

**Durban University of Technology**

**EVALUATING MANAGERIAL COMPETENCE OF  
SMALL, MEDIUM AND MICRO ENTREPRENEURS TO  
ENSURE SUSTAINABLE ECONOMIC DEVELOPMENT  
IN ETHEKWINI MUNICIPAL AREA.**

**SIJUWADE ADEDAYO OGUNSOLA**

**2017**

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IN ETHEKWINI MUNICIPAL AREA.**

by

**SIJUWADE ADEDAYO OGUNSOLA**

Student Number: 21556735

A thesis presented in fulfillment of the requirements for the degree of

**Master of Management Sciences: Business Administration**

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of

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## DECLARATION

I hereby certify that this thesis titled “**Evaluating Managerial Competence of Small, Medium and Micro Entrepreneurs to ensure Sustainable Economic Development in eThekwin Municipality Area**” is my original work. All sources cited herein are indicated and acknowledged by means of a comprehensive list of references.

I certify that the work contained in this thesis has not previously been submitted either in its entirety or in parts for a degree in this or any other University. Where this work used information or writing that belonged to other people such as data, pictures and graphs the source through which the information was acquired was acknowledged.

Signed\_\_\_\_\_

S. A. OGUNSOLA

I certify that the above statement is correct.

Signed\_\_\_\_\_

DR. N. POTWANA - SUPERVISOR

Faculty of Management Sciences

Durban University of Technology

Durban

## **ABSTRACT**

This study was premised on the knowledge that the democratic government of South Africa has availed a lot of funding for SMMEs to start or develop their ventures. This is because it is an accepted fact that this sector has the ability to grow the country's economy. The study then aimed to ascertain the extent to which the competence of Small, Medium and Micro Entrepreneurs (SMMEs) can impact sustainable economic development in eThekweni Municipal Area of South Africa. The study scrutinized the ability of the SMME managers and operators on how they can utilize available resources effectively and efficiently to ensure that their enterprises contribute to sustainable economic growth. Also, the factors that militate the growth and performances of SMMEs in eThekweni Municipal Area were examined. The basis through which this study was undertaken was that of human behaviour of SMME managers, operators and business owners as to how they can contribute to the economic development and survive in the competitive market.

Using simple random sampling, data was collected from various SMMEs in the eThekweni Municipal Area. A total of 229 entrepreneurs responded to the questionnaire, which made the sample of the study. This data was captured and analyzed on SPSS (version 24) and yielded both descriptive and inferential statistics.

The key findings of the study were that the entrepreneurs alluded to the fact that knowledge, skills, value judgments, behavioural characteristics and social networks were all very important in establishing and running a successful business. A challenge that emerged from the respondents was that they were not well equipped to identify business opportunities. They were, however, taking good care of their environments and were using their businesses to employ community members. Some of them did contribute to community development programmes.

The main recommendation that is made here is that potential entrepreneurs must be assisted with tools on how to identify business opportunities. This could also be an avenue for further research.

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## **LIST OF ACRONYMS**

CFCs:	Chlorofluorocarbons
CKM:	Customer Knowledge Model
DTI:	Department of Trade and Industry
GDP:	Gross Domestic Product
GHGs:	Green House Gases
GT:	Grounded Theory
IT:	Information Technology
MCPPP:	Municipal Climate Pattern Programme
MDGs:	Millennium Development Goals
MVS:	Maximum Variation Sampling
NDP:	National Domestic Product
NEPA:	Nstika Enterprises Promotion Agency
NGOs:	Non-Governmental Organizations
SEDA:	Small Enterprise Development Agency
SMMEs:	Small Medium and Micro Entrepreneurs
SUD:	Sustainable Urban Development
UMHS:	University of Michigan Health System

# **CHAPTER ONE**

## **ORIENTATION AND OVERVIEW OF THE STUDY**

### **1.1 Introduction**

Sustainable development is a key concern in today's world as it is a phenomenon that permeates every aspect of human endeavor, be it cultural, social, political, economic or environmental (Omotola, 2010:107). Since the inception of sustainable development, the persistent poverty levels in various communities are of paramount importance to many governments that aim at enhancing the economic situation, while dealing with issues at hand without affecting the environment and the future of the younger generation in the country (Aremu and Adeyemi, 2011:203). South Africa, amongst other countries, is no exception as government has similar plans to stimulate growth and equitable development in the nation by using Small, Medium and Micro Entrepreneurial activities (SMMEs) as one of the viable means to unlock economic opportunities (Qi, Deng and Wang, 2011:314).

In order to create a better life and to improve the standard of living of citizens, in particular women, youth and disabled people, government deemed it fit to address the issues of concern in the nation. Examples are the inequality of economic structures, low labour costs and large capital investments (Hendrawana, 2012:77). The South African government has been embarking on tackling the challenges encountered in the country, namely high rates of poverty, joblessness and inequality (Cant and Wiid, 2013:707). Based on this proposition and in attempting to strengthen sustainable economic development, government has seen the need to boost the efficiency of SMMEs in the country as they are known to be drivers of economic growth and job procurement (Zulu, 2014:5).

However, this plan will be a herculean task to attain without first solving the problems which affect the performance of SMMEs, such as irrelevant or misappropriation and diversion of business funds; overtrading; crime; poor documentation of sales and credit records; and poor infrastructural facilities, amongst others (Ramukumba, 2014:24). In this regard, government has engaged in various initiatives to enhance SMME activities and their performance through the use

of both financial and non-financial institutions. These are also attempts to enhance the competence of SMME managers in their duties and hence ensure that the sustainability role is carried out in the economy.

## **1.2 Brief Literature Review**

Tshabalala and Rankhumise (2011:108) state that SMMEs are recognized as essential in every nation around the world by government officials and policy makers. They are considered to be leverage for economic development and the opportunity to procure employment across the globe. The impact of SMMEs in the economy, according to Aremu and Adeyemi (2011:204), have prompted governments across the world to encourage entrepreneurship as a mechanism to meet citizens' demands and improve their standard of living, while simultaneously ensuring sustainable economic development. Despite these interventions, billions of people globally strive to survive on less than \$1 per day as a result of persistent poverty levels and high population growth (Rocha, 2012:336).

South Africa is at a point where it is facing numerous challenges associated with unemployment, poverty, food insecurity and malnutrition (Mmbengwa, Ramukumba, Groenewald, Van Schalkwyk, Gundidza and Maiwashe, 2012:159). The government, according to the Department of Trade and Industry (2012:11), is actively committed to establishing an enabling environment for SMMEs as it acknowledges their importance in the economic sphere. This can also be seen in the eThekweni Municipal Area of South Africa, where there is the Port of Durban, King Shaka International Airport and sectors like Trade, Transport and Manufacturing which contribute positively to the Gross Domestic Product of the country. The availability of this infrastructures have however, influenced the movement of the population into the municipality. People come from rural areas into the municipality in a bid to find employment. Consequently, there is the utmost need to create more jobs for the teeming population (Edge on Economic Development and Growth in EThekweni, 2013:5).

## **1.3 Rationale for the study**

Booyens (2011:70) alludes to the fact that the impact of SMMEs on economic development can be experienced across the globe as they contribute to the economic development and growth in

diverse ways such as job procurement, income redistribution, poverty alleviation and improvement in standards of living. The effect of which focus on the flexibility and ability of SMMEs to adapt to the changing environment which is why they are contributory to the growth of living standard of the populace. However, Aremu and Adeyemi (2011:200) have observed that due to poor co-ordination, some of them have failed.

Chimucheka (2013:786) observes that SMME involvement in the economy of South Africa has impacted positively on the growth and development of the economy through their contribution to job generation; being instruments of talent utilization; and the development of entrepreneurial skills, amongst others. Their influence, especially in the reduction of poverty and crime and increase in community development, is a good way of sustaining the economic development of South Africa. Despite the immense contributions to the economy, SMMEs are yet to take their place in the business world and this can be aligned to limiting factors such as lack of intellectual sources, capital and human resources amongst others.

Ramukumba (2014:25) established that a lack of resources like knowledge, skills and education; poor access to financial assistance; and poor utilization of financial resources, along with the use of old technology, obstruct the performance of SMMEs. The failure rate of SMMEs requires examination from all perspectives. Even though there are many financing agencies, these entrepreneurs are still not convincingly contributing to economic development (Edge on Economic Development and Growth in EThekweni, 2013:3). There is therefore a need to take a look from the inside of these ventures.

#### **1.4 Relevance of research area**

Trivellas and Reklitis (2014:381) posit that “changes in the world economy caused by globalization; the requirement for sustainable development; the emergence of information as a critical resource; and the more recent fiscal crisis combined with the complexity of the business’s internal environment, have significantly modified the role that professionals are called to play.” As a result of this, SMME managers are expected to be highly skilled in communication and information technology if they are to compete effectively in the globalized environment.

According to Ramukumba (2014:24), SMME managers are poor in innovativeness, creativity, risk-taking and broker role competencies. Hence, more attention should be given to skill development, competencies and values fostering risk and creativity in order to ensure that SMMEs attain the desired mission, vision and focus in a manner that will facilitate sustainable economic development.

It is in line with the problems listed above that this study seeks to investigate the effect of managerial competence on SMMEs' contribution to sustainable development.

## **1.5 Research Problem**

Scheers (2011:5049) reveals that despite the paramount role played by SMMEs, they still encounter challenges such as managerial competence; financial constraints and poor access to markets; poor infrastructural facilities; lack of technological know-how; and high rates of taxation. As a result of this, the South African government has engaged in a number of initiatives to ensure that SMMEs grow as expected. For example, according to Ramukumba (2014:20), a number of initiatives have been established to assist SMMEs. There is the Small Enterprise Development Agency (SEDA), which is responsible for registering and nurturing companies, particularly small businesses. They offer full support that can stimulate the growth of small businesses, from inception to the maturity stage, in the competitive business world.

Furthermore, there is Khula Enterprise Development Agency, whose functional activity is that of a micro-financing or retail-financing agency established by the government mainly to help in creating the expansion of the operational activities of SMMEs. This body offers credit facilities to entrepreneurs such as loans, overdrafts, micro-credit facilities and other banking-related assistance. The Department of Trade and Industry (DTI) is the organ of the government responsible for promoting economic development, commercial policy, industrial policy, Black Economic Empowerment and implementation of commercial law. DTI's function extends to protecting the rights of consumers while fostering international trade with other foreign countries. In addition, Ntsika Enterprise Promotion Agency (NEPA) was founded by the government to assist entrepreneurs who have wholesale businesses by providing the necessary information that can help the growth of their businesses in terms of marketing, procedure, export

facilitation, research and training. This organ focuses mainly on establishing important niche areas in collaboration with local stakeholders and municipal partner organizations in all areas of the country.

Despite the above initiatives, Urban and Naidoo (2012:147) observed that operational skills are lacking in the administration of SMME activities, which retard their progress. These authors attributed this retarded progress to bureaucratic procedures, poor basic amenities, an ineffective legal system, inadequate financial muscle and an unattractive tax regime.

The Department of Trade and Industry (2012:29), on the other hand, states that there are other barriers to the growth of South African SMMEs. These are poor access to credit, poor access to markets, the lack of good relationships with customers, a lack of adequate technological know-how, low production capacity and poor quality products. All these barriers have adverse effects on the performance of SMMEs, subsequently preventing them from actualizing success in a highly competitive market.

Sajgalikova, Bajzikova, Polakova and Wojcak (2012:945) examined managerial competence as an aspect of knowledge acquisition. This acquisition of knowledge within an enterprise can be seen as organizational achievement. Different levels of management within the organization approach knowledge acquisition differently. The fostering of cordial relationships between the manager and workers is a critical managerial competence that makes knowledge ubiquitous within an organization. This would go a long way in enhancing the longevity of an enterprise and ultimately sustain economic growth and development. Consequently, managerial competence has far reaching implications beyond the enterprise itself. To achieve any level of managerial competence, managers have to display not only good quality leadership, coaching and mentoring (Sajgalikova *et al.*, 2012:952) but understanding of the needs of human resources of the enterprise and the sharing of the knowledge.

Within the context of eThekweni are a result of deep visions and understanding between the workers and management (Edge on Economic Development and Growth in EThekweni, 2013:33). This may suggest that essential characteristics of managerial competence are lacking not only in the large organizations but in SMME's. It is therefore not surprising that one of the

managerial competencies that this study will address is the attitude and knowledge of managers towards, amongst others, poverty alleviation and its relationship to sustainable economic development.

Ramukumba (2014:21) concludes that South Africa is facing an unemployment crisis because almost 25% of the population are jobless, with this number increasing to 40% if one includes those that have given up the search for work. The high rate of unemployment in the country is now cause for concern, especially amongst the youth. However, SMMEs can be a way out of this cankerworm.

## **1.6 Aim of the study**

The aims or goals of a study, according to Liučvaitienė and Peleckis (2012:503), are to explore the extent to which the researcher wishes to reach certain types of conclusions. In following the advice of the authors, the aim of this study is to investigate the effect of managerial competence on the contribution of SMMEs to sustainable economic development, particularly in the municipal area of eThekweni.

## **1.7 Research Objectives**

Wiid and Diggins (2013:48) suggest that objectives are specific factors that indicate the actions required to achieve the aim or goal which was initially set. To achieve the aforementioned aim, the objectives of this study are as follows:

- i. To examine the level of financial knowledge possessed by SMME managers;
- ii. To establish whether the managers are able to identify the business opportunities around them;
- iii. To analyze the level of computer literacy of managers;
- iv. To assess managers' awareness of the environmental changes that affect their businesses; and
- v. To assess the attitude of managers towards poverty alleviation in the communities in which they operate.

## **1.8 Limitation of the study**

As a result of financial constraints, only the eThekweni Municipal area will be concentrated on. This might prevent the generalization of the findings.

## **1.9 Structure of the thesis**

This thesis comprises five chapters, where:

- i. Chapter one provides an introductory overview of the study. It describes sustainable development as it is a major concern encountered in the cultural, social, political, economic and environmental lives of people. The use of SMMEs as an instrument of change to sustainable development was discussed, as was the need for competent SMME managers in order to survive in the competitive business environment, in particular the eThekweni Municipal Area of KwaZulu-Natal in South Africa. This chapter also presents the statement of the problem, study objectives, significance and the limitations of the study. This thesis takes cognizance of reviewing only literature that is relevant to this study.
- ii. Chapter two reviews the constructs of the study by providing a comprehensive look at managerial competence and its sub-components, namely knowledge, skills, experience, abilities, behavioural character, value judgment and professional competence. Also, it discusses sustainable development under three major groupings, which are economic, social and environmental factors impacting how manager can correlate managerial competency to enhance sustainable development.
- iii. Chapter three outlines the research methodology used to carry out this study. The chosen research design is explained because it is descriptive and quantitative in nature. This study uses a probability sampling design to ensure that SMMEs on the Municipality's list have a known and equal chance of being selected. The study uses the questionnaire as a research instrument to collect data through simple random sampling. Statistical methods and analysis will be initiated for this research study through SPSS (Statistical Package for the Social Sciences).
- iv. Chapter four presents and interprets the findings of the study.

- v. Chapter five concludes the study and makes recommendation for future research.

### **1.10 Concluding summary**

This chapter has provided an overview of the study by revealing the objectives, the problem statement, as well as the research questions which serve as a guiding path on which the focus and plan of the study to be conducted is maintained. Furthermore, the background of the study, which aids the comprehension of the basis on which this research study is conducted in the eThekwin Municipality Area, has been highlighted. The following chapter will provide an expansion of the concepts of managerial competence and the impact of SMMEs as it contributes to sustainable economic development in the eThekwin Municipality Area of South Africa.

The next chapter reviews scholarly work on competence and sustainable development.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

Presently, sustainable development is a mutual endeavor for all the world's inhabitants. Its primary aim is to secure a comfortable and fulfilling life for everyone on earth (Qi, Deng and Wang 2011:314). However, the effect on ecosystems caused by civilization and climatic change has curtailed all the aspirations and dreams of making sustainable development achievable. Events are now a worrisome issue to people around the world (Liučvaitienė and Peleckis 2012:504). In attempting to gain power to secure people's future needs without the fear of harming future generations, governments of the world are coming up with ideas to approach the impediments which prevent sustainable development in the global economy.

To make this idea effective, many governments have adopted the introduction of Small Medium and Micro Entrepreneurs (SMMEs) as an arsenal to combat this dominant barrier (Ramukumba 2014:19). Their objective is to deal with constraints like poverty and joblessness, amongst others, by creating an avenue where people or citizens are able to fend for themselves without affecting one another's lives.

This chapter reviews literature on the two constructs under study, namely managerial competence of SMME managers and sustainable development, in order to establish and unpack the components that make up the said constructs. The theories that underpin this review are dealt with below.

#### **2.2 Theoretical framework**

This research is based on the theories of knowledge on management and human behavior. White (1959:297) initiated the term competence to level the gap between human behavior and psychodynamic models to enrich Drive's theory of Reduction. He centers his study on personality,

which deals with individual differences in terms of values, attitudes, personal memories, social relationships, habits and skills.

Reference is also made to D'zurilla and Goldfried's (1969:151) work, researching children who are at the risk of psychopathology. In carrying out the study, the authors propound a behavioural analytical model to explain the term 'social competence' to address the following: (a) situational analysis; (b) response enumeration; (c) response evaluation; (d) measurement development; and (e) evaluation measurement. Competence, in the authors' view, shows the trait or attributes of how an individual is capable of using an idea, thought and experience to address the event of the occurrence or interaction and mode of relation, thereby placing judgment about other people of the organization. As pointed out by the authors (D'zurilla and Goldfried's 1969:154), children or people in the organization fail in social competence because of their inability to express themselves, which results from a lack of composure, distress and self-control. A person encountering the stated problem above needs to have an internal discussion that he or she is not a failure but an achiever, as this will enhance the potential to gain control and confidence to deal with past experience where failure has been made. Also, managers or business owners and employees have to encourage one another to build confidence and team spirit to boost morale in the business organization.

Lundberg (1970:10), through the introduction of "planning the executive development programme" also conducted research and he based his idea on the ethical, moral and communication approach to manage the affairs of the organization. Lundberg (1970) opined that every manager needed supportive hands from their subordinates in order to foster good relationships to ensure the success of the organization. Hence, managers, top executives and employees have to get along in one accord by sharing with one another from their intellectual resources and moral behavior to join efforts towards goal achievement.

