives and the study's conclusion to the primary focus on the suitable key lagging and leading performance indicators and secondary focus how enterprises evolve in the OLC towards growth and expansion discussed in section 6.4. The limitations of the study are provided in section 6.5. Then, section 6.6, presents the recommendations based on the study's findings. Finally, suggestions for future research are provided in section 6.7.

6.2 SUMMARY OF THE RESEARCH

Section 1.1 discussed the importance of SMMEs addressing socio-economic difficulties in developing countries, and that SMMEs often fail within three years due to financial constraints, managerial issues, technical know-how, human resources, and marketing challenges. In addition, SMMEs failures lead enterprises not to progress in the OLC, and this could partly be due to their inability to measure performance effectively.

Section 1.2 highlighted SMMEs struggle to measure performance effectively which hinders their growth and expansion in the OLC. Identifying a suitable performance measurement framework is thus crucial for township service SMMEs to evolve in the OLC. The preliminary literature review unveiled common performance measurement frameworks such as the BSC, performance prism, SMART and RDF. Due to the first three being complex for township service SMMEs, the RDF was found suitable, though there is limited research conducted in this framework. The study utilised a tailored RDF to identify suitable key lagging and leading performance indicators for the selected township service SMMEs, thus contributing to filling the gap identified in the existing literature.

In section 1.3 the problem was identified that township service SMMEs do not effectively measure their key performance indicators and thus encounter challenges in evolving in the OLC towards growth and expansion.

In section 1.4, the study developed aim and objectives to respond to the problem identified above. The aim of the study was to explore which of the key performance indicators within the tailored RDF have the potential to contribute to the selected township service SMMEs in South Africa to evolve in the OLC towards growth and expansion.

The literature review was used to meet objectives 1 and 2. Empirical research was used to meet research objective 3 and the research aim. The empirical research was conducted by using 14 of the 20 planned interviews to achieve objective 3. The discussion hereafter provides the main outcomes of the research objectives.

6.3 THE MAIN OUTCOMES OF THE RESEARCH OBJECTIVES

The main outcomes of the research were to accomplish the three objectives discussed and how they were met. The following section will provide a high-level overview of the main findings of the first objective.

6.3.1 Objective 1: Illustrate the contribution SMMEs make to the economy and the challenges that affect their ability to evolve in the organisational life cycle towards growth and expansion.

Objective 1 was met in Chapter 2, which illustrated the contextual setting of the study, covering pertinent aspects of South African township service SMMEs and the OLC. Section 2.1 displayed the differing SMME definitions from a global African and South African view. In the literature, South African SMMEs consist of medium, small, very small, micro and survivalist; for this study it was found that township enterprises may be categorised between micro and survivalist. Section 2.3 confirmed contributions by SMMEs made to the economy at the global, African, South African and local informal economy in the townships. In 2020 the informal economy in South Africa made a substantial contribution by employing more than two million individuals equating to more than 10% of the employment rate and contributing 6% to the GDP.

In section 2.4, the five-stage organisational life was discussed with the stages identified as start-up, growth, maturity, decline and restoration. Further evident from the literature was that SMMEs generally failed to progress beyond the OLC, leading to a high failure rate. Section 2.5 revealed internal challenges such as financial constraints, managerial and technical know-how, human resource, and marketing encountered by the township SMMEs. These challenges hinder the growth and expansion of SMMEs. The study thus identified a suitable performance measurement framework, the RDF, to assist SMMEs to move beyond survival rather towards growth and expansion.

6.3.2 Objective 2: Investigate the theory and literature on performance measurement and the RDF for SMMEs to ascertain which performance indicators may be suitable for service township SMMEs to evolve in the organisational life cycle towards growth and expansion.

Objective 2 was met in Chapter 3, which investigated existing theories and literature that may be suitable for service SMMEs and is summarised in the following discussion. In the review of the literature, section 3.2 discussed performance measurement systems, contingency theory, and the role of a performance measurement framework for service SMMEs. It highlights the benefits and drawbacks of performance measurement, emphasising the need for suitable frameworks to improve performance measurement in these enterprises. Then, section 3.3 provided an overview of performance measurement as crucial for enterprise effectiveness in improving results and having a clear strategy, even though enterprises struggle to integrate and identify suitable performance measurement frameworks. According to the literature the RDF is suitable for service type enterprises, as discussed in section 3.3. The tailored RDF may be suitable for township service SMMEs in which four dimensions were selected namely competitiveness, financial performance, quality of service and innovation with four of the six performance dimensions and eight of the 25 respective performance indicators were selected, as detailed in sections 3.4 and 3.5 relative market share and position, measures of customer base, reliability responsiveness, assurance, empathy and individual innovation. In section 3.6 the researcher formulated a conceptual framework basis that informed the research methodology for the study.

6.3.3 Objective 3: Explore which key lagging and leading performance indicators within a tailored RDF may contribute to the selected township service SMMEs in South Africa to evolve in the organisational life cycle towards growth and expansion.

Objective 3 was met empirically by documenting findings in Chapter 5 as articulated by the selected township service SMMEs through semi-structured interviews. The following discussion presents the main findings of the suitable key lagging and leading performance indicators from the selected township service SMMEs, with the first discussion being on measures for competitiveness.

According to the tailored RDF, competitiveness is measured by two key performance indicators, namely relative market share and position and measures of customer base. Regarding relative market share and position, the literature unveiled the performance indicator to be measured by the introduction of a new product, and none of the interviewed participants indicated a new product as a measure of share in the market. From the findings on increasing the relative market share and position, three performance indicators were identified, namely marketing and advertising, effective SMME operations and a high concentration of foot presence within the SMME location. For marketing and advertising, participants utilised social media platforms which were prominently applied together with traditional methods such as word-of-mouth and outside boards, as discussed in theme 1, category 1.1 and section 5.5.1.1. The last two performance indicators, namely effective SMME operations and SMME location were new insights brought forth by the participants, which added an advantage in enhancing competitiveness.

In relation to the measures of customer base, three performance indicators were recognised, namely customer interaction and engagement; customer tracking, retention and loyalty; and social media. According to the literature customer satisfaction is measured by the number of customer complaints, repeat customers, and client word of mouth, which are all performance indicators of a strong measure of customer base.

The findings attested to the performance indicators outlined by the literature, however, revealed other methods such as using social media platforms for continuous interaction with customers, which provides enterprises with a competitive advantage. It is noticeable that not all participants adhere to customer base measures and thus miss the opportunity to track customers; as well as provide poor responses which does not improve the ability to treat customers well. This has been discussed in theme 1, category 1.2 and section 5.5.1.2.

According to the RDF, financial performance is measured through profitability and liquidity. Regarding profitability, three performance indicators were revealed in the findings, namely, optimising sales; financial management and records; and cost efficiency. Concerning the optimising of sales, the participants savings on costs incurred allowed for competitive pricing of the service offering. Based on the literature sources, SMMEs lack the appropriate record keeping of financial records, however, the findings showed two different results. The selected township service SMMEs with a financial management background kept financial records, while others informally maintained forms of records. The informal method is instinctive which was seen in the manner that the participants use collected income to incur the necessary expenses to merely ensure that the service is provided to the customers. In both instances, the findings showed enterprises' ability to optimise profitability. Regarding optimising profit through cost efficiency, the findings indicated that the majority of the participants did not collaborate with other similar entities. Participants struggled with collaboration with similar SMMEs because of fierce competition and limited awareness, hindering their ability to negotiate reduced costs and to maximise profitability. However, according to the literature, foreign enterprises have used this approach optimally. This was discussed in theme 2, category 2.1 and section 5.5.2.1. The findings further suggested other performance indicators that enterprises use to improve liquidity, as discussed below.

In relation to liquidity, three performance indicators were identified from the findings, namely access to cash; customer credit and repayment; and stock management. According to the literature, the survival of township service SMMEs is to be able to meet day-to-day obligations, pointing to liquidity. The findings demonstrated that the selected township service SMMEs utilise different ways to meeting day-to-day obligations by managing supplier negotiations, cost reductions, bulk acquisitions, and

price checks to enable access to cash. Pertaining to customer credit and repayment, the participants entered into informal short-term agreements with customers. With regards to stock management, some of the participants have built good relationships with suppliers to negotiate favourable prices. Therefore, the enterprise's ability to meet day-to-day obligations enhances financial performance. This has been discussed in theme 2, category 2.2 and section 5.5.2.2. The following discussion details findings about the quality of service provided by the selected township service SMMEs.

According to the RDF literature, quality of service is measured as discussed in section 3.5.5. However, only three suitable performance indicators were elected, namely reliability responsiveness, assurance, and empathy. Concerning, reliability responsiveness, three performance indicators were identified from the findings, namely, customer service and engagement; operational flexibility; and staff and service reliance. Literature outlines that SMMEs respond to the needs and problems highlighted by customers. The findings brought forward elements of engaging with customers, which are supported by the literature and added to by township service SMMEs allowing the enterprise to be flexible in providing the service, as well as the availability of staff members to service the customers. This has been discussed in theme 3, category 3.1 and section 5.5.3.1.

In reference to assurance, the findings yielded two performance indicators namely trained and skilled staff; and motivated staff members. Literature identified staff competence performance indicators for quality assurance. It was noticeable that the findings suggested that the measure of assurance include the ability to have adequately trained and skilled staff as well as staff members who are motivated when providing the service to the customers, which agree to the performance indicators identified in the literature. This has been discussed in theme 3, category 3.2 and section 5.5.3.2.

Regarding, empathy the findings resulted in two performance indicators namely being customer centric and continuous progress reviewed from customer feedback. Literature used caring for customers' specific needs as a performance indicator. The customer-centric performance indicator revealed in the findings is aligned with literature. However, the findings provided a new phenomenon of engaging with customers on a continuous basis for township service SMMEs.

As previously indicated, this performance indicator was not fully engaged by the participants. This has been discussed in theme 3, category 3.3 and section 5.5.3.3.

In accordance with the literature, the innovation dimension is measured by the innovation process and individual innovation performance indicators. The latter was explored for this study and the findings resulted in performance indicators found to be boosters and a detriment for the participants as discussed hereafter. The participants embrace the ability to generate new ideas, embrace collaboration and partnerships, and use marketing, promotions, and social media as boosters of individual innovation. However, certain participants opted not to use social media and lacked collaboration, which were non-boosters for individual innovation. This has been discussed in theme 4, category 4.1 and 4.2, sections 5.5.4.1 and 5.5.4.2.

The findings for the primary focus area of the study revealed key performance indicators that enabled or required more in-depth research into how enterprises performed. Furthermore, the study demonstrated the indigenous improvement of the leading and lagging performance indicators revealed by township service SMMEs from real-world experiences.

The findings for the secondary focus area of the study were how enterprises evolve in the OLC towards growth and expansion. This was unveiled and discussed in theme 5 and section 5.5.5 which suggested a small-scale growth of township service SMMEs evolving in the OLC. Participants self-declared their enterprise stage, and the researcher compared their responses to the literature on the five-stage OLC namely start-up, growth, maturity, decline and restoration. This evidence contradicts with the perception that SMMEs in sub-Saharan Africa struggle to evolve in the OLC. Participants expressed a desire for growth, but their focus was on survival and the continuation of their businesses. They were driven by the need to succeed and build continuously on their confidence.

6.4 CONCLUSION

The three objectives were met as summarised in section 6.3. The aim of the study was to explore which key performance indicators within the RDF have the potential to contribute to the selected township service SMMEs in Kagiso, South Africa, to evolve in the OLC towards growth and expansion, was achieved. The participants provided

invaluable insights into how the performance of enterprises are measured based on the key lagging and leading performance indicators. The use of the tailored RDF to suit the township service SMMEs may be appropriate for any other enterprise and may utilise the performance indicators to ascertain growth and expansion within the OLC. The difficulty is in their financial literacy and is not simple to implement by the owners and managers of township service SMMEs, who require tools to measure the performance of the enterprise.

It is noticeable that the RDF guides how township service SMMEs may measure enterprise performance. Additionally, it is an inclusive framework that allows all stakeholders involved in the enterprise to be considered and play a critical role. Furthermore, township service SMMEs embrace the link between lagging and leading performance indicators. This was displayed by the use of social media to remain competitive, maintaining financial records to improve financial performance, enhance customer-centricity to provide a good quality of service, and embrace innovative ideas as well as being collaborative to boost enterprise innovation.

6.5 LIMITATIONS OF THE STUDY

The RDF provides a structured approach for measuring the performance of service enterprises. However, the conceptual framework adopted four of the six performance dimensions and eight of the 25 performance measures from the RDF. Additionally, as indicated in section 3.3.3.2 there are five notable limitations of the RDF, and this study could not overcome standardisation and undefined timeframes. Despite these limitations, the RDF provided an opportunity to unveil possible new performance indicators. These limitations must be considered when evaluating the study's findings, as they also present opportunities for future research. The study, which focused on township service SMMEs, used a qualitative approach with 20 semi-structured interviews planned, but only 14 interviews were conducted because data saturation was reached. In summary, the RDF is used to measure the performance of service enterprises which exclude other sectors detailed in 2.2.2, for example agriculture and mining, to mention a few.

6.6 RECOMMENDATIONS

Regarding relative market share and position, selected township service SMMEs did not all opt to use social media for marketing and advertising. This is a missed opportunity, as existing social media platforms require minimum budget. Additionally, certain enterprises should have taken advantage of planning and studying the market to increase market share and position. Therefore, township service SMMEs should be intentional about approaches relating to marketing and having an appreciation of their current market. Regarding measures of customer base, certain selected township service SMMEs should have noticed the importance of tracking customers, reviewing feedback, and responding adequately to customers.

In relation to profitability, the majority of the selected township service SMMEs operated in silos and did not collaborate with other similar enterprises, for example, when buying stock in bulk and negotiating with suppliers. Collaborating with similar enterprises may have provided an opportunity to reduce expenses by buying stock at discounted prices and thus improve financial performance. Certain selected township service SMMEs had verbal mutual agreements with customers and needed to consider documenting customers' commitment should the customer default from the promise made.

In relation to reliability responsiveness, owners and managers of the selected township service SMMEs need to consider a written agreement with staff members pertaining to working outside of normal trading hours as this will eliminate disgruntled employees. Regarding assurance, for business continuity it is recommended to have brief job descriptions for each employee including their roles and responsibilities. Concerning empathy, owners and managers should consider conducting continuous surveys that will provide feedback on staff members to ascertain that customers' needs are met.