McClelland's (1973:2) study broadens the concept of competence in a paper titled "Testing for Competence rather than intelligence". From McClelland's (1973a) perspective, people test for intelligence in the workplace, school and recruiting firm to determine the best choice amongst candidates. According to the author, the level of education or qualification did not guarantee the competence of an individual, his behavior or conduct. Therefore, the attributes of an individual

manager or employee (examples of which include the skills, abilities, knowledge, personal commitment to work and talent) will reveal their competence or distinction amongst other colleagues. In the event where selection is made in an organization based on intelligence, McClelland's (1973) suggests training not only to the existing members alone, but also new intakes in order to enrich their competence and aid their performance at the workplace to deliver the desired result.

Sveiby (1997:73) approached the term 'competence' by using knowledge management theory to explain competence through the use of human and intellectual capital. He further clarifies that competence can be used in a twofold manner which includes transferring and converting knowledge internally and externally to the organization to which the individual manager or employee belongs. These are human capital and intellectual capital. Human capital specifically deals with the capacity of members to work with experience, skills, abilities and education within and outside the organization in order to develop their functional role. On the other hand, intellectual capital refers to human capital together with other qualities such as the structural and social capital needed to aid task performance within the organization. Sveiby (1997) emphasized competence of an individual as providing that such person has the capacity to utilize his or her wealth of resources such as knowledge, skills and experience, amongst others, not only for personal gain, but for the mutual benefit of his or her environment.

In light of the above, there is need to use intellectual resources to ensure that sustainable economic development in the modern era impacts positively on the environment. However, the effect of market forces caused by globalization; competition in the world of business; technological advancement; and the premature winding-up of business necessitate the need of competence as a measure to control the lavish use of resources in order to develop and sustain the environment (Wuim-Pam, 2014:49).

### **2.3 The conception of managerial competence**

Before dealing with managerial competence, the construct under study, it is important to explain competence in general first because this variable pertains to all individuals and not just managers.

### 2.3.1 Defining Competence

Competence, according to Sandberg (2000:9), refers to the intellectual resources (knowledge and skills) possessed by an employee, a manager or an entrepreneur in performing the tasks in an organization. In the author's view, the resources in this context spread beyond the use of knowledge and skills in getting work done. It involves the ability of an employee or manager to know what to do, how to do it and the strategy to employ to make it accomplishable (Sandberg, 2000). In throwing more light on competence through an interpretative approach, he concluded that employees, managers or entrepreneurs have to be experienced to effectively carry out tasks in an organization, most specifically for work that needs a professional touch.

Gibb (2008:56) posits that competence is a state where an individual takes responsibility by evidently applying knowledge and skills in their work performance through the set of acquired education and training. The trait in such persons significantly reveals behavioural capacity and experience on task performance with the ability to successfully deliver good result without having any doubt about their judgment.

Hellriegel, Jackson, Slocum, Staude, Amos, Klopfer, Louw and Oosthuizen (2008:98) agree on the competence of an individual if such a person possesses: (a) knowledge, which can be divided into explicit and tacit types; (b) skills, which give an indication on how best the knowledge acquired is practiced; (c) experience, which shows how often knowledge is repeatedly utilized; and (d) value judgment, which consists of emotions, values and beliefs. These components display the degree of passion and ethical conduct employed in the business to determine the ability to discover and ensure the retention of the best staff; the proficiency to improve the quality of employee performance; and to ensure that business activities are of a good and quality standard (Hellriegel *et al.*, 2008).

Sajgalikova *et al.* (2012:945) opine that the competence of a manager is influenced based on the trust, credibility and the accessibility of information that can produce prolific ideas and innovations. Hence, the manager is committed to a convincing comment for the purpose of attending to technical issues on which decisions are made through the application of knowledge, skills and experience.

The University of Michigan Health System UMHS (2012:3) developed a finance competence model which states that many organizations see the term ‘competence’ as the parameter for assessing task accomplishment through the use of knowledge, skills and abilities. The model is aimed at aiding the performance level of work activities to reveal specialization in managers, employees or entrepreneurs through finance-specific competencies, finance core competencies and core competencies. However, the University of Michigan Health System UMHS (2012:3) posits that the proficiency of managers depends on how they can utilize their knowledge and skills to handle problematic issues within the organization.

According to UMHS (2012:4), this orchestration pattern consigns the manager certain responsibilities. Core competencies involve those behavioural attitudes which encompass the skills and knowledge to communicate well in an organization; meet the immediate needs of customers; problem solving; and maintain ethics and integrity characteristics. These qualities further require that managers must be brilliant with the use of technology to identify opportunity; develop and work with team members; and be cost effective (UMHS, 2012:7).

The Finance Core Competencies model gives an individual the opportunity to handle all finance related matters in an effective way. This model warrants the use of components which include technical skills; interpersonal awareness; self-management; professional and technical knowledge; and industrial and organizational knowledge (UMHS, 2012:8). Financially specific competencies are those KSAs seen as necessary qualities to perform the specific roles of finance. These comprise qualities like financial analysis acumen; strategic planning acumen; reimbursement acumen; data extraction and IT systems; and project management to ensure that each member participates in the project at the right time to deliver meaningful results.

Bucur (2013:366) notes that competence is a concept which consists of many components, namely moral intelligence, motivation, social perception and emotions, which signify the symbol of experience of an individual on the ability to use knowledge and skills as a foundational basis for job performance. In the author’s view, it is necessary that managers create an enabling environment to develop themselves intellectually by using knowledge, skills and abilities as a ladder to business success and achievement.

Blašková, Blaško and Kucharčíkova (2014:457) explain that competence is the demonstration of personal skills and behavioural patterns which employees, managers and entrepreneurs integrate for the purpose of realizing goals in the course of discharging corporate duties and responsibilities. In dealing with the theory of the effect of working behavior on motivational competence, the authors assert that the maturity level of workers towards work performance has greater impact on the success or failure of the business. Hence, they suggest educational, professional, motivational, communication, personal science and research and publication as strategic models to enhance and to build competence in an individual. In their conclusion, the authors state that the competence of an individual in the business sphere can be a source of inspiration to other peoples' performance.

Trivellas and Reklitis (2014:382) describe competence as an acquired education by an individual beyond the level of venturing into the labour market. The ultimate reason for this is to be efficient in handling both the internal and external issues within and outside the business domain by keeping its survival over long periods of time.

The above discussion from various authors shows that competence is a fundamental factor which serves as a pathfinder or bedrock for SMME activities to succeed in any country of the world. To contribute to economic development, SMME managers or operators have to be equipped in knowledge, skills, abilities, evaluation, values, attitudes, experience, behavioural characteristics, social networking and professional competence. These components will be critically explained to assess how they aid the performance of managers or entrepreneurs in the section below.

#### **2.3.1.1 The importance of knowledge as an entrepreneurial competence**

Many scholars of management viewed knowledge base on different perspectives because it is a concept which is broad in nature. Amongst them is Plato who postulates that knowledge is a justified true belief (Olen, 1976:150). Frenkel, Korczycki, Donoghue and Shire (1995:773) suggest that knowledge is the understanding of fundamental facts, information and skills acquired through experience or education in the form of local or scientific modes required to accomplish the task at hand. Furthermore, Grant (1996:109) describes knowledge as a valuable resource on which cost is placed, for which task accomplishment is made possible.

Daveport and Prusak (1998:5) note that knowledge is the combination of experience, value and information which combines ideas, thoughts and information generated from experience and information for performance purposes. Therefore, the action to be performed on knowledge is embedded in the human mind, which goes beyond the documentation of ideas and concepts which form a daily routine, process and practice or norms of organizations of many industries, businesses or firms.

Tsai (2001:996) agrees that knowledge is a bedrock which brings out the ability to recognize opportunity with the strategy to succeed through an understanding of ideas and information embedded in intelligence. According to the author, the philosophical term of 'knowledge' emerged from two Greek words which are 'episteme' which implies knowledge and 'logos' which denotes reasoning. From his epistemological view, Tsai (2001:997) describes knowledge as a construct which must possess the element of certainty and evidence which signifies the practicability for a given broad judgment. Consequently, people must be able to give assertion that the statement made on knowledge is valid, genuine and adequately justified. Therefore, organizations have placed value on knowledge by recognizing it as an instrument of positive change to productivity and economic growth (Jones and Leonard, 2009:28).

Pollack (2012:877) supports the notion that organizations across the globe are making knowledge dominant in the workforce. The fear of knowledge loss is now worrisome to business management upon the sudden death, illness or retirement of knowledgeable and experienced experts. This scenario has basically prompted management and business owners to look into mechanisms to tackle this issue by partnering with experts through meetings, interviews and seminars to enlighten other employees within the business system (Pollack, 2012:879).

Sanchez, Marin and Morales (2015:139) assert that knowledge is a concept which uses experience and contexts to interpret the reflection of ideas, thoughts and facts on which the adaptive feature of an individual is revealed to carry out job performance. The purpose of the actions rest on creating an avenue where each member is given the opportunity to use their acquired intellect to contribute and add value to the business system. Consequently, efforts to liaise with experts must be made to enhance work efficiency through the acquisition, creation, transfer, sharing and re-use of knowledge.

The crucial role knowledge plays in growth, success and task accomplishment is not to be underestimated. The discussions from the scholars above signify that knowledge is a foundational pillar on which to build or develop different ideas, thoughts and beliefs which can be used to groom business success and performance. The operational activity of business is a total failure without in-depth knowledge to drive, establish and grow the business to maintain its existence. Therefore, knowledge exposes business managers to many opportunities with which to help them to become an instrument of positive change to their environments. For this reason, in the quest of managers to fulfill their dreams, there is need for them to skillfully develop themselves to function effectively in their managerial roles.

### **2.3.1.2 The significance of skills as a management competency**

Skills are a concept which is vast in terms of description. For this reason, people generally see it differently. Corporate organizations, businesses, government ministries and agencies perceive skills as a proven endowment or talent acquired through education or experience (Bukula, 1995:12). Because of changes occurring in the world of business such as competition, taxes, and political competition, calls for people to be developed skillfully for opportunity identification at all times are made.

In view of this, Rue and Byars (1997:7) observe skills as necessary tools for enhancing the efficiency of the manager's competence for handling conceptual, technical and human relation matters. Conceptual skills in this sense are sets of skills needed for the structuring of all aspects of business activities, especially in the management function of planning, organizing, controlling and staffing, in order to resolve matters that warrant logical thinking, decision-making, creativity and general reasoning. Human relation skills, on the other hand, are those skills needed for interaction between employees and customers within the business cycle. Technical skills are acquired by training or experience and are purposely meant for performing specific tasks within the business organization. An example of skills in this regard is mathematical skills, which allow the manager to be well grounded in the financial aspect of the business for profit determination, stock valuation and customer analysis (Brewer, 2010:61).

Sajgalikova *et al.* (2012:945) describe skills for managerial performance as follows: Analytical skills (for selecting relevant data to be analyzed); feedback skills (for obtaining positive response); active listening and language skills (having full comprehension of the languages around, and having the capability to communicate well); respecting other people, laying emphasis on awareness (making information readily available as and when due); aiding (being supportive in getting other people's work done); compassion (studying the attitude of others); social interaction support (building conducive environments for brainstorming amongst the employees); physical support; information supply ('fact and figures'); soft (feeling of others); joint elimination of crises (harmoniously combating organizational obstacles by employees); customer service (fostering good relationships with customers); humility (addressing difficulties, while avoiding conflict of interest); ethnicity respect; flexibility (ability to cope, survive with new work systems); creating positive changes in the organization; professional knowledge (having in-depth and basic background knowledge of management principles); self-driven spirit (developing intellectual sources, study and spirit); building and upgrading other people's careers (identifying and meeting the wants of the organizational staff by giving them academic support); code of conduct compliance (leading by example to the staff on basic ethical behavior and organizational domain); opportunity equity (avoiding racism and segregation and the provision of equal chances of equity, irrespective of gender); and diversity support (proper conduct of organizational diversity, both on personal issues and opinions).

Cooney (2012:8) reveals, in a report presented on the entrepreneurial skills for growth-oriented purpose, four main categories, namely technical, managerial, entrepreneurial and personal maturity skills. Technical skills are sets of skills and ideas needed for the production of goods and services. Managerial skills are skills employed in the business for managing the daily routine of the firm's activities. Entrepreneurial skills are skills for identifying business opportunities in the business environment. Personal maturity skills are skills which aid the development of other skills to enable the manager to function well in the business system.

Saxena and Bendale (2014:649) opine that the skills necessary to successfully administer managerial functions include:

- i. Interpersonal skills: This set of skills are meant for the purpose of administering the task environment on the strategy, innovation, human capital, decision-making process, conscientiousness, learning, motivation, leadership and knowledge of general business functions.
- ii. Strategic and system skills: These deals with the interpersonal orientation in the business by managing, administering and control of knowledge of technology, product design, and production, as well as knowledge of media and communication and delivery.
- iii. Skills in operations are the type associated with handling of issues on human behavior and society. Foundation skills for administering tools and technology.

Nahavandi, Denhardst, Denhardst and Gueta (2015:78) state that the skills required of entrepreneurs or manager come with sacrifice. Sacrifice comes with the ability of the manager to handle delicate aspects of the business. For example, business liquidity (cash at bank and cash in hand). The authors further explain that most businesses fail owing to the bad administration employed by managers in managing money matters. Furthermore, the ability of the manager to invest in a viable business depends on the competency of a manager to apply liquidity for profit-oriented purposes (Nahavandi *et al.*, 2015:78). Ensuring that the business does not suffer any deficiency warrants serious dedication on the part of the manager in order to make it productive. This will be a good ground to determine the strengths, weaknesses, opportunities and threats of the business.

Finally, business success depends on how well an individual manager manages corporate affairs to the best of their capacity in utilizing their talent to attain the corporate goal. The chance of business survival basically rests on the carefulness of the manager in managing resources using intellectual, human and financial resources, amongst others. Besides, creating a forum where co-entrepreneurs and managers of other businesses brainstorm together on difficult issues, the result of which enrich managers' experiences to handle issues encountered in the course of discharging their duties. To this end, a manager needs to be competent to sharpen his or her experience and increase efficiency in the mode of communication, and developed in terms of interpersonal skills, mathematical skills, conceptual skills, technical skills and analytical skills to handle the business.

### **2.3.1.3 The effect of experience as a measurement of competence in a corporate organization**

Various organizations across the globe examine the concept of ‘experience’ differently from one to the other. Corporate organizations give credence to the term ‘experience’. It is a phenomenon which is highly cherished amongst new intakes or in the recruitment of staff into the organization. Some organizations describe experience as the skills development applied in getting tasks done in line with specific durations of time (Tulving, 1989:4). Erlich (2003:1126) describes experience as the ability to handle an event or occurrence or matter arising based on the acquaintance and applicability of both the skills and knowledge acquired over a certain period of time, which could be weeks, months or years. Being experienced as an individual invariably turns the learner into a master of abilities and talents (Kim and Lee, 2016:656). From another perspective, experience brings out how competent, knowledgeable and skillful an individual is in handling issues in the business venture, firms or workplace (Vincente, Shadvar, Lepage and Rennick 2016:218). Furthermore, having vast experience provides an avenue to mingle with people of greater talent and knowledge in the organization and to brainstorm together and share ideas from each other’s intellectual sources.

In order to ensure that managerial competence is applied, people in the position of authority such as managers, entrepreneurs and employees must upgrade themselves from time to time. Discoveries have to be made on their areas of strength, weakness, opportunity and threat in the course of discharging their duties ([www.brightknowledge.org](http://www.brightknowledge.org)). Additionally, the impact of experience allows not only the manager but employees, as well, to be good commanders or professionals in terms of communication and efficient work performance, with the potentiality to work with passion (Barnes, Mattsson and Sorensen, 2016:286). Therefore, the concept ‘experience’ aids the competency of the manager to deliver organizational goals with a greater sense of responsibility to be relevant in all aspects of the business, even when working with team mates.

#### **2.3.1.4 The impact of value judgments as basis of decision making in an organizational setting**

In life, virtually every facet is attached to value judgments. Government ministries, corporate bodies, businesses of various kind (amongst which are SMMEs) attribute great importance to value judgments (Bartrum, 2013:261). This situation warrants the use of intellectual sources of knowledge, skills, ability and experience to form an opinion on actions which can either be nasty or advantageous, irrespective of the area to which it is applied. Managers and leaders who are in positions of authority embrace this concept to form the basis on which a viable conclusion is drawn (Aguilo, Calvo, Fuster-Parra, Mayor and Suner, 2016:166). The ideological concept of this is vested in behavior which is intertwined between the parties involved.

For this reason, Yang, Stoeber and Wang (2015:229) suggest that value judgment is a process of placing an evaluation on positive or negative actions in an encounter or scenario to form decisions on which inferences are drawn on the habitual character or behavior of a person, organization or corporate entity through the use of qualities like emotion, values and attitudes. On this account shall the effect of emotions, values and attitude and their affect or contribution to the work of managers be examined in the sub-section below.

##### **i. Emotions**

The effective running of a business has more to do with the level of emotional attachment and passion which a manager has for the business in which he is engaged (Cavanagh, 1999:186). In this regard, there is no definite portrayal to explain what emotions depict. The best way to describe the concept ‘emotion’ is the approach, feelings or reactions which a manager attaches to the process of getting work done (Luthans, 2002:298a). The behavioral characteristics of a manager give an indication of the mood with which he displays his readiness for work performance. Because of this, managers are expected to control their feelings, which can either be positive emotions (joy, love, affection, happiness or affection) or negative emotions (fear, anger, sadness, disgust and shame) (Luthans, 2005:299).

Examples of these facts are when a manager makes a huge or unexpected profit from his business. He is happy and excited, but when a loss is made, there will be a display of sadness,

anger, moodiness, loss of concentration and focus. The ability of a manager or an entrepreneur to be an instrument of positive changes is important (Gaines and Wilson, 2004:1). In performing the managerial functions of planning, organizing, staffing, controlling and motivation, amongst others, a manager must apply caution in decision making, particularly on the information gathered about the business organization so that negative emotions will not surface as an aftermath of such decisions (Nahavandi *et al.*, 2015:81a). Nahavandi *et al.* (2015:81b) explained that emotion brings about the upsetting or gratifying experience encountered in fulfilling obligations.

Below are the categories and examples of emotions encountered by many managers and entrepreneurs in their daily routines within the organization.

Table 2. 1: Emotions

<b>Categories of Emotions</b>	<b>Examples of Emotions</b>
Nasty emotions	Anger, envy and jealousy
Existential emotions	Anxiety, guilt and shame
Emotions provoked by unfavorable life conditions	Relief, hope, sadness and depression
Emotions provoked by favorable life conditions	Happiness, pride and love
Emphatic emotions	Gratitude and compassion

Source: Nahavandi *et al.* (2015:82)

Therefore, the type of emotional status which a manager or employee displays will have a great impact on the actions of other people, which can be employees or customers. The absolute role that emotions play is either to boost the morale of people or make them dejected. However, a manager must take a concerted effort to control his emotional status in order to ensure that the kind of behavior given by his attitude is a positive one, as credibility or personality is a contributory factor to the long-term survival of the business value.