The township service SMMEs in emerging countries may benefit by partnering with government institutions that offer existing programs. However, identifying a performance measurement framework that may be tailored, such as the RDF, is recommended for measuring the performance of township service SMMEs, because generic performance indicators may not be effective. This will allow the enterprise to measure performance, which may help it to evolve in the OLC towards growth and expansion.

6.7 SUGGESTIONS FOR FUTURE RESEARCH

The empirical findings and literature highlighted the positive performance indicators and challenges of utilising the tailored RDF. However, the following are suggested for future research:

- A more in-depth study on township service SMMEs being intentional about succession plans and legacy building.
- Formulating collaborative initiatives that would assist in improving profitability and liquidity of the enterprise.
- Township service SMMEs being intentional about ensuring staff members understand customers' needs.

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APPENDIX A: ORGANISATIONAL LIFE CYCLE STAGES

The aforementioned writers' research on the OLC models.	AUTHORS (YEARS)	STAGE 1	STAGE 2	STAGE 3		
Corriveau (2018:173); Jirásek & Bílek (2018:7-12)	Downs (1967)	Autonomy	Growth	Deceleration		
Corriveau (2018:173); Jirásek & Bílek (2018:7-12);	Lippit & Schmidt (1967)	Birth	Youth	Maturity		
Corriveau (2018:173)	Scott (1971)	One-man	Functional	Diversified		
Jirásek & Bílek (2018:7-12)	Katz & Kahn (1978)	Primitive	Stable	Elaborative		
(2016:7-8); Dufour, Steane and Corriveau (2018:173); Jirásek & Bílek (2018:7-12)	Smith, Mitchell & Summer (1985)	Inception	High Growth	Maturity		
Corriveau (2018:173); Jirásek & Bílek (2018:7-12)	Gray & Ariss (1985)	Birth, early growth	Maturity	Decline		
The aforementioned writers' research on the OLC models.	AUTHORS (YEARS)	STAGE 1	STAGE 2	STAGE 3	STAGE 4	
Dufour, Steane and Corriveau (2018:173)	Tolbert (1974)	Fantasies	Investment determinant	Experiment productivity	Collaboration community	
Corriveau (2018:173); Jirásek & Bílek (2018:7-12)	Lyden (1975)	Adaptation environment	Resources acquisition	Goal attainment	Maintenance, institution	
Corriveau (2018:173); Jirásek & Bílek (2018:7-12)	Kimberly (1979)	Marshalling resources + ideology	Support external environment	Formalization identity	Formalization structure	
Corriveau (2018:173); Jirásek & Bílek (2018:7-12)	Quinn & Cameron (1983)	Entrepreneur	Collectivity	Formalization	Elaboration	
Dufour, Steane and Corriveau (2018:173)	Mintzberg (1983)	Formation	Development	Maturity	Demise	
The aforementioned writers' research on the OLC models.	AUTHORS (YEARS)	STAGE 1	STAGE 2	STAGE 3	STAGE 4	
Corriveau (2018:173); Jirásek & Bílek (2018:7-12)	Dodge & Robbins (1992)	Formation	Early growth	Later growth	Stability	
Dufour, Steane and Corriveau (2018:173); Jirásek & Bílek (2018:7-12)	Hanks (1990), Hanks et al. (1994)	Start-up	Expansion	Maturity	Diversification	
Jirásek & Bílek (2018:7-12)	Kazanjian (1988)	Conception and development	Commercialization	Growth	Stability	
Dufour, Steane and Corriveau (2018:173)	Jawahar & McLaughlin (2001)	Start-up	Emerging growth	Mature	Decline /transition	
Dufour, Steane and Corriveau (2018:173)	Hajjpour et al. (2011)	Courtship	Commercial	Growth	Stability	
Jirásek & Bílek (2018:7-12)	Dufour, Steane & Corriveau (2018)	Acting the future	Reflecting on the past	Acting on the past	Thinking the future	
The aforementioned writers' research on the OLC models.	AUTHORS (YEARS)	STAGE 1	STAGE 2	STAGE 3	STAGE 4	STAGE 5
Dufour, Steane and Corriveau (2018:173); Jirásek & Bílek (2018:7-12)	Greiner (1972)	Creativity	Direction	Delegation	Coordination	Collaboration
Dufour, Steane and Corriveau (2018:173)	Adizes (1979)	Courtship	Infant go-go	Adolescent	Prime	Maturity
(12); Mosca, L., Gianecchini, M. & Campagnolo, D. (2021:5)	Galbraith (1982)	Proof-of-principle prototype	Model shop	Start-up volume	Natural growth	Strategic maneuvering
Corriveau (2018:173); Jirásek & Bílek (2018:7-12)	Churchill and Lewis (1983)	Existence	Survival	Disengage vs growth	Take-off	Maturity
(2016:7-8); Dufour, Steane and Corriveau (2018:173);	Miller and Friesen (1984)	Birth	Growth	Maturity	Revival	Decline

Range of available organisational life cycle since 1970' to 2018.

Source: Adapted summaries from: Dufour, Steane and Corriveau (2018:173); Jirásek & Bílek (2018:7-12); Mosca, Gianecchini and Campagnolo (2020:6) and Akhbulatova (2020:22).

The aforementioned writers' research on the DLC models.	AUTHORS (YEARS)	STAGE 1	STAGE 2	STAGE 3	STAGE 4	STAGE 5					
Jirásek & Bílek (2018:7-12); Akhbulatova (2020:20)	Scott and Bruce (1987)	Inception	Survival	Growth	Expansion	Maturity					
2017:245); Jirásek & Bílek (2018:7-12)	Lester et al. (2003)	Birth	Early growth	Growth	Maturity	Renewal					
Dufour, Steane and Corriveau (2018:173)	Flamholtz (1995, 2002)	New venture	Expansion	Professional	Consolidation	Intergration	diversification	decline			
Akhbulatova (2020:22)	Lester et al. (2003)	Existence	Survival	Success	Renewal	Decline					
The aforementioned writers' research on the DLC models.	AUTHORS (YEARS)	STAGE 1	STAGE 2	STAGE 3	STAGE 4	STAGE 5	STAGE 6				
Akhbulatova (2020:22)	Hanks et al. (1994)	Start-up	Life-style	Expansion	Capped Growth	Maturity	Diversification				
The aforementioned writers' research on the DLC models.	AUTHORS (YEARS)	STAGE 1	STAGE 2	STAGE 3	STAGE 4	STAGE 5	STAGE 6	STAGE 7			
Jirásek & Bílek (2018:7-12)	Flamholtz (1995, 2002)	New venture	Expansion	Professionalization	Consolidation	Diversification	Intergration	Decline-revitalization			
The aforementioned writers' research on the DLC models.	AUTHORS (YEARS)	STAGE 1	STAGE 2	STAGE 3	STAGE 4	STAGE 5	STAGE 6	STAGE 7	STAGE 8		
Jirásek & Bílek (2018:7-12)	Torbert (1974)	Fantasies	Investments	Determinations	Experiments	Predefined productivity	Openly chosen structure	Foundational community	Liberating disciplines		
The aforementioned writers' research on the DLC models.	AUTHORS (YEARS)	STAGE 1	STAGE 2	STAGE 3	STAGE 4	STAGE 5	STAGE 6	STAGE 7	STAGE 8	STAGE 9	STAGE 10
12); Akhbulatova (2020:18); Mosca, L., Gianecchini, M. &	Adizes (1979)	Courtship	Infant organization	The go-go stage	Adolescent organization	Prime organization	Mature organization	Aristocracy	Early bureaucracy	Bureaucracy	Death

Range of available organisational life cycle models from the 1970's to 2018.

Source: Adapted summaries from: Dufour, Steane and Corriveau (2018:173); Jirásek & Bílek (2018:7-12); Mosca, Gianecchini and Campagnolo (2020:6) and Akhbulatova (2020:22).

APPENDIX B: ETHICAL CLEARANCE



College of Accounting Sciences_RERC

Date: 15/04/2023

Dear: Mrs Busisiwe Huma

Ref #: 0347

Name: Mrs Busisiwe Huma

Student #: 32857527

Decision: Ethics Approval from 4 April 2023 to 3 April 2026

Researcher: Mrs Busisiwe Huma

139 Andesite Street, Monavoni,

32857527@mylife.unisa.ac.za 0723740950

Supervisor: Professor Leoni Julyan julyal@unisa.ac.za

Co-Supervisor: Mrs Marianne Lotter lottem@unisa.ac.za

Exploring key performance indicators for selected township small, medium and micro service enterprises in South Africa to evolve in the organisational life cycle

Qualification: MPhil in Accounting Science

Thank you for the application for research ethics clearance by the College of Accounting Sciences_RERC for the above mentioned research study Ethics approval is granted for three years.

The **low risk application** was **reviewed** by College of Accounting Sciences_RERC on 4 April 2023 in compliance with the Unisa Policy on Research Ethics and the Standard Operating Procedure on Research Ethics Risk Assessment.

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 College of Accounting Sciences_RERC.
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 (3 April 2026). Submission of a completed research ethics progress report will constitute an application for renewal, for Ethics Research Committee approval.

Additional Conditions

1. Disclosure of data to third parties is prohibited without explicit consent from Unisa.
2. De-identified data must be safely stored on password protected PCs.
3. Care should be taken by the researcher when publishing the results to protect the confidentiality and privacy of the university.
4. Adherence to the National Statement on Ethical Research and Publication practices, principle 7 referring to Social awareness, must be ensured: "Researchers and institutions must be sensitive to the potential impact of their research on society, marginal groups or individuals, and must consider these when weighing the benefits of the research against any harmful effects, with a view to minimising or avoiding the latter where possible." Unisa will not be liable for any failure to comply with this principle.

Note

The reference number 0347 should be clearly indicated on all forms of communication with the intended research participants, as well as with the Committee.

Kind regards,



Prof Lourens Erasmus
Chair of College of Accounting Sciences_RERC
E-mail: erasmjlj1@unisa.ac.za



Dr Chisinga Chikutuma
By delegation from the Executive Dean of College of Accounting Sciences_RERC
E-mail: chikucn@unisa.ac.za

APPENDIX C: PARTICIPANT INFORMATION SHEET

Ethics clearance reference number:

Research permission reference number:

25 November 2022

Title: Exploring key performance indicators for selected township small, medium, and micro service enterprises in South Africa to evolve in the organisational life cycle.

Dear Prospective Participant

My name is Busisiwe Huma, and I am doing research with Prof. L Julyan, a retired Associate Professor in the Department of Management Accounting towards a Master of Philosophy in Accounting Sciences at the University of South Africa. We are inviting you to participate in a study entitled “Exploring key performance indicators for selected township small, medium and micro service enterprises in South Africa to evolve in the organisational life cycle.”

WHAT IS THE PURPOSE OF THE STUDY?

This study aims to explore which key performance indicators within the Results and Determinants Framework (RDF) have the potential to contribute towards selected service industry township SMMEs in South Africa evolving in the organisational life cycle towards growth and expansion.

WHY AM I BEING INVITED TO PARTICIPATE?

Township SMMEs play an important role in the economy and your participation would add invaluable insight regarding the real experiences encountered by SMME owners or managers on which of the selected key performance indicators within the RDF have the potential to contribute towards selected service industry township SMMEs in South Africa evolving in the organisational life cycle towards growth and expansion. On observation, Kagiso Avenue in Kagiso, service SMMEs have increased significantly,

explaining the reason for selecting the area. The study aims to select approximately 15 owners or managers of township service SMMEs to participate from an estimated population of above 50 in Kagiso Avenue.

WHAT IS THE NATURE OF MY PARTICIPATION IN THIS STUDY?

The study will utilise semi-structured interviews, either using face-to-face or online platforms, for example Microsoft Teams or Zoom or Skype, and will be audio-recorded. The questions are detailed in an interview guide, which comprises of two sections, namely, to collect the participants demographics and questions relating to specific performance indicators. Additionally, it should be noted that data gathered will not include personal details such as an identity or passport number, date of birth, age, phone numbers, email address, online messaging identities, or physical address. The interview guide will be provided to you beforehand and during the interview there may be instances of follow up questions based on the response. The collection of data using interviews is estimated to be approximately 45 minutes per participant.

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

Participating in this study is voluntary, there is no penalty or loss of benefit for non-participation, 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?

The potential benefit of taking part in this study would allow the SMMEs to contribute to new knowledge and provide a new perspective on the selected key performance indicators suitable for township service enterprises.

ARE THERE ANY NEGATIVE CONSEQUENCES FOR ME IF I PARTICIPATE IN THE RESEARCH PROJECT?

The potential level of discomfort is indicating if financial and non-financial information is maintained by the SMME. Further, the data gathered will be exploring if financial and non-financial information used to measure performance of the SMME may result in change or growth in the enterprise. If the interview is conducted online, there may be possible interruptions due to loadshedding or network interruptions, thereby requiring the interview to be rescheduled. The rescheduling would be arranged to suit your availability.

WILL THE INFORMATION THAT I CONVEY TO THE RESEARCHER AND MY INDENTITY BE KEPT CONFIDENTIAL?

Your answers will be given a unique code or number and will be referred to in this way in the data, any publications, or other research reporting methods such as conference proceedings. The enterprise name and your personal information will not be recorded, therefore, the answers provided during the interview cannot be connected to your enterprise or you.

The researcher and supervisors are obliged to maintain information collected as confidential. Other reviewers such as the transcriber and second coder and may have access to certain collected information but have signed confidentiality agreements.

HOW WILL THE RESEARCHER(S) PROTECT THE SECURITY OF DATA?

Hard and soft copies of your answers will be stored by the researcher for a period of fifteen (15) years in an electronic folder in a computer that is password protected for future research or academic purposes. Future use of the stored data will be subject to further Research Ethics Review and approval if applicable. After fifteen (15) years the stored information will be permanently deleted from the electronic folder.

WILL I RECEIVE PAYMENT OR ANY INCENTIVES FOR PARTICIPATING IN THIS STUDY?

You will not be entitled to any payment or incentive for participating in this study.

HAS THE STUDY RECEIVED ETHICS APPROVAL?