## **ii. Values**

Value as a construct is a phenomenon which portrays different meanings depending on the dimension with which it is viewed. Value could be used to show an assessment, distribution or similarities amongst individuals or objects under examination (Nelson and Quick, 2005:90a). Nelson and Quick (2005:90b) view value “as an enduring belief that a specific mode of conduct or end-state of existence is personally or socially preferable to an opposite or converse mode of conduct or end-state of existence”. In other words, values provide the parameters with which a manager places judgment on whether a decision is right or wrong, good or bad (Nelson and Quick, 2005:90c). Furthermore, the imperative role of value in an organization is to provide the basis for organizational familiarity, an in-depth knowledge of attitude and motivation on which a manager draws an inference (Robbins, Odendaal and Roodt, 2001:91a).

However, authors such as Robbins, Odendaal and Roodt (2001:67) and Nelson and Quick (2005:91) divide values into two main categories. These are instrumental values and terminal values. Tuulik, Õunapuu, Kuimet and Titov (2016:151) describe terminal value as the reflection of the aspired dreams which a manager desires to achieve. These are characterized by happiness, love, self-respect and freedom. An instrumental value, on the other hand, is basically concerned with the techniques for making terminal values realizable. This is attributed by the following qualities like ambition, honesty, self-sufficiency and courage. Terminal values are world peace, family security, freedom, happiness, self-respect and wisdom.

In another scenario, values can be examined under ‘work’ and ‘cultural differences’. Stephan and Pathak (2016:506) describe work values as values which show the significance of the behavior of the manager on their job performance to ascertain the wrong and right deeds in performing their managerial roles. These work values include achievement, concern for others, honesty and fairness. Achievement depends predominantly on the sought dreams which a manager aims to realize and develop innovatively in order to enrich entrepreneurial skills. Concern for others basically focuses on radical solutions by helping others in difficult situations to brainstorm on

experience, knowledge and skills to brainstorm for task performance purposes (Unin and Bearing, 2016:606).

Work values are displayed by the manager's attitude towards the welfare of other employees by motivating them towards working together in unity. Honesty, according to Alm, Bruner and McKee (2016:86), is the ability of the manager to come out cleanly and transparently from illicit acts such as fraud or cheating for personal benefit. This means working in line with behavioral characteristics and integrity. Fairness is the ability to make justification on issues under observation with the idea of treating people with sameness, deservedness and meeting their needs without prejudice (Qing-Hua Li, 2016:7350). However, different organizations have their benchmarks for assessing values of their employees or managers. This can be the form of experience, skills, knowledge, ability to deliver positive results, leadership effectiveness, innovative ideas, personal goals towards individual development and organizational development which an individual manager, employee or entrepreneur possesses (Abdul-Ghani, Mohamad Yunus and Bahry, 2016:48).

Cultural differences are the daily changes arising in global business markets which make many managers in various business organizations encounter low levels of performance in their choice of business (Nelson and Quick, 2005:92b). This includes competitions amongst rivals; financial constraints; rates and fines; political instabilities; excise duties; and custom duties, amongst others. This has made managers undergo rigorous experience of values between different cultures. In Japan for example, the concept of loyalty and compassion is used. Here, jobless people are meant to give assistance to the working class, especially on tasks that require extended working hours. Similarly, in Korea, the value of loyalty is expressed where employees give full honesty to the employer.

However, when values are perceived in terms of talent, skills, ability or knowledge by individual managers or entrepreneurs in corporate organizations, some criteria needed to be implemented to function well in the global environment. Nelson and Quick (2005:93) include the following:

- Take pains to study the customs of people in terms of morals, traditions and practices. In all, respect and recognize them.

- Be patient in concluding or giving an emphatic judgment on other people's idea as being dissolute.
- Devise an approachable style of dealing with other ethical suggestions by not looking less on them that their contributions are sub-standard to uphold the progress of the business' achievements.
- As a manager, be mindful of embarking on business actions which go contrary to the fundamental organizational values, even when the stakeholder commands it. Do what is best for the business.
- Engage in open relationships which do not allow room for segregation, racism or inequalities with your employees, customers or business associates. Use discretion to elicit the needed ideas, views and thoughts that can move the organization forward from the business environment.

In summary, values play an imperative role in a business organization because they serve as an assessment to guide the behavior of the organizational member, mainly on the day-to-day activities of the organization. Hence, before critical assessment is initiated, a manager must be careful of people's attitudes through proper cross-checking to avoid costly mistakes in decisions.

### **iii. Attitude**

One of the most critical aspects that keep business organizations going is attitude. Attitude can be expressed from many perspectives. It could be from the manager to the employee or to the customers, and vice-versa. Luthans (2002:224) views attitude as the ability to consistently express the behavioral pattern of an individual to achieve particular targets or aims. In other words, the attitude displayed by an entrepreneur will determine his ability in reaching out to target consumers. Mullins (2007:142) postulates that attitude depicts the approach of handling the event or occurrence on the matter arising within the organization. It gives an expression of behaviour among people who engage in a meeting by reacting to definite scenario based on information sent and received on which action is implemented.

Furthermore, Mullins (2007:143) considered attitude under three dimensions. Firstly, attitude is frequent in nature except if obstructed. Secondly, human attitude signifies an event of character

which can be either favorable or unfavorable. Finally, attitude is directed towards particular aims on which an individual expresses his or her actions, feelings and beliefs. Moreover, attitude according to the author, can be divided into three main components namely: emotional attitude, informational attitude and behavioral attitude (Mullins, 2007:144).

- Emotional component: expresses the feelings of an individual towards activeness, redundancy or moderate behavior about an event or occurrence. For example, activeness on the part of a manager or customer relations officer. The emotional message which a manager or entrepreneur displays in attending to clients will paint either positive or negative images in the mind of the recipient about the manager or employee (Culkin and Smith, 2000). As such, this effect will determine whether to continue patronizing the business or quit. The best way to ensure customer retention is to wear a good smile and be accommodating by giving customers a warm welcome, as this experience will change their perception to engage in more patronage with the organization, and vice-versa.
- Informational component: This context is centered on the belief or information which the manager or an entrepreneur has about the particular object or opportunity (Luthans, 2001:224). The effect of the information component is to provide a basis upon which the manager based his decision through the idea and opinions suggested by employees, customers and external sources like the Internet, magazines, journals and workshops.
- Behavioral component: gives an impression about a person's behaviour on account of an event (Mullins, 2007:146). For example, when a manager reacts to the lackadaisical attitude or laziness of an employee. Thus, any kind of attitude displayed in the course of rendering services to both fellow managers or employees and even customers will have a great impact on the work relationship, which can be either positive or negative.

#### **(a) Functions of Attitude**

The attitude displayed by the individual manager depends on the level of socialization with the outside world, which includes the internal and external environment (Mullins, 2007:142). As identified by the author, the functions of attitude can be divided into four groups. These are:

- Knowledge: The significance of knowledge in this regard is to enable the manager to ascertain information on which he based his judgment about the customer's relation and retention, or employee or fellow entrepreneurs. At this point, knowledge as a function of an attitude provides a means of business sustainability.
- Expressive: Attitude is expressive in nature. It gives an indication of how significant other people are by their effort. For instance, where an employee is treated well by the manager in an organization especially to participate and make meaningful decisions, the employee in this situation will not hesitate to be loyal and express his or her feelings or emotions to their manager, as well as customers. The same thing applies to the manager. Respect is reciprocal.
- Instrumental: Attitude encompasses the sense of commitment which can be instrumental on the account of good and bad gestures and experience from employees, managers or entrepreneurs to the customers or people in the business environment. However, behavioral character resulting in the satisfaction of need is the product of a favorable attitude.
- Ego – defensive: This state means to implement the principle of confidentiality by not exposing vital information about the business.

#### **(b) Types of Attitude**

There are different types of attitude. Robbins, Odendaal and Roodt (2001:72) acknowledge attitude to include job satisfaction, job involvement and organizational commitment. Job satisfaction is the brain behind activeness or positive response in discharging duties assigned to the employee. This basically depends on the benefits attached to the job. Examples of which can be benefit-in-kind (award of excellence) or benefit-in-cash (overtime allowance, house-help allowance, wardrobe allowance, fuel allowance or retirement benefits) (Fasshaurer, Glaum and Street, 2008:114). This kind of motivation serves as an incentive to the staff, employees and even managers to be loyal to their employer by given their best ability towards making the dreams, missions or visions of the business realizable.

Job involvement, according to Lin (2011:915), entails working as teams where each individual staff member in the organization contributes their own quota on job performance; for example banking jobs where the work of one officer is complemented by another for check-and-balance purposes to avoid risks like fraud. Organizational commitment also involves setting goals of an individual employee in alignment with the organizational goals (Luthans, 2001:235). This enables the staff member to be committed and loyal to the organization. Furthermore, organizational commitment may sporadically denote tracing the staff or workers to the particular workplace where they serve. From the aforementioned points, it may be inferred that attitude from the side of the managers, entrepreneurs and employees warrants full dedication and total commitment to task performance, which must be handled with diligence and discipline.

To conclude, the type of attitude given by a manager,-which can be either be positive or negative in nature, will have an impact on the survival of the business. Obviously, to effectively carry out the managerial role, a manager must be sensitive when displaying their countenance at the workplace. The action displayed by the manager will automatically linger in the mind of the people (customers and employees) on whether to have belief in the judgment of the manager or source what they desire elsewhere. To this end, the attitude displayed by the manager or employees in the course of discharging duties within and outside the organization will tell the outside world about their behavioral characteristics, what they are and what the business can give to the world as a contribution.

#### **2.3.1.5 Behavioral characteristics, a driving force to develop entrepreneurial competence in an organization**

Gibert, Rodriguez-Silva and Annicchiarico (2013:1637) opine that behavioral characteristics are those traits (knowledge, skills and abilities) of a manager to be a visionary instructor who strengthens other members of an organization (team members) by gearing them towards achieving dreams for result-oriented purpose, with the readiness to communicate, listen and share information amongst each other. Every single organization's dream is to structure their activities towards growth and development in particular, to the race of being the best amongst business contenders. This duty calls for the manager's application of physical and emotional

responsibility to be creative, the reflection of which is evidence of competence in him and allows end-users the reason to trust his judgment.

Also, Pavalache-Ille (2014:489) views behavioral characteristics to be the reaction which changes manager's behaviour to the particular situation on account of events which happen within and outside the organizational system. This occurrence affords the manager the opportunity to have a full conception of the reason for which the causal effect of actions is initiated in a business enterprise. Hence, this attribute springs a depiction on the understanding and evaluation of a situation, as well as the methodology to employ in addressing the issues at hand. In addition, Sayed (2015) proposes three different types of behavioral characteristics, namely:

- Molecular and Molar behavior: Molecular behavior is an action that transpires without preparing for it. Example of this is panicking at the sound of a gun shot. On the contrary, molar behavior is the opposite of molecular behavior.
- Overt and Covert behavior: Overt behaviour basically depends on an action which is visible. For instance, smiling. Meanwhile, covert behavior is solely based on actions which cannot be physically seen. An example of this is hoping.
- Voluntary behavior and involuntary behavior: Voluntary behavior focuses on the desire or wants which are controllable by a human being. For example, temper. Involuntary behavior is a mode that cannot be controlled under human power (e.g. rain).

Maymand, Alvar and Alikhan (2016:2) suggest that behavioral characteristics is an approach which is employed towards having a clearer understanding and focus of work performance through humility and humbleness, which affords a manager an opportunity to create a balance between the good and bad deeds on which to form his opinion. Behavioral characteristics used in work administration by managers and employees have been one of the major factors which serves as a channel on whether or not an organization will survive or fail in the business industry. The countenance on the attitudinal role played in addressing strategic issues and satisfying the client's wants in this regard reveals the manager's potency on the empowerment and flexibility towards his goal-driven spirit in the quest to achieve the mission, vision and objectives of the organization. As a result of this, the manager's proven ability, which evidences charisma,

enables the manager to comport, unpack and deal with the issues that will add value to the business and those that can affect it negatively by initiating actions to administer situations on which he conveys success through confidence and respect, thereby, creating a good mindset in customers and employees in which trust and reliance is placed on his verdicts. The evidence of which guarantees the well-being of a firm amongst business rivals and competitors.

Finally, it is imperative that a manager should study his business environment and community at large where he operates in order to know the appropriate timeframe to react and grab opportunities on which to take appropriate actions to pursue his business dreams. Furthermore, the manager's action needs to effect actions by integrating resources such as knowledge, skills and experience through professional competence to make cogent decisions that will add value to life, business survival and people in the vicinity.

#### **2.3.1.6 Understanding the relevance of professional competence by SMME managers within the purview of business environment**

Professional competence, according to Bayarystanova, Arenova and Nurmuhametova (2014:431), is the process of acquiring knowledge, skills and abilities through education or training which an individual manager uses as a foundation to continually develop himself to maintain self-realization, self-growth and self-education, and to give work activities a productive shape by using intelligence as an agent of creativity. According to the authors, it is significantly important that managers, irrespective of their cadre, must be literate to equip themselves in the area where they have been a service provider. Hence, education is an instrument or weapon which managers need to improve themselves on acquired knowledge and skills, which shows their capability to handle events of occurrence in a professional manner on which change is made to themselves, organizations and the environment in which they are situated.

Bernavskaya (2014:82) supports the idea that professional competence is those traits consisting of interpersonal skills, communication skills, technical skills, conflict resolution, time management, goal-setting skills and executive development skills which are embedded in the individual, and which makes them perform distinctively from others by approaching matters with a professional touch under any given circumstance. From the angle of information technology

where computers are used to develop and interact in foreign languages, the author is of the opinion that in the sense of developing responsibilities, training in the use of software systems that will aid knowledge on work efficiency and accuracy in this regard must be established to boost the communication qualities of the users (Bernavskaya, 2014:83).

Ko (2015:67) notes that professional competence is the personal approach that managers incorporate into their professional practices, which indicates their personal traits and which in turn presents the uniqueness of their performances amongst contemporaries. This results from their profile by revealing their capabilities on past, present and future aspirations at the workplace. Indeed, the behavioural pattern precision employed on job performance will hinge on the manager's skills to work according to presumed standards and to identify and use opportunities to be an achiever. In view of this, the author identified the dimension on professional competence as product knowledge and capacity; activeness and endurance; management capacity; innovation and change; and characteristics maturity. The Iceberg model of Spencer and Spencer, as described by Vaishya, Jha and Srivastava (2016:329), is a basic theory that states that product knowledge and capacity, as well as management capability, are essential pre-requisites which reveal explicit competence in a manager.

Professional competence solely centres on the proven abilities and the credibility of the manager's knowledge and skills employed in managerial business activities. Therefore, it is essential that managers must be literate enough by using their wealth of experience to address issues in a formal way with high quality standards. The extension of which does not exclude the use of social networks to make their work efficiency of greater value. The information disseminated in this course will allow the populace both within and outside the organization to place reliance on judgment and respect in every single decision made by the manager.

#### **2.3.1.7 The influence of social networks as an approach to promote business enterprises in this modern era**

The advent of social networks can be traced to the middle of the 1980s. The purpose of its establishment is meant to boost the performance of entrepreneurs in the environment. For this reason, Surin and Wahab (2013:55) describe social networks as a forum which provides an

avenue for interaction through which people are connected through media like Facebook, Skype, and LinkedIn, amongst others. These have now been simplified and make massive transformation from old forms of marketing to modern forms by creating an awareness and advertising to masses of people. This turn around have made marketing experience change from not only selling business products to the customers, but creating a relationship which offers quality services.

However, Surin and Wahab (2013:56) note that SMME business owners did not see social networking as being worthwhile or as an instrument of greater achievement for their businesses. Despite the fact that social networks have a positive influence on the growth and success of the business, it has loopholes which serve as a threat, such as virus attacks and risk of confidential information leaking, which competitors can use as an arsenal to outweigh each other. Consequently, the authors are of the opinion that the managers should settle with experts in this field to enlighten them on the importance and use of social networks to their business in order to enable them to have wider access to large numbers of customers.

Jagongo and Kinyua (2013:213) agree that social networks have dramatically changed the routine of business operations in the environment. This gives empowerment to the managers or entrepreneurs to gain access to the resources by which to grab opportunities and innovative ideas in the competitive environment by being a factor to market penetration, market capturing and in particular, advertising tools by network communities (Facebook, Skype, etc.). These make it easier to have a responsive idea on the services rendered to end-users, the effect of which aids the decision-making of managers by assessing the level of organizational performance to determine if the contributory effect to be the best service provider is felt by the community as an agent of growth and sustainable development. However, the author pointed out that many managers are not literate enough on the use of technology and social media, the result of which has greatly impaired their chances of survival. Hence, they are of the opinion that constraints which militate the growth of SMMEs can be tackled provided that managers develop themselves on the use of social networks to give a speedy touch to the multitude, which in-turn boosts the profitability volume of the business.

Adegbuyi, Akinyele and Akinyele (2014:275) explain that the emergence of social networks has been a channel through which large numbers of people are contacted and connected businesswise in terms of customer relations, retention, marketing, publicity and for research purposes. The highly competitive business environment has now become a tug-of-war for many businesses to cope with. The effect of this has made many businesses wind-up owing to lack of knowledge by not seeing social networks as instruments of change to reinforce the business' operational activities. The competition in this regard has now become fierce amongst the business rivals or competitors. Consequently, only businesses that incorporate IT or social networks into their operations are able to reach the target market, especially future and existing customers. There is no doubt that many businesses aim towards actualizing some goals like survival, growth and meeting the demands of customers by offering them quality services.

Therefore, to make all these aspired dreams realizable, the involvement of technology needed to be put in place to win more customers to the company's advantage through social networks. A sequel to the feedback received from customers through the acquired information is that managers can identify opportunities in the business environment by making information an instrument of positive change to their business (Adegbuyi, Akinyele and Akinyele, 2014:278). This brings a transposition where social networks as a mechanism are used to determine the effectiveness of a manager, especially to increase their brand awareness on how to continuously improve on sales, satisfy customers and to examine managerial commitment to SMMEs. According to these authors, studies revealed that it is imperative to build a communicable relationship with customers in order to create brand exposure to large numbers of people by giving them the opportunity to evaluate and ask questions on many unclear issues about the organization. This provides owners with the information on the area that needs improvement, which they can work on in terms of organizational strengths and weaknesses.