This study has received written approval from the UNISA College of Accounting Science Research Ethics Review Committee. 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 Busisiwe Huma at 32857527@mylife.unisa.ac.za or 072 374 0950. The findings are accessible for five years.

Should you have concerns about the way in which the research has been conducted, you may contact Prof. L Julyan (retired) (julyal@unisa.ac.za) and Ms M Lötter, 012 429 4321 or (lottem@unisa.ac.za). Alternatively, contact the research ethics chairperson of the Research Ethics Review Committee, Prof L Erasmus (erasmlj1@unisa.ac.za).

Thank you for taking time to read this information sheet and for participating in this study.

B Huma

APPENDIX D: CONSENT TO PARTICIPATE IN THIS STUDY



CONSENT TO PARTICIPATE IN THIS STUDY

I, _____ (participant name), confirm that the person asking my consent to take part in this research has told me about the nature, procedure, potential benefits and anticipated inconvenience of participation.

I have read or had explained to me, and understood the study as explained in the information sheet.

I have had sufficient opportunity to ask questions and am prepared to participate in the study.

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

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

I agree to the audio-recording of the semi-structured interviews.

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

Participant Name & Surname..... (please print)

Participant Signature.....Date.....

Researcher's Name & Surname Busisiwe Huma...

Researcher's Signature

A handwritten signature in black ink, appearing to be "Busisiwe Huma", written over a light blue horizontal line.

Date 22 March 2022



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APPENDIX E: INTERVIEW GUIDE

INTERVIEW GUIDE (OWNER or MANAGERS of SMMEs)	
PARTICIPANT UNIQUE CODE	SMME_P1

The interview guide will assist in completing a dissertation in Management Accounting at the University of South Africa. The researcher is conducting qualitative approach to explore the key performance indicators enabling township service SMMEs to evolve in the organisational life cycle towards growth and expansion. The researcher uses semi-structured interviews, and questions are numbered from 1 to 5 for Section A and 1 to 20 for Section B.

The participant may complete Sections A before the interview. Section B will consist of questions the researcher will pose to each participant, requiring a verbal answer.

SECTION A: Demographic information *(Estimated time 5 minutes)*

Q1: Please tick the applicable box (X)

Owner		
Manager		
Both		
Other		
		Name your role:

Q2: Please indicate the number of years for this business (X)

Less than 3 years	
3 – 5 years	
6 -10 years	
More than 10 years	

Q3: Which type of service do you provide to township residents? (X)

Spaza shop		
Hair salon		
Street vendor		
Shebeen		
Child-care		
Internet café		
Other		Type:

Q4: Do you only provide a service or a combination, including goods? (X)

Service only	
Service & goods	

Q5: At which stage is your business?

Start-up (Just starting up)	
Growth (Gaining more business)	
Maturity (Well established)	
Decline (Losing business)	
Restoration (Recovering)	

SECTION B (Estimated time 45 minutes)

Selected key performance indicators:

Ways to measure the past performance of your business:	
Key performance indicators	Questions
<p>Relative market share & position: Gaining market share by being competitive with other businesses in the area</p>	<p>1. What ways have you used so far to get new customers to increase your sales?</p> <p>Prompt questions: 1.1 Have you used social media, outside boards, pamphlets, or other advertising before – and did you get new customers from this? 1.2 Do you have ways that you use to keep ahead with new product or service trends so that you can build market share/ to be more competitive?</p>
	<p>2. How have you previously attracted customers from other similar businesses around you to use your business instead?</p> <p>Prompt questions: 2.1 Have you considered improving your service offering to attract more customers from your competitors? 2.2. Have you considered revising prices to attract more customers from your competitors?</p>
<p>Measure of customer base: Satisfaction of customers and returning for your service</p>	<p>3. How have you created a relationship with your customers to make sure they are happy with the service and can tell you when things are not okay?</p> <p>Prompt question: 3.1 Do you have a way of getting feedback from your customers on the service you are offering? 3.2. Do you informally talk to your customers while serving them to get feedback?</p>
	<p>4. Do you track whether regular customers keep coming back for the service you provide and how do you track this?</p> <p>Prompt question: 4.1 Do you track whether new customers come back and how do you track this? 4.2 Have you talked to your customers to find out if they come because of word-of-mouth and if they share the service you provided with their friends, families, or neighbours?</p>
<p>Profitability: Your business generated enough sales to cover expenses/costs to survive/ make a profit.</p>	<p>5. Explain how the income/sales and expenses/costs of the business are kept track of, and what is done with that information?</p> <p>Prompt questions: 5.1 What process do you follow to keep track of income/sales and expenses/ costs? 5.2 Do you do it yourself or have you delegated someone to do this, and 5.3 Do you use the information to make any decisions? 5.4 Do you set certain goals to ensure the business covers expenses/costs?</p>
	<p>6. How do you lower the expenses/costs of your business to make enough money or increase profit generated from sales?</p> <p>Prompt questions: 6.1 Do you have good relationships with your suppliers to negotiate lower prices for what you need for your business?</p>

	6.2 Do you join or collaborate with other similar businesses to get favourable prices for what you need for your business?
Liquidity: Cash was available for day-to-day services or trading	7. Explain if you are usually able to meet day-to day cash demands to keep providing services, or not? Prompt questions: 7.1 When you have cash shortages, how do you handle it? 7.2 Do you ever run out of stock while serving your customers and how do you handle it? 7.3 Do you have ways of granting customers credit to protect day-to-day cash demands?
	8. Are you able to pay out cash to suppliers and/or staff members timeously? Prompt question: 8.1 What kind of arrangement do you make if you do not have enough cash?
Plans and measures for future performance and the growth of your business:	
Key performance indicators	Questions
Reliability responsiveness: Customers can rely/depend on the business	9. Do you feel that people can rely on and depend on your business? Prompt questions: 9.1. Do you have a way of checking whether customers keep coming back because they can rely on receiving the service/goods they came for? 9.2 Do the staff members in your absence provide the same level of service/goods to your customers? 9.3 How do you check this?
	10. What do you do to ensure customers are taken care of by yourself or staff members to be responsive to customers' requests? Prompt question: 10.1 Is there always someone available during normal operating hours to assist customers?
	11. Explain what action you take when you are not available to ensure your business continues to operate. Prompt question: 11.1 Do you have a duty roster in place when you are not available?
Assurance: Staff members' service/product knowledge and confidence assure customers	12. Explain how you will check that staff members have the service/product knowledge to allow your customers to trust them? Prompt question: 12.1 Do you have staff meetings to get feedback on the staff member and customer engagements/ interactions? 12.2 Do you use informal feedback from your staff member?
	13. Explain how you, or staff members, show kindness and politeness to your customers. Prompt questions: 13.1 Would you say customers experience friendliness when they come to your shop? 13.2 Do you have a plan for this?

<p>Empathy: Staff members understand customers' needs</p>	<p>14. How do you plan to ensure that staff members understand customers' wishes and needs?</p> <p>Prompt question: 14.1 What kind of talks would you have with your staff members to make sure they understand customers' needs?</p>
<p>Individual innovation: Endeavouring into something new</p>	<p>15. How have you identified any new ideas from yourself, or staff members, to better your business services to customers?</p> <p>Prompt questions: 15.1 Do you take time to plan or think of different ways to provide your service? 15.2 Do people that assist you in your business respond positively to new ideas? 15.3 Do you check out social media platforms or observe from competitors something you can do differently from them?</p>
	<p>16. Have you considered partnering with other businesses to find new ideas or to collaborate with others for new additional services?</p> <p>Prompt question: 16.1 Do you attend events that may help with identifying new ideas or thinking on any new additional services? 16.2 Do you have a plan for this?</p>

Growth or/and expansion:

- 17. What are you most proud of in your business?
- 18. What worries you most about your business?
- 19. Explain how you see your business growing from where it is right now.