The actions effected by a manager in an organization will tell more about their failure or success. The competence of a manager must be proven to instill trust in people's minds and in which they respect his judgment. SMME managers, operators and entrepreneurs have to be strongly equipped with knowledge, skills, abilities, evaluation, values and attitudes by being experienced; using behavioral characteristics; and employing social networks to handle event occurrences through the application of professional competence to administer the affairs of the organization.

For this purpose, all these traits need to be developed, not only for the manager alone but also the employee to ensure that all resources will bring the best desired result which is incorporated to attain the vision and mission of the business.

### **2.3.2 Managerial Competence**

The rate of competition in the classic business world in the modern era has necessitated competent hands who are goal-driven, excellent performers with multi-talented ideas, who can add value to business performance and its success (Sajgalikova *et al.*, 2012:944).

For this reason, managerial competence according to Krajcovicova, Caganova and Cambal (2012:1119) is described as an approach employed work activities or professions through knowledge, skills and the behavioral nature which is required to attain work performance for the purpose of making meaningful decisions on which informed judgments can be placed. The authors are of the opinion that the challenges which inspire performance centre on two factors, namely (i) the type of work to do; and (ii) the strategy to make it workable. It is a basis through which a firm attains both the vision and mission statement by adding value to the organizational status in order to ensure business sustenance and self-development.

Krajcovicova, Caganova and Cambal (2012:1121) argue that despite the fact that managers use resources like knowledge, skills, ability and experience, it is imperative that managers should design their plan in line with the following plans. Firstly, their ability to understand the organization where they work and comprehension of the organizational code of conduct which gives extensive detail on the policies, procedures, mission, vision, goals and strategic plan of the organization; secondly, the leadership approach which involves having a concrete relationship with both the staff and customers to elicit needed information on which to draw inference for decision-making purposes; thirdly, resource supervision which has to do with understanding the current scenario and using appropriate tools of knowledge, skills and experience to make plans on projects and budgets to maximize opportunity within the business environment. Lastly, creation of an enabling environment where the employees and customers are granted the opportunity to express their opinion on which they expect changes to be initiated, based on informational resources to form decisions.

Ismail, Domil and Isa (2014:139) add that managerial competence is a behavior or approach which an individual exhibits for active performance on various tasks within an organization. Within the perspective of SMMEs, insufficient financial strength of the firm will make them depend on managerial competence skills which are seen as a central body of business. In the view of the authors, a lack of knowledge and skills of managers in overseeing the affairs of the business is a major impediment to the growth of SMME activities in the country.

Khalid and Bhatti (2015:599) propose that managerial competence is the proficiency of the firm's management, especially the superiors, to be efficient in conveying a strategic vision for structuring inter-firm relations. Hence, entrepreneurial applications need to be of good quality to enhance the performance of an organization, especially in introducing new products; market penetration; and fostering good relationships and market capturing.

SMME managers, as individuals who are in charge of businesses, must therefore possess the attributes discussed above, namely knowledge, skills, abilities, evaluation, values, attitudes, experience, behavioural characteristics, social networking and professional competence. Additionally, as the Board of Trade of Metropolitan Montreal (2009:2) states, business managers should also have entrepreneurial knowledge. This knowledge is a combination of the following special types of knowledge:

#### **2.3.2.1 Customer Relation Knowledge**

This category of knowledge is about the reception on the account of the behavior or attitude displayed by employees or managers in relating to the existing or intended customers (Al-Hawamdeh 2002:8). The kind of gestures displayed during interaction with customers will enable information to be sieved from them, as well as feedback about the area which needs improvement in term of goods and services rendered to them by the organization. Gebert, Geib, Kolbe and Brenner (2003:107) add that to win customers to the advantage of the company, remarkable action which involves the use of the Customer Knowledge Model (CKM) needed to be put in place.

A manager who is a service provider has to initiate four major components to successfully capture the minds of the customers (Gebert, Geib, Kolbe and Brenner, 2003:109). These are:

content, competence, collaboration and composition. This attitude, paraded by the manager, will give an imaginary conception in the mind of the client. Hence, the positive action of managers to their clients will enable them to elicit the needed information on which to make decisions to meet the proactive demands of the customers and mainly, strategizing the approach for the market capture.

Furthermore, Ismail, Domil and Isa (2014:140) agree that more patronage can result in profit realization and business sustenance will be achievable, provided that implementation is enforced on the information supplied on customers' desires. Therefore, promises made to customers must be given timely attention and adequately fulfilled for an organization to maintain its credibility with customers.

#### **2.3.2.2 Employee and Supplier Relationships**

Managers or entrepreneurs should instigate an enabling environment where meetings are held together with employees to brainstorm the strengths, weaknesses, opportunities and threats of the organization (Rue and Byars, 1997:56). Gathering in this sense affords employees the liberty to express themselves and make some suggestions on better ways to move the organization forward.

#### **2.3.2.3 Marketing Awareness**

Bettiol, Di Maria and Finotto (2011:2) suggest that market awareness is an application of the strategies which empower a manager to make their ideas noble with intelligence by making it accessible and shareable. The ability of an entrepreneur as a key decision-maker focuses on the opportunity to make a massive turnaround in his business environment in line with people's requests by meeting their demands.

With the fact that managers centre their aim on profit, this desire is only achieved by giving people a set of quality standard products. The manager can make this realizable through research and the application of the marketing mix (price, place, product and promotion) to make it feasible. The control price effect on patronage must be considered because the higher the price,

the lower the quantity demanded and vice-versa (Veena Yesikar, Mahore, Dixit, Shivram, Parmar and Jain, 2015:5172).

#### **2.3.2.4 Business Environment**

Environmental familiarity is one of the factors that enforces change in the business world (Al-Hawamdeh 2002:6). Hence, managers and entrepreneurs should set up teams to manage, monitor and report accordingly on factors like politics, the economy, technology and society. The furnished information will enhance the decision as to how to adapt to challenges in the environment (Ismail, Domil and Isa, 2014:140)

#### **2.3.2.5 Professional Bodies**

Knowledge can be achieved by seminars organized by professional bodies like Chambers of Commerce and Industry; Reserve Bank; Departments of Trade and Industry; government initiatives; research bodies; and business technical magazines through publications, articles or quarterly reports (Board of Trade of Metropolitan Montreal, 2009).

#### **2.3.2.6 Market Research Teams**

This is another means by which business organizations can acquire knowledge on market situations. Information acquired in this sense tends to help the manager to make decisions on the invention of new products for the market for human consumption (Irick, 2007:6). Simultaneously, incentives should be awarded to the winning team in order to enhance work efficiency to achieve the expected result.

#### **2.3.2.7 Goodwill**

Sharing knowledge is an important aid to specialization within the organization (Chen and Hung, 2010:226). Despite this, precautionary measures must be enforced to keep and maintain the knowledge and skills within the reach of the firm. This is to prevent competitors or rivals from using the facts and information collected as an arsenal to outweigh the status and success of the venture to their own advantage (Sajgalikova *et al.*, 2012:944).

The above discussion indicates that managers, operators or entrepreneurs cannot reason alone in their respective line of duty. Hence, a helping hand is needed to amass the needed information from various sources. An example of this is facts acquired through relating well with customers and to devise a strategy to ensure the retention of continuous business patronage. Also, this paves the way for managers to strategize on how to ensure market capturing and penetration to outweigh the competition from business rivals, with the ability to embrace opportunity in the environment.

Designing techniques for knowledge formation calls for a deep sense of reasoning to ascertain, assemble and allot it for corporate utilization by the members, irrespective of their rank. The application of corporate policies helps the worker to work according to the set plan towards accomplishing the corporate desire (Paulin and Suneson, 2012:81). Furthermore, carrying along the top managers at different levels and stating the procedures to effect this policy commits them to the task towards attaining corporate objectives.

To achieve this aim, the current status of the organization must be cross-examined by assessing the level of knowledge utilized. Inspecting the information gathered about the business will give rise to a better approach of enriching it by creating full awareness amongst staff on the issues going on within the organization. It is also important to ensure that the cyclical rotation of knowledge is maintained because it forms the pillar upon which the strategy is vested (Gemino, Reich and Sauer 2015:299).

## **2.4 Sustainable Development**

Sustainable development, according to Peng, Guosheng and Yancai (2011:922), is a process of meeting the immediate needs with no intention of jeopardizing future generations. For sustainable development to be effective, the trinity of sustainability or pillars of sustainable development that need to be considered are environmental factors, social factors and economic factors (Peng, Guosheng and Yancai, 2011:923).

Aremu and Adeyemi (2011:203) describe sustainable development as a requisite for realizing economic goals without affecting the environment. In order to achieve sustainable development, both organizations and individuals need to combine efforts to make it achievable. In view of this,

supportive hands should be stretched (by stakeholders, government, financial institutions and non-financial institutions) to SMMEs to enable them to be strong associations in order to fulfill economy sustainability.

The view of Khalid and Bhatti (2015:599) is that sustainable development is an approach which has the ability to address environmental sustainability in a manner of ensuring social and economic prosperity at national and global levels. According to these authors, sustainable development is an essential element in capacity building and it enhances awareness of global links between environmental barriers and socio-economic issues which are traceable to poverty, inequality and concerns about people. Sustainable development needs the consideration of an extensive and integrated set of objectives, while monitoring the result of development through a wide range of indicators. It is a vibrant method of relating local, social, economic and ecological matters in ways that satisfy the existing needs of upcoming generations.

An in-depth look at the factors making up sustainable development is provided below.

#### **2.4.1 Environmental Factors**

Lake and Townshend (2006:262) describe environmental factors as those situational occurrences that bring about reformation to the existing environment. According to these authors, factors such as climatic change, technology advancement, ozone depletion, tropical deforestation and business opportunity have greatly impaired the way of life of people. However, the effect of globalization in this century has dramatically affected the lives of people. For this reason, since 1960, governments of many countries have been focusing on creating an enabling environment where everyone has a comfortable life. As such, these issues will be articulated as the reasons why the following factors have militated against the growth of the environment.

##### **2.4.1.1 Climatic factors**

Banuri and Opschoor (2007:1) explain that human activities have instigated the change in climate through the discharge of greenhouse gases (GHGs) into the air through energy usage; industrial gas; disposition of gas from transport; fossil fuel and land use, the influence of which has brought an increase in temperature to the earth's surface, causing a major threat to the life of

plants, animals and micro-organisms and people living on the planet. The situation has exposed every living organism to risks and adversities like drought, famine and flood, which make agricultural produce yield low productivity. The tussle arising thereof has made people experience poverty and hunger, the direct impact of which is predominantly felt by the poor and less developed countries.

It is therefore pertinent that the government should adopt adaptation strategies that can help in the reduction of the emission of greenhouse gases into the atmosphere. Banuri and Opschoor (2007:18) suggest that to deal with the issues on climatic factors, governments should develop, finance and embark on renewable energy. Furthermore, public enlightenment programmes should be initiated by the government to orientate people on the need to protect the climate from the hazardous discharge of greenhouse gases from transportation, industrial sewage and so on (Banuri and Opschoor, 2007:22).

Meyer and Odeku (2009:48) also emphasize that one of the most critical issues affecting sustainable development in the environment is change in weather patterns caused by climatic factors. These challenging issues have affected many people in the environment, causing them to experience poverty with no way out of this persistent problem, which in turn hampers the opportunity for securing their present and future aspirations. The authors found that this condition has an adverse effect on the environment, in particular the poor, which makes life miserable for their living owing to factors like drought, floods, melting glaciers, global warming, bleaching and the rise in sea levels. This has a destructive impact on agricultural produce.

A report by Edge on Economic Development and Growth in eThekweni (2013:10) has observed that the eThekweni Municipal Area of KwaZulu-Natal in South Africa also experiences the same climatic cataclysm as experienced by other parts of the world, thus making people experience poverty as a result of the variability in climate patterns. The report suggests that government must endeavor to engage in climatic project financing, an example of which is the Municipal Climate Pattern Programme (MCPPE). Additionally, constraints arising from the insufficient use of water for the purpose of drinking and farming businesses need to be considered by engaging in various irrigation schemes which can avert the problems encountered by people who are in SMME agricultural businesses by funding their activities in order to enable them to produce in

abundance. Moreover, public enlightenment programmes must be initiated in media such as television, radio and billboards on the need to make the environment worthy of good living (Oduntan, 2014:78). This does not centre on the duty of the government alone to venture into this programme, but a call for every individual citizen to join efforts to embrace low carbon growth and emission reduction is necessary. More to the point, government should endeavor to engage in a workable relationship with other countries that are having similar experiences to work together for a common cause to work out plans and agenda to tackle this problem.

Hassan and Lee (2015:199) conducted their study on sustainable urban development (SUD) in urban areas and made the same observation as Meyer and Odeku (2009:48) that economic development has being the primary aim of many countries. Many countries from the Asian continents such as China, India, Korea, the United Arab Emirates, as well as in Africa, aim towards achieving sustainable development. However, practically, all the aforementioned countries from different continents are experiencing climate problems. The emission of gases into the biosphere has been distressing to people's ways of life due to the heavy reliance placed by people on natural resources as a means of survival, examples of which are farming, community development, deforestation, mining, water contamination, air pollution and soil degradation. The absence of some of these resources in the environment owing to extinction has made people experience poverty, sickness, high costs of living and irrational behavior like crime.

According to Hassan and Lee (2015:204), gases released from transportation combustion are a major factor affecting the climate, followed by socio-cultural factors; Investment in motorized vehicles using electricity instead of oil and fuel is suggested as mitigation for gas emission into the atmosphere. Also, government should enhance public programmes to municipal and private institutions, especially working-class people, to live closer to their workplaces. This will be a greater avenue to boost the social, economic and environmental condition.

#### **2.4.1.2 Information Technology**

Vergragt (2006:7) explains that the advent of technology came to this modern era during the 21<sup>st</sup> century through countries such as China, India and Korea, amongst others, and was spread to the African continent, Asian continent, Latin America and other parts of the world. This has

tremendously improved modes of communication through gadgets such as phones, tablets, micro-computer chips, satellites and the Internet. Science-based technology has helped to save time, boost work efficiency and also addresses other constraints which make life challenging. However, the author has identified that human action in the form of resource extraction, emission of industrial gas and sewage into the biosphere have made the environment experience water, air and soil pollution. This scenario has caused poverty, famine, environmental degradation and plague. The author suggests that these problems can be dealt with provided the water which is used is treated with chemicals to make it clean. Also, a deep knowledge of Information Technology and its applicability on how it can aid the development of society to balance resources on environmental, social and economic factors is needed.

Mbonyane and Ladzani (2011:553) state that the activities of a manager are multiple, which can be tedious and time-consuming. This adversely slows down job performance and progress of the business. In attempting to reduce the workload and tension in meeting customer's demand, there is need for the manager to incorporate information technology (IT) into the business to lessen the stress and to tighten the operational security against fraud, pilfering and record keeping in order to give the business a good formation. Hence, to give SMMEs a befitting shape where the customers transact business with ease, good patronage and prompt delivery, it is important that managers invest in IT and engage in training, which can bring convenience to their work (Mbonyane and Ladzani, 2011:558).

Chimucheka (2013:789) explains that businesses, irrespective of categories and sizes, have attributed great importance to information technology in bringing opportunities to the entrepreneur by boosting sales and profitability volumes. Although the cost of maintaining IT software could be expensive, the result in the business organization is amazing. For convenience sake, where managers are able to penetrate into the market and offer quality services to consumers for business survival, it is important that managers engage in a series of knowledge and training on IT as to how its usefulness can aid their business activities and update their computer inputs to produce the current information needed to run their business activities efficiently.

Utami and Lantu (2014:381) identified the use of information technology as one of Porter's five-force tools necessary to win in the business competitive environment and to reach out to customers and boost work efficiency. In the author's view, insufficient knowledge of IT is part of the factors militating sustainable productive development in business.

#### **2.4.1.3 Ozone Depletion**

Many adversities are the repercussion of various activities that people engage in as human beings (Eyring, Isaksen, Berntsen, Collins, Corbett, Endresen, Grainger, Moldanova, Schlager and Stevenson, 2010:4735). Perilous attitudes, such as the discharge of pollutant contents into the air, apparently damage the ozone layer which in turn transforms into global warming. Significantly, the ozone layer plays the role of protecting the earth's surface from ultraviolet rays of the sun, which can be harmful to the lives of man, animals and micro-organisms (Stolarski, Douglass, Newman, Pawson and Schoeberl, 2010:28). Nonetheless, what the ozone layer looks like cannot be attributed to a particular colour, but it is a molecular content found in the stratosphere above the earth's surface. The presence of Chlorofluorocarbons (CFCs) in the stratosphere results in the depletion of the ozone layer, where the reflection of ultraviolet radiation from the sun sets into the earth's surface and leads to breakage through chlorine atom contents, thereby destroying the good layers.

In the 1970s, scientists started to examine the effect of ozone layer depletion on the surroundings. This was first propounded by G. M. B Dobson who studied the atmosphere. Amongst these scholars are Sivasakthivel and Reddy (2011:32), who explained in their study that choices of life as human beings particularly our behavior and activities, have direct influence on the environment where people live. The authors state that human activities through the release of chlorofluorocarbons and halons into the earth's atmosphere is spread by ultraviolet radiation and are components which damage the ozone layer. This effect has caused people to experience diseases such as non-melanoma, skin cancer, cataracts, slow germination in plant produce and damages to early growth stages of aquatic foods like fish, shrimp, crab and amphibians as well as other marine animals. The authors concluded that ozone layer depletion is injurious to all living creatures on the earth.

Hossain and Rao (2014:91) state that people's attitudes as human beings contribute significantly to the environmental hazards in man's attempt to live a sustainable life. Environmental degradation which has brought about the harmful gases such as chlorofluorocarbons, sulphur dioxide and carbon monoxide being emitted into the atmosphere through the pollution of various states such as land soil, water, oil spillage, radioactivity, nuclear waste and air pollution, all of which affects quality of life. This situation brings destruction to the ozone layer by putting it in a deteriorating form where ultraviolet can no longer be protective. As a result of this, the earth experience diseases where man encounters lung disease, cancer, malaria and even plant and crop disease, as well as destruction to water or sea animals. Hygienically, there is need to build an environment that will prevent the disposal of toxic particles into the atmosphere and control pollution to save the lives of every living organism on the planet from diseases. In the authors' opinion, people must work in collaboration with the government on public awareness through media on the reasons to disengage from environmental abuse and maintain pollution control for the planet. This is to prevent diseases which man, plant and animal may likely encounter in the present life and the future.

Iwuoha, Nwachukwu, Amadike and Okeke (2015:18) add that the ozone layer is depleted through various contaminant components (methyl bromide, sulphur, nitrogen oxide, CFCs, refrigerants and pesticides) released into the air through man's deeds. This conduct has been harmful to the environment, thus making man experience situations like bad climate, drought, strong wind and heavy rainfall. As a result of this, man experiences diseases of various kinds like epidemic cancer, lung and throat infections, cataracts and feeble immune systems. Also, plants suffer a lack of necessary nutrients for germination because of acidic rain that drops on the soil layer. Aquatic species die and go into extinction. Gases from vehicles, smoke stacks and power plants are found to be the major causes of ozone depletion. Iwuoha *et al.* (2015:18) are of the view that to mitigate the problem of acidic rain and ozone depletion, the use of limestone ( $\text{CaO}$ ,  $\text{Ca(OH)}_2$ ) and lime ( $\text{CaCO}_3$ ) are suggested as a neutralizer of sulphur disposal to enrich water quality. Government must initiate structural programmes that will educate and create awareness about people's ignorance on the need to maintain natural resources and the environment through seminars and workshops on the need to build sustainable economic development and on how to put the problems associated with ozone depletion in check and eradication. Acquiring vehicles

for easy mobility is good, but the use of public transport needs to be encouraged to reduce the smoke discharged from cars (Iwuoha *et al.*, 2015:19). Regardless of this, other means of movement should be encouraged (e.g. walking, bicycle and the use of animals for transportation).

#### **2.4.1.4 Tropical Deforestation**

Tropical deforestation occurs when there is total or partial evacuation of trees from forest vegetation and resources to suit human projections (Abere and Opara, 2012:105). Causes of deforestation can be classified under two magnitudes. The first magnitude is the activities of humans which is characterized by trade and export business. In the main, this would be trade in timber. Farming also falls under this magnitude, where bushes are burnt to clear for mechanized systems of farming. Irrigation is part of this as well. The second magnitude focuses on natural causes which occur as a result of fungi or bacterial infection in trees; plants and herbs; pests; climatic factors such as wind and temperature; and lack of soil nutrients which is caused by erosion. This not only endangers plant ecosystems, but also the relocation of animal life and probably the extinction of plant and animal species. It is pertinent that people are enlightened through media on the dangers associated with deforestation, while afforestation is encouraged. Furthermore, governments must enact laws that will protect and conserve forest vegetation (Abere and Opara, 2012:109).

Clark (2012:61) states that humanity has always been dependent on the service of ecosystems to sustain their living, especially in the acquisition of fresh water, timber and fuel production. In ensuring economic development, human activities such as the felling of trees and natural causes like climatic factors have greatly exposed forest reserves to risks. Diverse factors giving rise to these concerns are overpopulation, urbanization, poverty, globalization and corruption of government institutions. These factors have impaired biodiversity by creating huge losses where some plants and animals and micro-organisms are put into demolition. Clark (2012:59) suggests the implementation of an ecosystem approach where governments join forces towards planning on economic development on road networks, construction of dams, urban development, waste management processes and agricultural development.

Chakravarty, Ghosh, Suresh, Dey and Shukla (2012:3) explain that human activities in making life conducive for living make man venture into some costly mistakes which are harmful to the environment and ecosystem. The process of creating space for different purposes like building, road networks, mining, farming, manufacturing (examples of which are the production of paper, household furniture palm-oil from palm trees) and businesses destroy forests permanently. However, Chakravarty *et al.* (2012:21) state that in the process of clearing forests by bush burning and clear cutting over time, man invariably endangers the ecosystem by making some plants and animal extinct. Also, this behavior has caused erosion of the earth's surface and water loss to the atmosphere. In other words, reducing the quality of lives of living things in the ecosystem.

#### **2.4.1.5 Business Opportunity**

Holcombe (2003:25) states that business opportunity is the ability of managers, entrepreneurs or operators to see, grab and utilize opportunity to serve people of the environment, while at the same time working towards profit actualization. According to the author, opportunity can be classified into two main dimensions. Firstly, opportunity attained on the innovative ideas of managers or operators, which make them pioneers of the opportunity. Secondly, the realization of opportunity which is open to many people based on the supply of information and cheap labour which takes place anywhere, anyhow or in any form. However, other determinants of business opportunity are:

- i. Factors which dis-equilibrate the market, such as customer tastes or climatic factor such as drought;
- ii. Factors which gives production capacity wider range; and
- iii. The activities of past entrepreneurs, which serve as the pacesetter to newly developed entrepreneurs or managers.

Holcombe (2003:27) suggests that managers or entrepreneurs must be vast in knowledge in order to spot a genuine opportunity, which in turn can boost their performance and make them the best service provider in the environment where they operate.

Chimucheka (2013:791) states that exploiting business opportunities in the environment comes under different platforms, namely market intelligence, strategic leadership, clarity of purpose and strategic planning.

Market intelligence consists of the ability of SMME managers to combine knowledge and skills to cope with challenges or threats to ensure business survival amongst the rivals. A manager must be proficient in accounting skills, IT skills and business skills in order to be able to work in line with the objectives for which the business is established. Since information is the key component that reveals the performance of the business, it is pertinent that managers should be excellent in both oral and written communication in order to carry out the management functions of planning, organizing, advertising and so on.

Strategic leadership is the potential of the manager to have a clear focus by using his mindset to set plans and make objectives workable, on which to form opinions and decisions. The charismatic dexterity of a manager depends on the ability to be a problem solver. Obviously, a manager cannot be performing all the operational functions. For this reason, the manager has to delegate some duties to subordinates, on which he receives a report. If discipline is to be instilled into the business, a manager has to lead by example in good character in the area of financial resources, human resources, time consciousness and punctuality.

Clarity of purpose gives direction to managers on the standard and style for achieving the vision and mission of the business. Where delegation is assigned to the subordinate, a manager holds the responsibility to ensure the clarification of what workers must do and how to do it to yield the desired result and to avoid any misconception.

The inability of the manager to apply intelligence to identify opportunity can lead to underperformance or business failure. Hence, training, seminars and educational programmes are suggested by the author for both existing and potential entrepreneurs in order to have vast ideas that can enable them to spot and work towards exploiting opportunities in respective environments (Chimucheka, 2013:794).

Ramukumba (2014:24) adds that people are living in a world where human wants are unlimited. This situation has created a chance where people who are problem solvers come to the rescue to

accede to man's unending quest to meet various demands and needs. Because of the uneven distribution of available resources, entrepreneurs as opportunists need to spot, identify and set plans on the best strategy to meet and capture the audience attention. According to the author, to successfully achieve the business success or aim, a manager or entrepreneur needs to combine managerial activities with intelligence to allocate scarce resources with the use of modern business methods to ensure business survival and competition in the world of business.

Etuk, Etuk and Baghebo (2014:658) explain that business opportunity depends on the ability to meet the needs of consumers in the environment using competence as an instrument of change to open doors of prosperity to business. Basically, business opportunity centres on the ability of the manager or entrepreneur to develop intellectually in terms of the knowledge, skills and experience to bring innovative ideas into business activities in order to satisfy the needs of the customers or end-users (Etuk, Etuk and Baghebo, 2014:659). In doing this, a manager or entrepreneur takes huge risks on the viability of the choice of business, with the aim of satisfying the needy while keeping business activities flowing with the target of making a profit to the company's advantage. Etuk, Etuk and Baghebo (2014:660) identified the ability to use financial resources as a backup to the intellectual qualities of a manager to achieve and capture markets for business growth and expansion. However, poor conception of financial resources as a muscle to run the affairs of the business can ruin the chance and survival of the business, especially where competition exists. The authors pinpoint that lack of skills and knowledge serve as a major factor which hinders the achievement of the organization of greater heights by the organization. They further explain that lack of basic amenities like electricity, good road networks and security to protect the intellectual property of the business are part of the limiting factors that militates the growth of SMME businesses.

Chimucheka and Mandipaka (2015:309) agree that political turbulence has caused many business owners to experience jeopardy. Manufacturing of some SMME products are registered as large companies, which leaves a business with little or no profit. In addition, poor entrepreneurial spirit attached to the business by SMME managers has the ultimate aim of the operator to venture into the business to take care of their immediate needs. Moreover, where managers who are endowed with intellectual sources receive little or no assistance in terms of their business sustainability, they rove to other countries or continents where they can be

supported and are free to display their talents. At this point, those managers or entrepreneurs who are prosperous overseas with dreams of going back to their country to develop it, encounter difficulty to make positive achievements owing to the discord in the environment, as mentioned above (Chimucheka and Mandipaka, 2015:310). The authors concluded that in order to initiate business opportunities to ensure sustainable development of the economy, enabling environments where managers, operators or entrepreneurs are able to display their talents and intellectual resources must be created by governments and citizens.

The discussions from the above scholars reveal the extent to which the entrepreneur as an opportunist can use knowledge, skills and experience to spot people's needs in any given environment. Whether an entrepreneur is a pioneer of an opportunity or not, the ability of an entrepreneur to achieve business goal congruence depends on his initiative to create change for the purpose of profit maximization, while servicing the needs of the people (Riuttanen, 2015:14). The entrepreneur as an agent of productivity must therefore work under some observed elements such as market intelligence, clarity of purpose and strategic leadership. The purpose of the stated elements is to prevent the manager from deviating from the set standards, which can hinder the goals and achievements of the business from being realizable.

#### **2.4.2 Social Factors**

Social factors form one of the trinity of sustainable development, which is basically meant to take care of people's social well-being (Chimucheka, 2013:785). The effect of this is meant to broaden the ideas of people through education on the effect and the advantage of legislative protection in their lives, that is how it covers them against any ruinous activities of businesses and organizations which can make their life miserable. There is no doubt that education plays an important role in human life, business sustainability and the economy at large. However, the daily increase in the population has out balanced the available resources, which results in persistent poverty and makes people struggle for their living and survival. To this end, the influence of social factors on the environment will be examined in the section below.

#### **2.4.2.1 Education**

Brijlal, Naicker and Peters (2013:855) state that SMME activities are failing because many entrepreneurs or managers have insufficient educational resources to administer their functional activities. The authors found that education is a transformational model which serves as a pathfinder for creating exposure to people and societal development.

Hassan and Lee (2015:201) view education as a mechanism which serves as an opener that boosts the mindset of people, helping them to develop what they have learnt through training or lessons, and reveals their personal traits in terms of what they can offer to the community or organization. It is an essential tool which connects people to greatness in business, culture, values and beliefs (Hassan and Lee, 2015:209).

#### **2.4.2.2 Poverty**

Aremu and Adeyemi (2011:202) explain that every creature on this planet aims to live a good life, but factors such as inequitable distribution of natural resources, war, crime and climatic factors has made many people relinquish their places of living for a peaceful environment. This effect has drastically affected economic development and growth of society across the different continents, thereby making people experience poverty. In the study conducted by the authors, poverty in this regards can be classified into two different categories: Firstly, absolute poverty is a form of poverty experienced by people irrespective of their status, employment or lifestyle. Secondly, relative poverty is a type of poverty experienced and directed to an individual. This situation makes such persons deprived of many opportunities like feeding, gainful employment, access to clothing, shelter, healthcare and quality education. According to the authors, one of the major corrective measures to alleviate poverty in society is the introduction of SMMEs by the government and private investors in order to heighten job opportunities for the people. This action will thus reduce economic turbulence like crime rates and thus help young entrepreneurs to come up with innovative ideas that can help in building an enabling society.

Rocha (2012:336) agrees that in this 21<sup>st</sup> century, poverty has been identified as part of the major problems confronting people of the world. This scenario has made people aggressive in a bid to fend for themselves. Consequently, people, particularly those who have no means to put meals

on their table, engage in different sorts of behavior like prostitution, kidnapping, theft, greed and drugs, amongst others. The imbalance of environmental resources has been a worrisome issue, not only to citizens but also governments. Therefore, job procurement is suggested by the author to address the poverty problem in society (Rocha 2012:348).

Hussain, Bhiyan and Bakar (2014:554) add that governments across the globe are of the opinion that SMMEs established in the environment see that the populace lives a comfortable life through the provision of employment to reduce illicit activities and by making life sustainable for all. The authors found that the best way to save the world from poverty is for the masses to participate in community development through public enlightenment from the acquired knowledge and education from schools, training, seminars, media and television programmes.

#### **2.4.2.3 Inequality**

Keeton (2014:26) explains that inequality is a common phenomenon in virtually all countries. Many countries attach importance to measuring inequalities in their nation, while on the other hand, some for reasons which are personal, avert the measurement-especially the rich, oil producing countries. Measuring inequality can be of two different dimensions, namely: measurement through income redistribution and measurement through the property acquired by each individual residing in a country. Irrespective of the system of measurement applied in measuring inequality, Keeton (2014:29) notes that differences in life opportunities like race, gender, location and income earned can be a circumstantial factor which creates unevenness in the environment where people live. The extended factor of inequality in society can be linked to poverty, joblessness, poor quality service and educational barriers which reveal the skill level and placement of an individual at the workplace. Practically speaking, the author suggests that people, irrespective of their class and skill level, and particularly the unemployed, need to amass more education to heighten the quality of skills levels in order to create a chance for them to be gainfully employed and promoted at their workplace. Also, government is advised to procure more jobs where jobless people are able to get employed and fend for their living (Keeton, 2014:30).

Zulu (2014:3) adds that inequality is a challenging issue. It is one of the chronic issues which declines economic development situations in South Africa and many countries of the world. People, irrespective of culture, race and even religion, give priority to fairness. However, the effect of poverty and a lack of quality education has greatly impaired the way of life of people, preventing them from living a sustainable life. This scenario has created a huge gap between people in society, where the rich are becoming richer and the poor and unemployed people are becoming poorer. The author found that the level of education and skills which an individual possesses determines the margin and availability of job opportunities in the labour market. The situation of little or no jobs causes people, particularly the youth, women and the disabled, to venture into self-employment and entrepreneurial activities to better their chances of survival. Factors such as a lack of capital outlay for business take-off; poor infrastructural facilities; poor road networks; and the lack of experience, knowledge and skills, amongst others, is a major setback to the growth and development of SMME businesses in the country. To create an opportunity where an SMME is established to accede to the problem of poverty and inequality in the country, there is need that people and entrepreneurs have quality education and training to boost their skills development in order to enhance entrepreneurial skills on a technical, financial management and operative level.

Different scholars have conducted a series of studies to examine inequalities and their effect on the surroundings. Amongst them are Fernandez (2016:161) who states in his study, which observed the dimension of environmental inequality patterns through the use of a hierarchical multi-scale approach, that the relationship between three environmental and two socio-demographic variables on multiple nested scales are significant. The three environmental variables selected for the study were vegetable coverage, summer surface temperature and winter air pollution. The socio-demographic variables were household wealth and population density. The result of the study revealed that environmental inequalities are prevalent phenomena.

### **2.4.3 Economic factors**

As stated earlier, the environment endures a series of tribulations which hamper ways of life, thinking and socialization, which in turn limit economic sustainability. Amidst the instruments to address these economic issues is the adoption of SMME activities by the government as

corrective measures to make the environment an enabling one. However, the use of SMMEs as a weapon to address this issue has not been encouraging enough to bring positive changes to the economy. This results from factors like financial disorder; insecurity in the community and high rates of crime and theft; inflation; poor exchange policy; deregulation of trade; and increases in the price of energy and food. All this is addressed in the section below.

#### **2.4.3.1 Financial disorder**

In the world of business, finances play a significant role in administering the operational activities of the business. This reveals the status of the business in terms of profitability, loss and even the capacity to create room for more expansion and business survival (Spence, Agymang and Rinaldi, 2012:16). As identified by the authors, many businesses failed because most entrepreneurs, managers and business owners lack financial knowledge and skills, which is why there is disorderliness in their cost control, income generation, budget planning and risk management planning. Consequently, many businesses are forced into compulsory winding-up. Business sustainability will be achieved if entrepreneurs, managers and business owners can partner with the government, financial institutions and non-financial institutions through training and seminars. This will enable managers to gain the requisite financial advice and orientation needed to equip themselves and to administer business activities efficiently.

Adjei (2012:38) opines that finance in a business setting is one of the structural components that upholds and promotes business survival in the corporate world. It is undeniably a fact that managers face financial constraints in their businesses. This, according to Adjei (2012:32), is attributable to a lack of education which serves as an impeding factor to business success. This deficiency causes many SMME managers to lack a financial or saving culture, the result of which has an adverse effect on their cash reserves. This poor attitude manifests in their method of bookkeeping, which prevents them from enjoying financial assistance from banks or other monetary agencies who can be of assistance in case of financial contingencies. It is therefore imperative that managers possess quality education in order to reign in the business environment. Also, the acquired knowledge attained in the course of their training will be an eye opener to many financial opportunities needed to help their businesses to grow, both from financial and non-financial institutions in terms of loans, overdrafts and financial advice (Adjei, 2012:40).

Oppong, Owiredue and Churchill (2014:84) state that SMMEs as a channel of economic development are yet to contribute to an enabling environment, owing to the inability of operators, entrepreneurs and managers to manage the financial strength of the business properly. The authors identified that hunger, poverty or suffering has made the majority of entrepreneurs venture into business without passion and profound intellectual resources to administer their businesses. Many SMMEs businesses are established on the platform of environment crisis such as unemployment, hunger, poverty amongst others. This indeed evidenced the reason why many new SMMEs fail because many of the owners or managers lack business plans and etiquette to keep the records of their businesses, source for funds and utilize these efficiently. Government, through agencies like financial and non-financial institutions, instituted aid to assist SMME operators and managers financially for the smooth running of their businesses. However, lack of knowledge and education has limited their chances of survival and growth. The authors suggest that proper record-keeping for accountability purposes must be adequately maintained to reveal the financial status of the business at all times. Also, the author expressed that managers, owners or operators must engage themselves in seminars and academic training, as this will boost their proficiency in terms of decision-making processes.

#### **2.4.3.2 Community insecurity and high rates of crime**

Ogege (2013:82) describes insecurity as a threat experienced by the people of a community and citizens at national or international levels in political situations, economic events and social factors which prevent people from living free or exercising rights of human life in the environment where they reside. In the author's view, the inequitable distribution of natural resources has made people experience austerity in the environment and forces them to evacuate from unrest in the environment to any peaceful location. This outcome has made people encounter unemployment, poverty, hunger and denial of basic amenities in their respective domains. Additionally, these occurrences prompt frustrated people who have no means of survival to engage in some unlawful behavior in order to sustain their lives in society. Examples of these include kidnapping; robbery and theft; prostitution; child trafficking; drugs; terrorism; and assassination.