Conclusion:

- 20: Do you have anything that you would like to add?

Thank you for your time.

APPENDIX F: CATEGORIES AND MAIN CODES

● RMSP			
● Adequate supplies	● Competitive edge	● No competition review	● Word of Mouth
○ Adhoc services not market related	● Competitor review	● No price review	
● Advertising	● Curve inflation	● No retaining strategies	
● Ambience	● Customer attraction	● No social media platform	
● Atmosphere	● Customer care (2)	● Price review	
● Browse social media	● Customers preference	● Quality of work	
● Build legacy	● Door to door advertising	● Referrals	
● Business experience	● Intense competition	● Referrals - other customers feedback	
● Cleanliness	● Location/Position	● Repeat customers	
● Competitive challenge	● Loyal customers	● Social media	
● MOCB			
○ Access to owner	● Customer relationship	● No tracking of customers	○ Returning by referral
○ Cst awards	○ Customer response	○ Other services provided	○ Returning customers
● Cst feedback via social platform	● Customer retention per season	○ Poor response	○ Service delivered with care
● Cst follow up	○ customer retained by contracts	● Price review	○ Social platform - cst follow up
● MOCB			
○ Customer attraction	● Customer retention	○ Query access	○ social platform referrals
○ Customer details	○ Customer satisfaction	○ Quick response - social media	○ Tracking retained customers
● Customer Feedback	○ Informal customer tracking	○ Referral collaborations	○ Unique service
○ Customer follow up	○ Informal feedback	○ Resolve issues	
○ Customer preference	○ Loyal customers_based on track	○ Respect	
● Customer referrals	○ Making easier for customers	○ Retaining customer per service	
● Profitability			
○ Acquired skill	○ Determined spending	○ Government training	
○ Bookkeeper	○ Essential needs	○ Income/expense frequency	
○ Breakeven	○ Excel	○ Increase business	
○ Bulk purchases for discount	○ Favourable weather	○ Ineffective collaborations	
● Cash constraints	● Financial obligation	○ Inflation impact	
○ Collaboration key	○ Financial skill background	○ Key decisions	
○ competition strive	○ Fixed contract	○ Lack of collaboration awareness	
○ Control - income/expenses	○ Foreign strategy -	○ Lack of money	
○ Cost management	● Frequently	○ Manual recording	
● Day survival	○ Goal setting	○ No collaborations	
○ No staff costs	● Record keeping	○ Stock acquisition	

● Profitability		
○ No supplier	○ Records with supporting	○ Stock levels
○ No use for income/expense	○ Review stock vs sold	○ Strategy for minimised costs
○ Owner keeps records	○ Review_Profit/Loss	● Supplier negotiations
○ Pandemic impact	○ Secure service revenue	○ Tool - software
○ Preset cst agreements	○ Self record keeping	● Track adhoc basis
○ Price check/comparison	○ Service - self catering	○ Unfavourable weather
○ Price reduction - collaboration	○ Service outsourced	○ Specific supplier
● Prices are fixed	○ Slow business	○ Profit

● Liquidity		
● Access to cash	○ Credit granted - paid by cst	○ No compliance with bank
● Borrow cash required	○ Credit granted to customers	○ No credit granted to customers
○ Buy with available cash	○ Credit strategy change	○ No savings
○ Cash access strategies	○ Customer updated	○ Opportunity to sell
○ Cash available	○ Delay cash access	○ Petty cash shortage
○ Cash delays	○ Delays communicated	○ Savings
● Cash injection	○ Frequency of recording	○ Stock shortage
○ Cash outflows	○ Limited insight stock	○ Sufficient stock supply
● Cash shortage	○ Loan shark assistance	○ Supplier COD
○ credit granted - not honored by	○ Meeting obligations	○ Supplier credit arrangement
○ Supplier relationship	○ Tracking cash	

Rel-Responsiveness					
○ Access to owner	○ Customer feedback	● No backup plan	○ Previous employee - lacked cst care skills	○ Service frequency by cst	○ Trading hours/days
● Ad-hoc services	○ Customer follow up	○ No business continuity	○ Property maintenance	○ Service reliance to cst	○ Trained / orientated staff
○ Adhoc trading hours/days	○ Customer return tracked	○ No customer complians	○ Record services	○ Staff allocated per skill	○ Training staff - better response to cst
○ Always someone available	○ customer satisfaction	○ No self reflection	○ Referrals	○ Staff availability	○ Communication with cst
● Backup plan	○ Customised services	○ No staff members	○ Responsive to customer needs	○ Staff delegation	○ Leadership
● Built reputation	● Follow up with customers	○ No staff rotation	○ Review of staff responsiveness	○ Staff incentives	○ Non review staff responsive to cst
○ Business continuity	○ Informal customer return tracked	○ Non review of staff service to cst	○ Review service reliance - no done	● Staff rotation	○ Review staff service- cst feedback
○ Convenient service offering	● Loadshedding impact	○ Outsource assistance	○ Rotation plan	○ Staff service consistent	○ Target market

Rel-Responsiveness					
○ Customer care	○ Personal customer care	○ Rules set	○ Team work		
● Assurance					
○ Accountability of decisions	○ Listen to customers	○ Skilled staff			
○ Acquired skill	○ Negotiation tools	○ Skills development			
○ Act of kindness & politness	○ No general staff meetings	○ Staff check in			
○ Built skill	○ No reflection cst feedback	○ Staff meeting - damage control			
○ Courtesy	○ No tracking of cst experience	● Staff meetings			
○ Cst feedback	○ Owner staff care	○ Staff motivation			
○ Customer care	○ Product knowledge	○ Survey			
○ Customers reactions	○ Review competitors	○ Tackling complians			
○ Frequency of meetings	○ Reward - kindness &	○ Track kindness & politeness			
○ Friendly service	○ Skill to read customers	● Training/Workshop			
○ Work environment					
● Empathy					
○ Created environment	○ Listen to customers 1				
○ Cst feedback	○ Non review customer needs and wishes				
● Customer wishes	● Rectification				
○ Customised requests	○ Review cst feedback or service				
○ Go an extra mile	○ Special offer				
○ Helping customers	○ Standard menu sold				
● Innovation - SMME					
○ Adhoc - workshops/events	○ Ideas - show/events	○ Non embrace of workshops/events			
○ Competitor events/review	○ Ideas embraced by staff	○ Partnership not reciprocal			
○ Cst incentives	○ Improvements	○ Partnerships			
○ Customers only Kagiso	○ New added services	○ Price differentiator			
○ Customers outside Kagiso	○ No collaboration	○ Price review			
○ Embrace collaboration	○ No ideas from	○ Prior job- attended events			
○ Embrace new ideas	○ No partnership	○ Promotions			
○ Expansion (2)	○ No platform inspirations	○ Repositioning price strategies			
○ Extended services	○ No review of social media	○ Repositions products/services			
○ Frequency review ideas	○ Non embrace of new ideas	○ Self-driven innovation			
○ Social media	○ Service work display	○ Service lag time			
○ Strategy to attact new cst	○ Triggered by social media				
● Growth strategies					
● Brand built	○ No growth aspirations	○ Space expansion			
○ Cash protection	○ Non embrace of POS	○ Staff care			
○ Change strategy	○ Owner insecured	○ Steady growth			
○ Climate dependency	○ Pre-existing items to sell	○ Succession plan			
○ Customer preferences	○ Price impact	○ Sustainability			
○ Desires growth	○ Renovations	○ Unstable growth			
○ Expand goods sold	○ Restructuring	○ Venture different services			
○ Future plans	○ Sales not prompt	○ Self driven inspiration			
○ Limited exposure	○ New business venture	○ Social media presence			

● Positive impact	
○ Customer support	○ Paused collaborations
○ Good service	● Proud moments
● Growth during pandemic	○ Seasonal change
● Growth of the business	● Self sufficient
● Idea inspirations	○ Staff financial literacy
○ Mentorship	○ Staff liberty
○ Partnership - survival	● Starting a business
● Barriers 1	● Challenge
○ Financial background	○ Culture differences
○ Language barriers	○ Limitation to expand
● Negative impact	
○ Bad weather	● No business
○ COVID19	○ No generational continuation
○ Default payments	○ No worries
○ Economy impact	○ Potential delays
○ Gov training not sustainable	○ Prior/old services
○ Impact of speedy service	○ Strategies for identified risk
○ Jealous	○ Worries
○ Loadshedding	○ Worry - not articulated
○ Natural disaster	

SUB APPENDIX F-1: INTERVIEW GUIDE - RESEARCHER'S THOUGHT

PROCESS

The sub-annexure provides a detailed description of the researcher's thought process in formulating questions used in the interview guide.

Key performance indicators	Definitions	Draft question	Concluded based on literature to explore for empirical study	Brainstorming questions per definition	Consolidate the questions
Ways to measure how your business has done (past performance)					
Lagging indicator (measuring past performance): Relative market share and position	Market share is defined as a percentage of all sales in an industry generated by a certain company	<p>What ways have you used to get new customers to increase your sales?</p> <p><i>Prompt: Have you used social media, outside boards, pamphlets, or other advertising – and did you get new customers from this?</i></p>	<p>Therefore, exploring the market share of the township service SMMEs by ascertaining ways of using social media platforms to introduce new services would be credible. Consequently, <u>relative market share and position enables enterprise to share in the industry available sales</u> percentage which could be measured by social media would be explored further.</p>	<p>How have you used any social media platform to advertise your service to get new customers?</p> <p><i>Prompt: If you do not use social media, what ways do you use to attract more customers, for example outside boards, pamphlets, or other advertising – and did you get new customers from this?</i></p>	<p><i>What ways have you used so far to get new customers to increase sales?</i></p> <p><i>Prompt: Have you used social media, outside boards, pamphlets, or other advertising – and did you get new customers from this?</i></p> <p><i>Do you keep ahead with new product or service trends so that you can build market share?</i></p> <p>2. How have you previously attracted customers from other similar businesses around you and / or within 3km radius to outperform them?</p> <p><i>Prompt: How have you outperformed other businesses and increased your customers to have increase in sales? Is it because of walks in, word of mouth, referrals,</i></p>

					<p><i>pamphlets, outside board with a special outside?</i></p> <p>Blue ocean strategy</p> <p>Data analysis – what to remember</p>
<p>Lagging indicator (measuring past performance): Measures of customer base</p>	<p>Customer base is a group of customers that buy a product or service from an enterprise to gain sales.</p> <p>Existing customers</p>	<p>How have you attracted more customers to come and pay your service?</p> <p><i>Prompt:</i> <i>1- Have you talked to your customers to understand if they are happy with the service or not?</i></p> <p><i>2 – Have you talked to your customers to find out if they by word-of-mouth share your service provided with their friends, families, or neighbours?</i></p> <p>Q10- Do you plan to extend your business to branches in different locations or places.</p> <p>Q11- Select one or more options on how you attract more customers.</p> <p>Q23- How do you plan to extend and grow your business in different locations and places.</p> <p>Q24 - How do you plan to improve for your business to outperform</p>	<p>Therefore, gaining sales from a group of customers which may be <u>measured by customer satisfaction, the number of customer complaints, repeat clients and word of mouth clients</u> be plausible to explore in this study</p>	<p>How have you created a relationship with your customers make sure they are happy with the service and are able to tell you when things are not okay?</p> <p><i>Prompt:</i> <i>1 - When looking since the start of your business how have you attracted more customers to come for the services you provide?</i></p> <p>How have you identified regular customers and new customers coming back for the service you provide?</p> <p><i>1 – Have you talked to your customers to find out if they come because of word-of-mouth and do they share your service provided with their friends, families, or neighbours?</i></p>	<p>How have you created a relationship with your customers to make sure they are happy with the service and are able to tell you when things are not okay?</p> <p><i>Prompt:</i> <i>1 - When looking since the start of your business how have you attracted more customers to come for the services you provide?</i></p> <p>Explain how do track whether regular and new customers keep coming back for the service you provide.</p> <p><i>1 – Have you talked to your customers to find out if they come because of word-of-mouth and do they share your service provided with their friends, families, or neighbours?</i></p>

		your competitors?			
Lagging indicator (measuring past performance): Profitability	Profitability is the ability for enterprise to generate income	<p>Do you take time to compare total amount received from sales and deducting all your expenses to see if you are making a profit from the services you provide?</p> <p><i>Prompt:</i> <i>When do you check that you are making a profit is it daily, weekly, monthly, or never?</i></p> <p><i>Does the service you provide make you money at the end of the day or weekly or monthly and after you have restocked again?</i></p> <p>Q14: Do you use an external service provider (e.g., a bookkeeper or a family member or friend with accounting experience) to keep track of your income or sales and expenses.</p>	Therefore, profitability is the efficiency of an <u>enterprise management of assets which may be measured by reviewing available cash after</u> SMMEs have incurred expenses and how much was banked	<p>Do you take time to compare total amount received from sales and deducting all your expenses to see if you are making a profit from the services you provide?</p> <p><i>Prompt:</i> <i>When do you check that you are making a profit is it daily, weekly, monthly, or never?</i></p> <p><i>Does the service you provide make you money at the end of the day or weekly or monthly and after you have restocked again?</i></p>	<p>Explain how you keep track of the income/sales and expenses/costs of the business, and what is done with that information.</p> <p><i>(Prompts:</i> <i>- what the process of keeping track is.</i> <i>- who does it, and</i> <i>- is it used to calculate a profit/loss or to take other decisions?)</i></p> <p>What are you doing to lower the spending (operating costs) to increase profit?</p> <p><i>Prompt:</i> <i>1 - Do you have good relationships with your suppliers to negotiate lower prices to buy stock?</i> <i>2 – Do you join or collaborate with other similar businesses to buy stock at lower price?</i></p> <p>When you buy stock items do you use cash, or you borrow money (credit)? <i>Prompt</i> <i>1 – How often do you buy stock, and do you have a</i></p>