Ramukumba (2014:25) adds that chronic unemployment appears to be the reason for high rates of crime and theft in contemporary society. This factor is characterized by hunger, poverty, robbery, vandalism and climatic factors, amongst others. This situation has hampered business growth and the performance of managers, business owners or entrepreneurs where frustrated people, particularly the youth which is not excluding young school graduates, who suffer unemployment venture into different sorts of attitudinal crimes and theft in order to make means for their living. Ramukumba (2014:32) therefore suggests that government, corporate organizations and private investors should join efforts to provide more jobs to reduce the rate of crime and theft in the environment. Furthermore, government should increase security measures by securing the environment through the deployment of security agencies such as the police and soldiers in order to curb indecent acts committed by anyone who may want to cause unrest in the environment. Government must endeavor to increase budget revenues to make provision for medical or health facilities, education and public enlightenment. Also, the law must be enacted where heavy punishment is given to whoever constitutes a nuisance in the environment. The provision of security weapons to nail down perpetrators must be supplied to security agencies to boost their work performance. In addition, opportunities should be made for the youth by managers, owners or entrepreneurs to share from their experience and skills. This will enable entrepreneurs and the youth to identify opportunities with which to discover their talents for the mutual benefit of the community and themselves.

#### **2.4.3.3 Knowledge of - Inflation Sustainable Growth and Economic development**

Tshabalala and Rankhumise (2011:104) state that SMMEs play a significant role in economic growth, development and income distribution in the country. Due to their contributions to the economy, government gives them active support to increase their opportunity to compete in the business market in order to foster economic development. However, their chances of sustenance is hampered by economic issues, amongst which is inflation. It is not only now that countries experience economic turbulence which has put people in awkward positions where the price increase of goods and services, as well as exchange rates, has being a challenging factor to the growth and development of SMME success. In view of this, people are unable to engage in business transactions because of a lack of money, which is caused by high rates of interest placed on markets by SMME operators. This has placed heavy burdens on SMME businesses and thus

makes it difficult for their survival. To address inflation as part of economic issues, there is need for the government to come up with policy that will help in reducing problems of high interest rates. This will enable owners, operators and managers to gain business confidence (Tshabalala and Rankhumise, 2011:114).

Oppong, Owiredi and Churchill (2014:89) explain that when inflation occurs in an economy, many things are affected. This situation brings increases to the prices of products and services because of currency devaluation. Inflation can arise owing to the following circumstances: Firstly, the demand-pull factor which occurs as a result of excessive customer demand on products and which outweighs what a business enterprise can supply. Secondly, the cost-pull factor which is the type that happens as a result of increases in the cost of production. Examples of these are costs of raw material, costs of labour and interest rates. The effect of inflation on economic development is that it leads to decreases in investment by bringing reduction to the cost of capital and forces of customer demand. Oppong, Owiredi and Churchill (2014:94) suggest that to control inflation where SMME managers, operators and entrepreneur are given the opportunity to function for economic development, government has to intercede by setting policy that will allow and encourage investment and the development of long-term businesses.

According to Mohseni and Jouzaryan (2016:382), inflation arises owing to the incessant upturn in the price levels of goods and services in a country, which makes the cost of acquiring items expensive, and which in turn affects the environment socially and economically. The authors observed that inflation in is one of the prominent issues which impairs the living of the populace in the country. Therefore, the suggestion made to keep inflation in check is through the introduction and implementation of monetary policy and fiscal tools. This will enable the activities to be normalized in a way that will bring convenience to the people and accentuate economic development (Mohseni and Jouzaryan, 2016:387).

#### **2.4.3.4 Poor exchange policy**

Neaime (2015:127) examined the sustainability of public debt and exchange rate policies and the impact of current account and budget deficits on the Lebanese economy. Through the use of econometric models, the results of the studies reveal that the internal and external debts are not

sustainable. Therefore, austerity measures are suggested by the author for the government to address the problems of depreciation of exchange rates, fiscal policies and currency barriers. The proposition is to prevent any adversities on budget deficits and debt in the economy.

Olu, Usman, Ochimana and Hassana (2016:20) conducted a study on the significance of exchange rate policies and its effect on the economic development of Nigeria. According to the research conducted, the authors identified exchange rate policy to be of three types, namely pegged, floating and outright devaluation. Their study reveals that despite the situational issue which exchange rate policy is adopted to address, its impact has little or no national effect on economic development or growth. Hence, the authors suggest that government must intensify efforts to develop strategies that will enhance the exchange rate policies needed to mend deficiencies associated with foreign trade.

#### **2.4.3.5 Deregulation of Trade**

Kajalo (2003:756) explains that deregulation involves the total or partial lifting of an embargo, which restricts people from an opportunity to move, trade, live or engage in performance within the economic sphere. The author conducted a study to examine the effect of deregulation of trading in extended hours on the late night activities and operations of grocery store retailers. This extends from a normal closing hour of 7 pm, with an additional two hour timeframe on weekdays and Sunday trading for the month of June, July and August. The purpose of the study was to examine the economic impact on the sales and profitability status of grocery stores. The author found that deregulation of extended trading hours has been a regular style which brings enhancement to the profitability and sales volumes of retailers. The research study reveals that people will engage in more business patronage if the business hours are extended to 10 pm in the night, provided that full regulations were to be enforced.

Kalejaiye, Adebayo and Lawal (2013:2404) carried out a study on the impact of deregulation of trade and privatization of industries in Nigeria, the advent of which could be traced to a series of problems encountered by most world economies in the 1970s, the vivid establishment of which occurred in Nigeria in the 80's through the structural adjustment programme. The effect led to shifts, tweaking, amendments or streamlining the inept law of the government to correct archaic

laws of private ownership in various sectors like mining, health, agriculture, transportation, etcetera. The aim of initiating deregulation in the economy, according to the authors, is to put regulatory agencies in check from producing laws which are hazardous to the economy at large. Also, deregulation of trade provides a ground where innovative ideas are developed in the economy, in particular by the small business owners, and allows competition in the business market amongst the different categories of businesses on the production and price level of commodities. However, Kalejaiye, Adebayo and Lawal (2013) identified that in spite of deregulation being advantageous to the economy, its adverse effect can still be felt on the economy via the desperation of business owners to make profit through unpleasant means like fraud. Because of the insecurity arising thereof, investors tend to establish elsewhere, where they know that business is safe. This will result in joblessness, economic downturn, lower standards of living and increases in crime rates, amongst others. Therefore, there is need to establish regulatory agencies that will administer and put the power and control of individual entrepreneurs, competitors or bodies in check to ensure that lives and people are safe from laws that are detrimental to the economy. Also, socio-economic security must be enriched to strengthen the assurance in the minds of investors to give them no doubt to invest more in the economy. This will improve the people's standard of living by creating more jobs that will facilitate the development of economic activities and increase both the GDP and NDP of the country.

#### **2.4.3.6 Increase in the price of energy and food**

Watson (2008:135) established that having a healthy meal for bodily sustenance is the utmost aim of people, but it is a sad thing that numerous people in society daily go to sleep hungry. This struggle is a prevailing one which emanates from (a) high energy prices; (b) low yields from farm produce, resulting from poor climate and weather patterns; (c) the use of some food for biofuels; (d) high tariffs on food by food exporting countries; and (d) poor markets for farm produce. The identified problems are attributed to man's activities, which are hazardous to the environment because of a loss of biological diversity; land and water degradation; and emissions of greenhouse gases. The author established that attention is solely placed on food production without considering the fact that agriculture is a subject that revolves round the economic, social and environmental variables in terms of service delivery. Urgent attention is needed to redress

these issues of high increases in food and energy with the intervention of governments, non-governmental organizations (NGOs) and millennium development goals (MDGs). Investment must be made in agriculture, which will allow job opportunities for small-scale farmers (women and youth) and entrepreneurs and will reduce the rate of unemployment in the country. The author suggests that financial assistance; the provision of modern farm implements; subsidies and tax removal on food exports; training; and seminars on the use of modern technology must be offered by the government to farmers in order to encourage food productivity in large quantities.

The daily increase in the population in the environment has resulted in people struggling for their survival because the increasing populace has outweighed the available environmental resources (Popp, Lakner, Harangi-Rakos and Fari, 2014:559). One of the best approaches by which people maintain their healthier life is through consuming good food to nourish their bodies. Nevertheless, human activities like deforestation, bio-energy production, climatic factors, erosion, lack of good water, etcetera have made people experience poverty, famine, drought and hunger. These problems have put people in an awkward position where many people lost their lives to hunger, especially the poor. In a bid to survive poverty, they engage in different sorts of illicit acts or crimes like theft, prostitution, drugs and human trafficking, which are mostly caused by poverty.

In the view of Popp *et al.* (2014:560), governments, private individuals and corporate organizations across the globe have looked at ways of combating the increase in the price of food and energy in society. Amidst their suggestions is the introduction and use of technology to grow food and livestock in abundance and to boost farming from subsistence farming to commercialized or mechanized farming systems. It is undeniably a fact that technology is of great advantage as its incorporation into farming aids production and the supply of food in abundance and reductions in costs of labour, which contribute greatly to Gross Domestic Product and National Domestic Product. The authors found that despite the huge impact of the government to boost farming through grants and aid, the introduction of government policies has forced many farms into compulsory winding-up, in particular those that cannot undergo large scale farming. This effect has given those in large-scale farming the power of monopoly over the masses.

Adomako and Ampadu (2015:72) conducted a study to show the significance of agricultural practices and how it aids environmental sustainability. Population increases in the environment are now growing at a competitive pace. The situation now brings economic chaos to communities, where feeding is now a worrisome issue owing to functional activities to ensure people's existence. Examples of which are agro-civil culture practices like erosion; deforestation; bush burning or clearing of the land; irrigational practices; poor water and soil management climatic change; and carbon-emissions, amongst others. The effect of these activities has put the world in an imbalance where food production can no longer meet the needs of the people. Thus, this has made feeding difficult. As the price of oil and fuel increases, it makes the cost of transporting the produce to increase, thereby making produce rotten and definitely inflating selling prices. To ensure the normalcy of the environment where agriculture prevails, the union of government, policy makers, business enterprises and the general public is necessary to work towards protecting ecosystems by being supportive to agricultural practices and the implementation and adoption of policies that will reduce energy consumption. Also, public enlightenment programmes that can enhance behavioural characters must be initiated by government in order to effect implications of how human activities can be a threat to the climatic system, as well as the need to initiate low- carbon energy technology.

## **2.5 Concluding summary**

The above discussion has shown that environmental resources are becoming depleted as a result of rapacious consumption and production. This type of conduct leads to, amongst others, poverty, inequalities, unemployment, and hunger and if it continues unabated economies will not be sustainable. This effect has impacted adversely on social, economic and environmental activities. The scenario has made not only the governments of the world but also private individuals, financial institutions and many corporates look for ways forward to eradicate these problems. One of the projected solutions to address these issues is the introduction of SMME activities, as they are known as pillars of economic development and sustainability.

SMMEs contribute to poverty alleviation, job procurement, wealth creation, income distribution and reductions in income disproportions. However, SMMEs have still not performed as expected owing to impediments on their competence, such as a lack of management skills, knowledge,

experience, training and education, limited access to financial resources, inflation, inaccessibility to markets and a lack of adequate technology and ignorance. The reason for low performance and closure of SMME businesses within a short time of establishment is the poor attitude, poor passion and little or no values impacted for their businesses.

If one were to relinquish the environment where poverty reigns, and unemployment prevails to one where people live their best lives, the work lies in the hands of all and sundry. Firstly, stakeholders like government, non-governmental organizations, financial and non-financial institutions and investors have to empower SMMEs as an instrument of transformation and economic development. Also, education, training and seminars are needed to groom entrepreneurs by government agencies and parastatals to bring out the managerial competence in them as this will provide enablement to spot opportunity with which to engage in rational thinking and form opinions that will bring innovative ideas to deal with environmental, social and economic issues. Managers must embrace the readiness to utilize the access of education to enrich their knowledge, skills, experience and abilities to reinforce themselves with the strategies on the operation and financial management of their businesses. This will enable them to maintain competition in the business' competitive market. Secondly, access to liquidity must be made available to SMMEs by the government as this will allow the planning and operational activities of the business to be effective. Thirdly, the use of information technology is a good ground to accede to environmental issues on climate, agriculture and natural resource protection, as well as different ailments arising in the environment because of waste disposal into the atmosphere.

Equally, managers should embrace the use of technology as this will help in simplifying their work and allow large volumes of customers to be dealt with through social networks like Facebook, Twitter, Skype and so on. More attention should be given by government to SMME businesses in order to contribute more to both GDP and NDP, while regulating exchange rate policies that will favor SMME businesses. Problems of inflation need to be addressed as this will bring the price of energy and food to a minimum through monetary policy programmes. Finally, people must desist from wasting public resources and be law abiding citizens, while maintaining infrastructural facilities to ensure it is long lasting for generations to come. People must show a sense of belonging.

This chapter reviews the study by giving prototypical reasons on the significance of managers, operators and entrepreneurs to display their professionalism and competence because the environment warrants the need for experts to be creative and bring out innovative ideas to solve crises in the economy. Also, competence reveals the alignment on the behavioural aspect of managers, employees and the customers. This action takes effect by defining the type of relationship which is likely to exist between SMME businesses, in particular the profitability volume of the business, its survival and establishment.

The next chapter describes the research methodology used to conduct this study.

# **CHAPTER THREE**

## **RESEARCH METHODOLOGY**

### **3.1 Introduction**

This chapter details the methodology employed to carry out this research. The chosen research design is explained together with the reasons for choosing it. The sampling procedure used is detailed in this chapter, also detailing the target population. The research instrument used to collect data is given here including the justification for opting for such an instrument.

### **3.2 Rationale for the study**

The study was triggered by the observed failure rate of SMMEs. It was then decided to undertake a scientific study on the competence of managers on the said SMMEs. This decision came against the backdrop that in South Africa, the issue of financial support for SMMEs does not seem to be a problem. There are quite a number of financing agencies such as the Small Enterprise Development Agency; Khula Enterprise Finance Ltd.; Nstika Enterprises Promotion Agency; and the Small Enterprise Financial Agency. Additionally, these agencies offer training, seminars and guidance to managers and operators or owners on financial matters.

Despite all these efforts, SMME businesses are failing and are winding-up daily, which is why they still have not convincingly contributed to economic development at local, national and international levels (Chimucheka, 2013:793).

### **3.3 Research Design**

Dabholkar, Sheperd and Thorpe (2000:156) state that a research design is a detailed outline of how an investigation will take place. The following are the different types of designs:

### **3.3.1 Correlational Research**

Hughes (2008:46) describes correlational research as a type of research that shows the connectivity between two variables under study. It significantly reveals the relationship that exists between the variables. This type of research can be of two types. Firstly, positive correlation shows that as one variable increases, the other increases. Secondly, negative correlation reveals the distinction between the variables, as one variable increases, the other decreases.

### **3.3.2 Explanatory Research**

This is a study that addresses the issue leading to how events of occurrence occurred in a research study (Harrison and Reilly, 2011:10). It answers the ‘why’ question.

### **3.3.3 Causal-Comparative Research**

Ajri and Sabran (2012:170) view causal-comparative research as a research type that aims at investigating the events that cause differences or discrepancies between the observed elements of the study. It can be seen as an alternative in an event where research is time-consuming and costly.

### **3.3.4 Descriptive Research**

This type of research gives details on what has been explored. It is a form of research that sheds more light on an event. It answers the questions of ‘what, how and why’ an event of occurrence happened by creating both imagery and the shape of what has happened in an accurate manner (Cant and Wiid, 2013:57).

### **3.3.5 Exploratory Research**

This kind of research provides the reason “why”. It is hypothetical in nature. Research in this state allows the researcher to have an in-depth understanding of the purpose for which research is conducted. It is pacesetting research that allows the continuity of the topic that is currently examined in the nearest future (Scott, 2016:16).

### **3.3.6 Research design for this study**

The purpose of this study aims to establish the specific characteristics of managers in relation to their competence in operating their enterprises. In describing such characteristics, a descriptive design was chosen for the study because it described the characteristics of existing phenomena with the objective of discovering answers to the questions relating to the research subject (Saunders, Lewis and Thornhill, 2012:326). The design was also quantitative because data was retrieved through questionnaires and was analyzed using quantitative tools.

## **3.4 Research Philosophy**

The fundamental concept that explains the analogy about the reality and pursuit of knowledge for this study can be examined under two perspectives (Saunders, Lewis and Thornhill, 2007:100). These are quantitative or positivism and qualitative or phenomenology. These concepts are explained below.

### **3.4.1 Phenomenology**

Phenomenological research strategies, according to Williams (2007:69), are strategies that aim directly at the participants in order to ascertain the needed facts or data on the event being investigated by the researcher based on their views and experience, particularly on phenomenological issues by using a descriptive approach to have an in-depth understanding of the reason for which events of occurrence happened. This is a type of study that involves the co-participation of the interviewer and interviewees. Indeed, phenomenological research takes time, which can be between the time frame of an hour or two. At this juncture, because of the narrative nature of the study, it is imperative that the researcher makes use of implements such as diaries, drawings and visual objects to explain and record the perceptions of the participants in order to get the quality evidence of data needed for the study and to avoid loss of vital information.

Englander (2012:16) adds that this type of research focuses on universal opinions of the participants to interpret the needed data. The qualitative nature of this research makes it impossible to analyze the data in a numerical form. Approaches for conducting qualitative

research can be in the form of a case study, action research, grounded research and ethnography and these are discussed hereunder.

#### **3.4.1.1 Case Study**

Rowley (2002:16) views the case study as a system that gives a researcher an opportunity to observe data on real life situations, especially on convoluted issues that warrant ample investigation. Normally, the adoption of a case study is vested in knowledge inquiry which makes use of fractional parts of the organization or certain geographical areas of study. Irrespective of the circumstance for which a case study is established, it must reveal the elements that include facts or evidence of interpretative statements. However, the result of the study might limit the generalization of ideas in a situation when a big sample of the population is involved. Despite this, the case study provides an insight that extensively explains the behaviour on the issue under study (Zucker, 2009:2).

#### **3.4.1.2 Action Research**

Vallenga, Grydonck, Hooggwerf and Tan (2009:81) describe action research as a technique employed by the researcher to assess, examine and investigate the cause-effect of a problem of concern encountered by an individual, institutions, educational settings, organizations and groups of people in order to effect changes that will enable transformation on which to proffer solutions that will gear-up development in the participants, with the resources to address the situation in case of any future occurrence. During the course of the research, the observer addresses the problem of the study by using collaborative and collective system problem-solving to have in-depth knowledge of the situation that brings about the research (Hien, 2009:97). Essentially, action research is characterized by the opportunity of putting the object being examined in the shape that will allow repetition in a cyclical pattern. For this reason, it provides a ground on which the findings on the previous study are retraced and on which the same results are ascertained (Hine, 2013:152).

### **3.4.1.3 Grounded Theory**

Williams (2007:69) describes grounded theory (GT) as a qualitative method of research which allows the researcher to collect and analyze data through the use of inductive and deductive thinking on which theory is drawn. It is an approach that bridges the gap between the theory and empirical research (Jones and Aloyi, 2011:102). Because of the fact that grounded theory is not descriptive in nature, its use does not allow statistical and figure presentation (Sikolia, Biros, Mason and Weiser, 2013:2). In capturing data, the theorist has the wider scope of accessing larger volumes of information through various means such as field notes, interviews, meetings, the Internet, television programmes and so on. Based on this, a coding system is introduced to aid projected work, which can be in the form of open coding, axial coding or selective coding (Wiid and Diggins, 2013:222). A researcher must therefore act neutrally on the data collected in order to eliminate every element of bias in order to produce a meaningful result upon the collection, interpretation and analysis of data needed for the study (Khan, 2014:230).

### **3.4.1.4 Ethnography**

Ethnography, according to Williams (2007:68), is an examination conducted on the social way of life of groups, teams, organizations or communities of people to understand the changes on the performance as it relates to their attributes, norms and cultural practices in a certain geographical area. It is an engagement that requires an ethnographer to be involved in friendly participation, interaction and mingling with the observed to study their daily activities (Reeves, Kuper and Hodges, 2008:512). Moreover, the connection is to enable the researcher to meet with some members who can be of assistance to give details on the data needed to conduct successful research work. Such a research method can be difficult and time-consuming because of this. It is pertinent that an ethnographer uses mechanical devices such as video tapes, audio tapes, and diaries and so on in order to allow the researcher to have a clear perception on every detail released by the participants in the course of interviews on which to draw inference (Vallenga, Grydonck, Hooggwerf and Tan, 2009:65).

### **3.4.2 Positivism**

Borrego, Douglas and Amelink (2009:54) describe positivism or the quantitative research method as a realistic form that enables the researcher to initiate a rational approach to make justification to any theory, hypothesis or variable under observation. It is an arrangement where the observer and the participants engage in a meeting for an interview where observation is placed to elicit required information on which the experiment is established to draw an inference (Ramukumba, 2014:27). This technique purposely allows a researcher to base assessment on large volumes of elements under study through an objective process. Additionally, the researcher is able to draw conclusions on the information attained by subjecting the subset of the population to tests through statistical analysis, such as SPSS and R programming. Most importantly, an interviewer must be good at communication in written and oral form to avoid ambiguity or obstruction of messages. This is to ensure the clarity of purpose for which the participant can make the necessary supply of information without any bias. In implementing a survey, different methods can be adopted to make it accomplishable. These are personal interviews, observation and the experimental method.

#### **3.4.2.1 Personal Interview**

Harrell and Bradley (2009:6) view the personal interview as a process that involves meetings between the interviewer and interviewee, based on one-on-one conversations for the purpose of getting information to enhance the research study. In data capturing, researchers can use gadgets such as tape recorders and video cameras to get information documented in order to avoid loss of information. Different styles are used by people to carry out interviews, but amidst the common approaches used for this purpose are telephone interviews, the use of mail, the web or the Internet.

#### **3.4.2.2 Observation**

Baker (2006:173) views the observation method as a systematic or direct approach of placing people, objects, groups or animals into a test or examination while observing their attitude, character or behavior as evidence to form opinions based on the ascertained result. This method in a research study does not allow the interaction of the researcher and the object of observation.

In ensuring that this method of survey gives a productive result, careful formulation of plans for which research is plotted must be established and recorded at all times to yield valid evidence (Williams, 2007:67). Furthermore, where scrutiny is placed on the elements or objects of observation, a researcher may adopt different techniques to get the required information such as structured and unstructured observation; disguised or non-disguised observation; direct or indirect observation; and natural or controlled observation. Irrespective of the method adopted for data acquisition, the researcher must know the appropriate method to use and the reason for using it, provided such method is suitable to give evidence with which to draw conclusions (Driscoll, 2011:160).

### **3.4.2.3 Experimental Method of Survey**

Bhattacharjee (2012:83) views the experimental method of survey as the application of systematic and scientific methods to the research study for the purpose of manipulating a dependent variable to measure and initiate changes on the independent variable. Creswell (2014:214) adds that the adoption of the experimental method for the purpose of research is to aid prediction of the outcome of the study through hypothesis in order to provide the causal effect on which reliance is placed and to draw inference. This type of survey uses communication to observe and acquire data which are subjected to tests by using either natural settings (field survey) or artificial settings (laboratory). In using laboratory settings, the researcher possesses the ability to maneuver and control variables according to their taste. The use of this approach is such where the object under observation has an awareness of being observed for data generation to complete the study at hand.

This study is quantitative in nature because it allows the collection of data through questionnaires as an instrument of survey through which inference was drawn on the generalization of ideas that contribute to the theory. This approach is advantageous in the sense that it provides a ground for which other researchers can re-test and place reliance of the findings of the study by using the same set of procedures employed in carrying out this study for the progress of any future research (Castellan, 2010:4).

### **3.5 Target Population**

According to Sekaran and Bougie (2009:270), a target population is defined as the aggregate number of elements such as groups of people or objects to be observed under a study.

All SMMEs within the eThekweni Municipal Area formed the target population for this study.

### **3.6 Sampling**

A sample can be described as a subset of the population of concern (Schutt, 2012:136). Sampling in a research study entails selecting appropriate unit of analysis to be observed in the course of examination such as people, settings, event, organization or behaviour on which to form an opinion based on the evidence attained.

### **3.7 Sampling Method**

There are two broad sampling strategies, namely probability and non-probability sampling. These are explained below.

#### **3.7.1 Probability Sampling**

Uprichard (2011:5) views probability sampling as a process which involves giving every element that makes up the universal elements an opportunity of being selected for the study. Under the principle of randomization, probability sampling can take different forms. These are: simple random sampling; systematic sampling; stratified sampling; and cluster sampling.

##### **3.7.1.1 Simple Random Sampling**

This is the easiest method of sampling that gives every member of the population an equal chance of being tested (Onyeka, Nlebedim and Izunobi, 2013:57). In carrying out this sampling, researchers can adopt different styles of selection such as electronic selection through the use of a computer software system; artificial; or human selection where a person who is to perform the selection is blind \_folded to avoid bias on every random sampling made.

### **3.7.1.2 Systematic Sampling**

Elsayir (2014:111) views the systematic approach of sampling as the style of arranging objects of observation in a definite pattern before they are selected for the study. This form of sampling takes the form of arithmetic progression to make selection on the objects to be sampled by creating consistency between any two selected numbers, and so on. For instance, if red shirts are to be distributed to the people in a row consisting of 12 people at the regular interval of 3 and the selected number starts from 3, the subsequent interval will be 6 and 9 and 12. In this regard, figures are generated in a consistent and systematic manner. According to the author, it is a method of sampling that is easy to calculate above all other sampling methods.

### **3.7.1.3 Stratified Sampling**

This type of sampling is otherwise known as proportional random sampling, which accepts the categorization of the elements under study into age, marital status and gender, amongst others (Murgan, 2015:268). It is a type of sampling carried out on target groups (stratum) or populations, especially where an accurate statistical result is required.

### **3.7.1.4 Cluster Sampling**

This type of sampling is introduced where large numbers of elements are involved, other than the result that simple random sampling can produce. Samplings are categorized into groups where samples are acquired for simple random sampling from the total number of the elements under study (Mwangi, Islam and Orawo, 2014:413). The use of cluster sampling is to avoid statistical errors that may arise from using the whole population to give room for accuracy of facts, while minimizing cost with the ultimate aim of saving time. A probability sampling design was used for this study to ensure that SMMEs on the list had a known and equal chance of being selected, while simple random sampling was used to select the respondents. Regarding this, 250 respondents which consist of SMME managers, owners and entrepreneurs from different locations in the municipal area were selected for the study.

### **3.7.2 Non-Probability Sampling Methods**

Dattalo (2010:2) views the non-probability method as a qualitative technique which gives no opportunity of equal chance of selection to the objects under study. It is a sampling method that prevents the principle of randomization in the course of amassing data needed for the study, which deals directly with the elements which are selected based on the judgment of the researcher. It is thus non-random and subjective. The fact that it is narrative in nature and does not involve the analysis of data makes it easier to conduct at little or relatively no cost, especially where the population for the study has no limit (Uprichard, 2011:4). Methods used under non-probability sampling can be classified into haphazard/convenience; Quota; snowball; and maximum variation (Smith and Albaum, 2012:98).

#### **3.7.2.1 Convenience Sampling method**

Farrokhi and Mahmoudi (2012:784) view convenience sampling as the type that is employed by researchers to acquire the needed data for a research study through instruments such as questionnaires, interviews, observation and so on. The advantage of convenience or random sampling is particularly the easy access of reaching the respondents at any point in time. The researcher finds this method easier because the respondents are always available and ready to offer assistance on any needed information that can promote the success of the study. This method is also referred to as haphazard sampling.

#### **3.7.2.2 Quota Sampling Method**

Jawale (2012:188) describes the quota sampling method as a method of non-probability sampling where a researcher dissects whole populations into subsets which possess the same qualities such as sex, religion and age (amongst others) in line with set procedures, and subjects extracted elements into observations in which the findings ascertained can be used to generalize opinions on the whole population under study. This method of sampling is commonly used where objects to be observed are voluminous and where the cost of financing the observed elements is beyond the financial strength of the researcher (Smith and Albaum, 2012:98).

### **3.7.2.3 Purposive/ Judgmental Sampling Method**

Purposive, otherwise known as judgmental, sampling is viewed by Tongco (2007:147) as a situation where the researcher selects a sample of the study in line with their characteristics from the population based on the researcher's perception and knowledge that the selection made is best to yield a meaningful result upon the examination of the observed elements. The use of this method often arises where the objects under observation are minimal. At this point, the selection of elements needs to be carefully done to avoid deficiency on the data attained in this respect in order for the observer to quantify what it is expected to measure (Teddle and Yu, 2007:80). In addition to this, it is a method that is easy to use and saves time.

### **3.7.2.4 Snowball Sampling**

Ishak (2014:33) describes this non-probability method of sampling as the type that involves connecting and searching for the right respondents in a chain form from one respondent to the other until the person who is well-endowed in terms of experience, skills, knowledge and understanding is found to give necessary details or data needed to complement the survey of the study. In other words, referral from the initial respondent is activated to another until the last person who can give comprehensive details on the data needed is met (Choto, 2015:49). Getting facts needed for the study can be relatively slow and time-consuming because this type of sampling is difficult to operate and maintain and is expensive.

### **3.7.2.5 Maximum Variation Sampling (MVS)**

Palinkas, Horwitz, Green, Wisdom, Duan and Hoagwood (2013:2) describe maximum variation sampling as the type that explains the need of a researcher to opt for a unit of the sample that provides comprehensive data or resources from the broad spectrum. In this situation, an observer adopts different techniques with the aim of ascertaining the sample element extracted from universal elements in consonance with research objectives. The circumstantial factors that prompt the use of this method can be the instance where there is a little or small sample size involved and in the absence of information about the population of the study (Imai and Ratkovic, 2013:443). In the course of observation, only the best elements possessing the highest qualities, features or characteristics from the observed samples in the population are selected for the study.

This study is appropriate for sampling purposes where random sampling is less effective. In other words, where carefulness in the choice of samples for maximum variation sampling is rightfully selected, it can play the same role of representation as the random sampling method (Breen, Choi and Holm, 2015:443).

### **3.7.3 Sampling technique for this study**

A probability sampling design, in particular simple random sampling, was used for this study. The purpose of this technique was to ensure that SMMs on the list from the Municipality had a known and equal chance of being selected. An added advantage of this method was that it did not give room for bias in selecting respondents and it was easy to analyze.

### **3.7.4 Sample Size**

From the sampling process explained above, a total of 229 responses were received and this formed the sample size of this study. The findings of this study were drawn from these responses.

## **3.8 Research Instrument**

The research instrument for this study was a structured questionnaire with a 5-point Likert scale. A questionnaire was useful in that information from a large number of respondents was able to be collected in a relatively cost-effective way. A 5-point Likert scale consisting of strongly disagree, disagree, uncertain, agree and strongly agree was used. The reason for choosing this scale was that it was easy to understand and a most universal method of survey which makes the response easy to quantify and subject to computations of mathematical analysis.

The questionnaire was divided into six sections where:

Section A sought to establish the respondents' biographic information.

Section B had four statements which aimed to solicit information on the financial knowledge of the respondents.

Section C sought to establish whether the entrepreneurs could identify business opportunities.

Section D established the levels of computer literacy of the entrepreneurs.

Section E tested environmental awareness.

Section F had five statements that aimed to test if the entrepreneurs were involved in poverty alleviation programmes.

### **3.9 Pilot Study**

Gumbo (2014:386) views the pilot study as a primary survey conducted on fewer selected respondents to ascertain the strength, weakness and quality of questions made available to the respondents through instruments such as questionnaires, interviews and so on. The findings made in the course of filling the questionnaires showed the depiction on whether the research instrument actually communicated to the respondents and showed their comprehension levels (Hazzi and Maldaon, 2015:54). The responses from the respondents enabled the researcher to make amendments to the final questionnaire.

### **3.10 Administration of Questionnaire**

The questionnaire was personally distributed to SMME managers and operators. Also, the consent letter to create the respondent's indulgence on the purpose for which the research study was conducted was attached. The letter further explained that the respondent may at any time withdraw from participating where they feel not comfortable to do so, with the assertion that the information supplied will be treated in the strictest confidence.

In addition, the questionnaire was collected in the manner through which it was distributed and kept in a box to avoid any alteration or tampering pending the time of analysis.

### **3.11 Data Analysis**

Data was captured and analyzed using the Statistical Package for Social Sciences version for windows 24 (SPSS 24). Likewise, all the applicable quantitative analytical tools were used to

yield descriptive and inferential statistics. Examples of which are frequencies, percentages and cross tabulations. In addition to this, measures of central tendency and dispersion were implemented to give the acquired data a wider range of being tested. In the aspect of inferential statistics, T-tests and analyses of variance (ANOVA) were also used to amass the needed information with which to elicit valid results from the data under observation.

### **3.12 Validity and Reliability**

Validity in research signifies the degree or magnitude to which the research instrument is able to display the level of genuineness and accuracy to measure what it is meant to measure by revealing the level at which reliance is placed upon the result ascertained (Wiid and Diggines 2013:182). Different types of validity in research can be: face validity, content validity, criterion validity and concurrent validity. Details on this are provided in the section below.

#### **3.12.1 Validity**

##### **3.12.1.1 Face Validity**

Subotic (2012:37) explains that in face validity, it is essentially pertinent that the researcher engage in an index grouping of the observed objects for the purpose of a composite index to ensure evaluation of the variables under study. In other words, to attest that an examination has face validity, it must reflect the likely appearance of being capable of quantifying what it is designed to measure.

##### **3.12.1.2 Content Validity**

This type of validity reveals the magnitude at which selected samples that make a good representation of the population are assessed (Tojib and Sugianto, 2006:31). The vitality of content validity basically depends on the techniques employed to formulate the instrument needed for the study. This concept addresses the extent to which the selected tool is broad enough for the sample of the content. It is a set of constructs that provides quality information in clear terms, in such a way that can enhance performances through achieving recommendations from a proficient unit (Delgado-Rico, Carretero-Dios and Ruch, 2012:449).

### **3.12.1.3 Criterion Validity**

This type of sampling basically represents the evaluation of the performance measures in line with the expected outcome. It is a validity type that investigates the real relationship amongst the hypothetically related variables of the study that gives room for data analysis through which the real value of the sample can be determined (Iddekinge, Roth, Raymark and Odle-Dusseau, 2012:500).

### **3.12.1.4 Concurrent Validity**

This involves examining performance along with the results obtained from other previously conducted samples with current samples, while at the same time the finding therein can be used to draw an inference (Hyett, Kenny and Dickson, 2014:2). This idea shows the degree of validity of the current test measure as it aligns with previous results ascertained through the same construct. In other words, it is a type that allows validation of the study where two measures are subjected to the test under study at the same time. Tasks are assigned on previously related tests which possess the element of valid measures of the construct currently used for the study while contrasting and comparing the findings with each other. This type of method gives a productive result, with the result of the previous measures aligned with the current test under study (Thomas, Nelson and Silverman, 2015:203).

## **3.12.2 Reliability**

Reliability in a research study is a concept that addresses the issue whether the instrument used for assessment in the previous study can still produce the same result of the measure in the same manner, provided that the same set of procedures or approaches used to generate results from previous study is adopted for the current work (Patel, 2008:13). Reliability, according to the author, can be sub-divided into three main dimensions, namely:

### **3.12.2.1 Test-Retest Reliability**

Tavakol and Dennick (2011:53) note that this system of reliability is the type that offers opportunity to perform the examination on the set same group of individuals for a period that

does not exclude two consecutive times. The findings of the results obtained on the different groups can therefore be unified to base assessment over time.

### **3.12.2.2 Inter-Rater Reliability**

Reliability in this situation is testing many people to measure the same construct. The scenario allows different observers to perform their own measurement independently. This reliability may be prone to random error, where the researcher examines extensively the findings on inter-rated reliability assessment and constructs that subjects random error to test quantifying (Henchy, 2013:41). Based on this situation, the researcher observes the study by the introduction of pre-established standards. The observer thus examines the relationship between the strength of the relationship and the observed rating by using the formula below to calculate the correlation coefficient:

$$\frac{\text{Total Agreements}}{\text{Total Agreement} + \text{Total Disagreement}}$$

Under examination, the researcher can then assume the inter-rater to be higher if the raters produce similar outcomes. In most cases, the observers usually make use of a kappa-coefficient, as it paves the way for random chance agreement usage.

### **3.12.2.3 Parallel Form of Reliability**

The nature of this reliability allows the use of different techniques to assess the features of two elements under study, which could be skill possessed, knowledge, values and so on. The main aim of this assessment is to compare the findings of the studies in order to measure the reliability as it alternates one another (John, 2015:71).