					<i>relationship with the suppliers, or you buy where the price is lower?</i>
Lagging indicator (measuring past performance): Liquidity	Liquidity is the ability of an enterprise to have sufficient assets convertible to cash to settle debt on time	Does the service you provide allow you to have enough money to pay your creditors and buy more items? <i>Prompt:</i>	Therefore, liquidity may be measured by exploring enterprise ability to ensure there is <u>cash available from sales as well as debtors in a short term to be able to but stock and settle creditors.</u>	Explain how do you check that the business has enough cash after trading to be able to pay short term debts? <i>Prompt: 1- Do you have any suppliers that you pay later based on an arrangement?</i>	Do you draw up a budget and check after the actuals i.e., cash sales less all expenses, to see if there is cash available? <i>Prompt – 1 - What process have you put in place to check what you planned against the actual expected sales and spending?</i>
Plans and measures on how to grow your business (future performance):					
Leading indicator (indicator of future performance): Reliability responsiveness	Reliability means the performance of service is dependable and conducted accurately by the enterprise. Reliability the ability to provide services correctly, reliably and on time. Responsiveness is the ability to immediately assist customers. Reliability responsiveness is the ability to provide a service to customers that is dependable, accurate and readily available	How do you check the service you provide to the customers is correct, reliable and on-time? <i>Prompt: Do you for example conduct a customer survey to check customers are happy with the service</i>	Therefore, tailored reliability responsiveness may be measured by exploring enterprise plans in ensuring service received by customers is dependable, accurate and swiftly provided.	Same per the question created per definition	How do you check the service you provide to the customers is right, people can trust and give the right service on time? <i>1- Do you or the staff looking after your business in your absent provide the same service as you do? 2- Do you share how your business plans to be reliable to customers in the future or in uncertain times? Do you share how your business plans are to be reliable to customers in the future or in uncertain times?</i> Consolidated question (attempt)

					<p>How do you check that the service you provide to customers is right, consistent, correct and readily available without delay?</p> <p>What plan do you have in place to ensure customer are taken care of by yourself or people you delegated to always be available to respond to customers' requests? <i>1 – Is there always someone available to assist customers</i></p>
		<p>When you are not available, do you completely close or find someone to assist to ensure business continues to operate? <i>Prompt: Can customers rely on that the service you provide is always available</i></p>			<p>Explain what action you take when you are not available to ensure business continues to operate? <i>Prompt: Can customers rely on that the service you provide is always available</i></p>
<p>Leading indicator (indicator of future performance): Assurance</p>	<p>The ability of employees to <u>portray trust, confidence, knowledge of the product or service and demonstrate courtesy</u> towards the client.</p>	<p>Do you or delegated staff/ family member that helps in your business listen to any input from your customers? If yes, what steps do you take to take their input? <i>Prompt:</i></p> <p>Do you or delegated staff/ family member check if</p>	<p>Therefore, it is plausible to explore assurance for township service SMMEs <u>would be the owner or manager considering customer inputs, questions and how customers feel while acquiring the service.</u></p>	<p>3. Do you try understanding what your customers want? If yes, how?</p>	<p>Explain how you or delegated staff/ family member plan to listen to any input from your customers to make sure service provided is what they need? <i>Prompt:</i> <i>1 – Are you able to respond to customers' questions?</i></p>

		<p>customers enjoy the service provided? If yes, how?</p> <p>How do you or delegated staff/ family member make sure kindness and being polite is shown to customers? <i>Prompt:</i></p> <p>Q29: How do you ensure person serving (or delegated person) your customers is able to respond to their questions?</p>			<p><i>2- You or person delegated have enough knowledge to answer customers questions</i></p> <p>Explain how you or delegated staff/ family member make sure kindness and being polite is shown to customers? <i>1- Would you say customers experience friendliness when they come to your shop?</i></p>
<p>Leading indicator (indicator of future performance): Empathy</p>	<p>The ability to care for customers' specific needs towards providing the service required.</p>	<p>Do you try understanding what your customers want and provide specific needs? If yes, how? <i>Prompt:</i></p> <p>Person serving (yourself or delegated person) can advise customers on what they need?</p>	<p>Therefore, exploring empathy for quality of service for township service SMMEs would be to ascertain if customers are provided with what they require when receiving the service.</p>	<p>Explain how you or delegated staff/ family members advise customers on the service that would be best suitable to meet their needs.</p> <p>How you or delegated staff/ family member plan to understand customers wishes and needs? <i>Prompt</i> <i>1- How do you or delegated staff/ family member show understanding of customers' needs?</i></p>	<p>Explain how you or delegated staff/ family members advise customers on the service that would be best suitable to meet their needs. <i>Prompt</i> <i>1 – Do you upskill or update you or delegated staff/ family to be able to provide best suitable service to the customers (For example: Hair salon updates themselves on the latest hairstyles for braids)</i></p> <p>How you or delegated staff/ family member plan to understand customers wishes and needs? <i>Prompt</i> <i>1- How do you or delegated staff/ family member show understanding</i></p>

					<i>of customers' needs?</i>
Leading indicator (indicator of future performance): Individual innovation	Is the enterprise's willingness to endeavour into something new	<p>How do you test new ideas that you have identified for your business?</p> <p><i>Prompt:</i></p> <p>Do you take the time to share ideas with other businesses (collaborate)? If yes, how do you do it?</p> <p><i>Prompt:</i></p> <p>Do you take new ideas from your customers, what steps do you take to implement the new ideas?</p>	Therefore, it is plausible to explore how township service SMMEs embrace enterprise innovation in discovering new services or existing services with new innovative ideas.	<p>15. How have you planned to take new ideas to better your business services to customers?</p> <p><i>Prompt: Do people that assist you in your business respond positively to the new ideas</i></p> <p>Do you take the time to share ideas with other businesses (collaborate)? If yes, how do you do it?</p>	<p>How have you identified any new ideas from you or delegated staff/ family member to better your business services to customers?</p> <p><i>Prompt:</i></p> <p><i>1- Do you take time to plan or think of different ways to provide your service?</i></p> <p><i>2 - Do people that assist you in your business respond positively to the new ideas</i></p> <p><i>2 – Do you check out social media platforms or observe from competitors something you can do differently from them?</i></p> <p>Have you considered partnering with other businesses to find new ideas or to collaborate for new additional services?</p>

APPENDIX G: LANGUAGE EDITING CERTIFICATE



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27 February 2024

To Whom It May Concern,

RE: Language Editing of MPhil dissertation to be Submitted

This letter serves as confirmation that the dissertation titled below, has undergone professional language editing. The following items were reviewed and corrected: spelling, grammar, punctuation, sentence structure, and phrasing of the document.

Title: 'EXPLORING KEY PERFORMANCE INDICATORS FOR SELECTED TOWNSHIP SMALL, MEDIUM, AND MICRO SERVICE ENTERPRISES IN SOUTH AFRICA TO EVOLVE IN THE ORGANISATIONAL LIFE CYCLE'

Author: BUSISIWE HUMA

Copies of the manuscript with markup can be made available upon request. Should you require further information, kindly contact me on AbedaDawood7@gmail.com.

Yours Sincerely,

Abeda Dawood
Academic Editor
(Professional Editors' Guild Membership No: DAW005)