## **3.13 Limitation of the Study**

As a result of financial constraints, only the eThekweni Municipal Area was concentrated on. This has thus prevented the generalization of the findings of the study.

### **3.14 Delimitations**

The aim of this research study was to identify the factors that contributed to the competence of SMME managers in the eThekweni Municipal Area. In this regard, various business owners who fell into the category of SMMEs were contacted.

### **3.15 Ethical Considerations**

In conducting this study, the following ethical considerations were made:

#### **3.15.1 Voluntary Participation**

Through respondents' participation, the researcher aimed to understand the effect which the competence of SMME managers has in ensuring sustainable economic development in the eThekweni Municipal Area. The result of the study is to add more to the existing body of knowledge about SMME owners and operators by making recommendations that can enhance their performances at large in the municipality and South Africa. Regarding this effect, the respondents were informed that they could opt out according to their desire with no negative consequence, if they felt uncomfortable about their involvement in this study.

#### **3.15.2 Anonymity**

Protecting the identity of the respondents is very pertinent if real information were to be extracted from the respondents (Koulouriotis, 2011:2). For the purpose of this study, a consent letter which detailed the purpose for which this research study was conducted was offered to the respondents. The letter introduced the researcher, as well as the institution and department from where the researcher hailed. These extended to creating the respondents' indulgence by first introducing the research topic titled "Evaluating the Managerial Competence of Small, Medium and Micro Entrepreneurs to Ensure Sustainable Development in the eThekweni Municipal Area". This was followed with the aim for which the research study was conducted. For the purpose of this research, the study aims at identifying the factors that contribute to the competence of SMME managers in the eThekweni Municipal Area.

### **3.15.3 Confidentiality**

Above all, every detail of information supplied by the respondents was assured to be treated with strictest confidence and without any prejudice.

### **3.16 Concluding summary**

This chapter focused on the detail and procedural steps engaged to carry out the methodology and research design for this study. It described the systemic approach of ascertaining the sample needed for the study, as well as the routine through which the research instrument is initiated to elicit needed information from the respondents. Also, it defined the statistical package implemented for data analysis.

The following chapter presents and analyses the findings of the study.

## **CHAPTER FOUR**

### **PRESENTATION AND DISCUSSION OF RESULTS**

#### **4.1 Introduction**

This chapter presents and discusses the results of this study. The data was collected from two hundred and twenty nine SMMEs and was captured and analyzed using the Statistical Package for Social Science (SPSS version 24) to yield inferential and descriptive statistics.

The results are presented in line with the sections of the questionnaire, which set out to establish the following research objectives:

- i. To examine the level of financial knowledge possessed by SMME managers;
- ii. To establish whether the managers are able to identify the business opportunities around them;
- iii. To analyze the level of computer literacy of managers;
- iv. To assess managers' awareness of the environmental changes that affect their business; and
- v. To assess the attitude of managers towards poverty alleviation in the communities in which they operate.

#### **4.2 Results**

To establish these objectives, the questionnaire had 6 sections, with each section having statements in a 5 point Likert scale, which sought to find information from the respondents. These six sections were, however, preceded by a section which solicited biographical information of the said respondents.

The results are now presented below.

#### 4.2.1 BIOGRAPHICAL INFORMATION

##### i. Gender

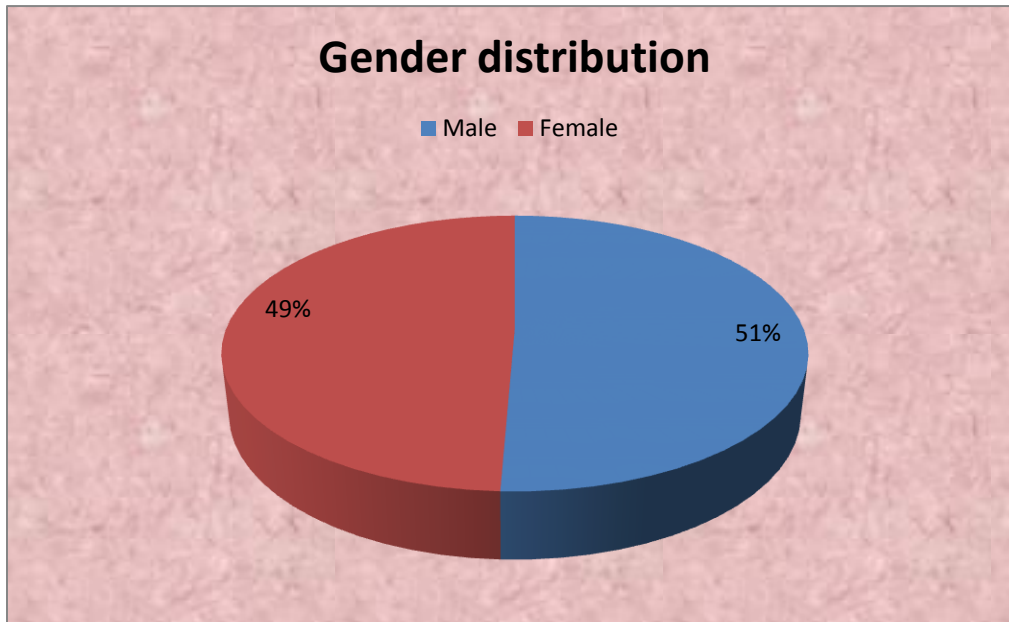


Figure 4. 1: Respondents' Gender spread.

The result from the chart above shows that women ventured into entrepreneurial activities more than male entrepreneurs.

This is no different from the findings of other studies. For example, Mandipaka (2014:1187) opines that entrepreneurship has been dominated by male entrepreneurs for many decades, but recently, factors such as lack of education, poverty and hunger have prompted many women into SMME businesses. In the author's view, the long suffering of women entrepreneurs made government to establish women empowerment programmes to enhance their capacity. Evidently, these programmes are beginning to be helpful for women.

## ii. Age

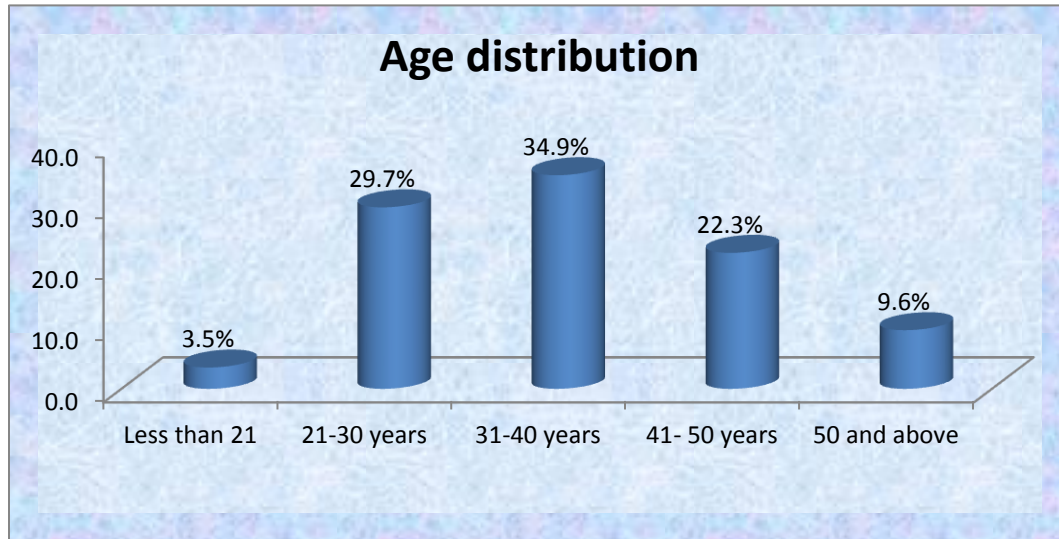


Figure 4. 2: Respondents' Age.

This result shows that most SMMEs fall in the age group of 31-40 years whilst there are fewer people younger than 21 years in business. The same applies to the older group of over 50 years.

Oluwajodu, Blaauw, Greyling and Kleynhans (2015:9) have observed the same pattern and attribute the reasons thereof to include high rate of unemployment, inequitable distribution of environmental resources and social inequalities.

### iii. Race

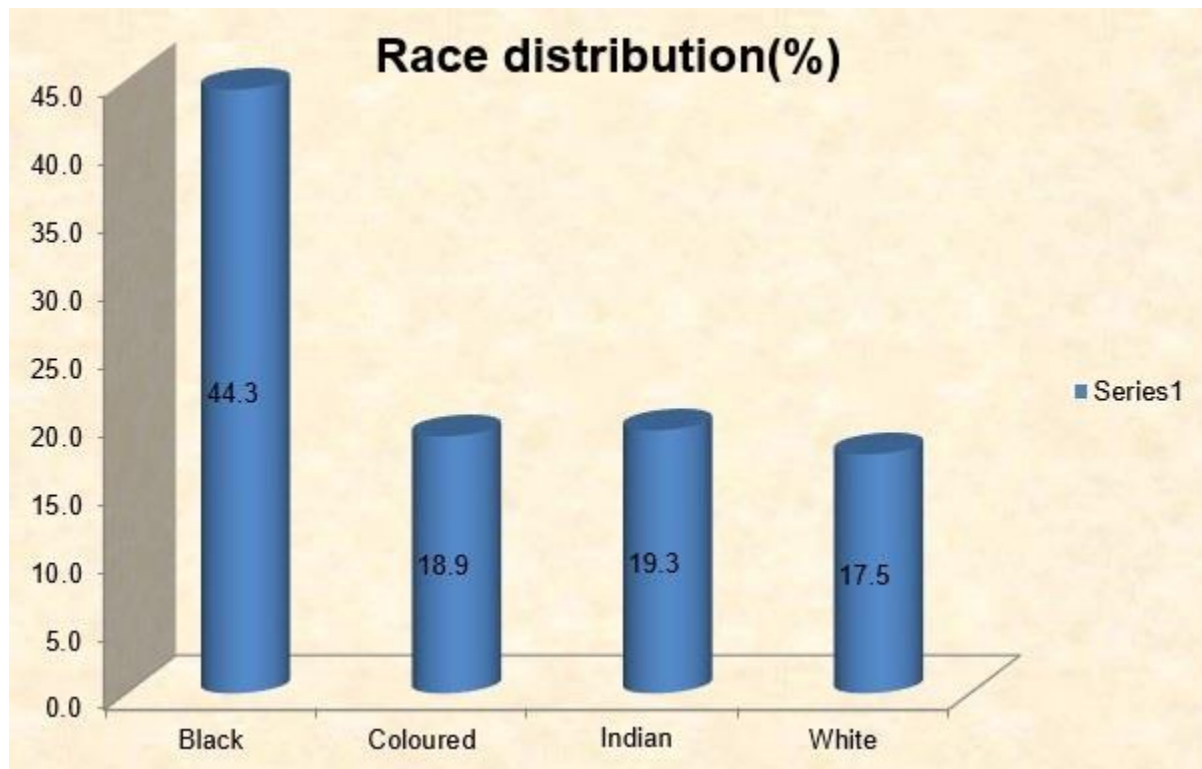


Figure 4. 3: Respondents' racial spread.

Blacks form the largest number of people in the SMME sector with Whites forming the least number of participants.

This confirms a finding made by Tshabalala and Rankhumise (2011:110) that Blacks have recently moved into business, trying to be economically productive. Factors such as poverty, drought, inflation and economic recession are the prominent reasons which drove people into SMME businesses (Edge on Economic Development and Growth in EThekweni, 2013:44).

**iv. Highest educational qualification**

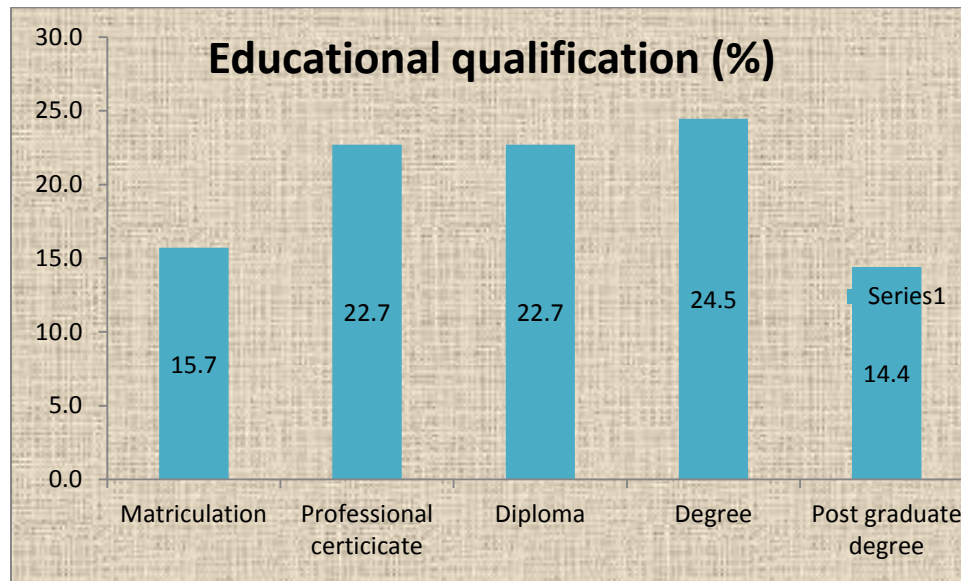


Figure 4. 4: Respondents' Educational Level.

This finding brings hope that SMMEs will move in the right direction because 61.6% of the entrepreneurs have a tertiary qualification.

Saxena and Bendale (2014:642) posit that education is very important in all aspects of business activities because it serves as a facilitator in carrying out managerial roles. Also, it provides an avenue with which to sharpen the business skills and knowledge in the areas of financial management, sales skills, communication skills and other specialization aspects which serve as distinctive measures from a novice.

**Table 4. 1: Respondents' Years in Business.**

		Frequency	Valid Percent
Valid	1-10 years	83	36.4
	11-20 year	64	28.1
	21- 30 years	49	21.5
	31- 40 years	28	12.3
	More than 40 years	4	1.8
	Total	228	100.0
Missing	System	1	
Total		229	

A high number of entrepreneurs have not been in business for too long. Quite a large percentage of entrepreneurs are at their early stage of seed and development category. At this juncture, they are prone to high level of risks such as financial risk and operational risk.

Katua (2014:469) states that SMME activities are time demanding. It is important that young entrepreneurs liaise with pioneers or existing entrepreneurs to create a good relationship that can foster business achievement at different stages such as start-up level, growth and establishment level as well as expansion stage through experience acquired in the course of brainstorming.

**Table 4. 2: Number of employees.**

		Frequency	Valid Percent
Valid	Less than 5	29	12.7
	5-20	103	45.2
	21-50	84	36.8
	More than 50	12	5.3
	Total	228	100.0
Missing	System	1	
Total		229	

The legal requirement for an enterprise to be categorized as a Small business is that it must employ 5 - 99 employees and to be categorized as a Micro business, the number of employees must be 1- 4. To qualify as a Medium enterprise the number of employees should be between 100 - 200. In this study, there were 82% fully fledged SMMEs.

Mbonyane and Ladzani (2011:552) state that the capacity to employ many employees may be hampered by reasons such as financial capital for running business operations, gross asset values, and annual turnover.

#### 4.2.2 FINANCIAL KNOWLEDGE

The following results relate to questions that aimed to test the respondents' financial knowledge.

**Table 4. 3: My financial knowledge has assisted me in establishing my business capital.**

		Frequency	Valid Percent
Valid	Strongly agree	146	63.8
	Agree	77	33.6
	Not sure	4	1.7
	Disagree	1	.4
	Strongly disagree	1	.4
	Total	229	100.0

Almost 97.4% of the respondents have good financial knowledge, which they believe has been very useful in establishing their businesses.

Starcek and Trunk (2013:1445) explain that to maximize financial wealth, it is important for managers to have skills to make decisions that will aid forecasting especially on his financial products or services. This will help entrepreneurs to properly monitor their business liquidity while imbining the spirit of self-control to put temporal discordance of wishes into check and give real needs utmost attention.

**Table 4. 4: My orientation about finances assisted me to open doors of financial assistance.**

		Frequency	Valid Percent
Valid	Strongly agree	133	58.1
	Agree	81	35.4
	Not sure	11	4.8
	Disagree	1	.4
	Strongly disagree	3	1.3
	Total	229	100.0

93.5% of the respondents attested that their orientation on finances was a door opener to financial assistance.

Eresia-Eke and Raath (2013:398) view financial knowledge as the ability of a manager to have in-depth fundamental concepts of finances through which a manager confidently displays in the business activities through skills and abilities on which to make informed judgments for enhancing long term planning and short-term decisions to avoid costly mistakes.

**Table 4. 5: I am able to keep proper records of my business.**

		Frequency	Valid Percent
Valid	Strongly agree	136	59.6
	Agree	81	35.5
	Not sure	6	2.6
	Disagree	4	1.8
	Strongly disagree	1	.4
	Total	228	100.0
Missing	System	1	
Total		229	

A total of 95.1% agree that they are able to keep proper records of their businesses.

Mbonyane and Ladzani (2011:553) explain that lack of proper record keeping is one of the numerous constraints facing the growth of the SMME activities. In their view, setting the record straight through proper documentation allows the manager to know the business position in a readily ascertained manner. Krajcovicova, Caganova and Cambal (2012:1121) agree that keeping record of business activities enables the manager to have knowledge and understanding of business policies and procedures to ensure that vision, mission and objective of establishing the business is not derelict.

**Table 4. 6: I am able to draw up and follow the business budget.**

		Frequency	Valid Percent
Valid	Strongly agree	97	42.4
	Agree	102	44.5
	Not sure	19	8.3
	Disagree	11	4.8
	Total	229	100.0

Many among the participants agree that they ingrained the culture of making a business plan for their business to ensure smooth administration and financial controls.

Tieguhong, Grouwels, Ndoye, Mala, Sakam, Useni and Betti (2012:112) state that a deficiency in the business budgeting plan can result in poor implementation of organizational policies. Where this situation arises there can be an irresolute blockage to achieving financial growth, strategic growth and structural growth in business (Eresia-Eke and Raath, 2013:402).

**Table 4. 7: The mean of Financial Knowledge.**

	Mean
Financial knowledge	1.5362

The expression above provides an indication that most of respondents agreed that their financial knowledge is an asset that makes them to administer the affairs of their business activities. This is evidenced by the mean (1.53) of the construct ‘financial knowledge’ which is below 2.

#### **4.2.3 IDENTIFICATION OF BUSINESS OPPORTUNITY**

The following results relate to questions that aimed to test the respondents’ ability to identify the business opportunities.

**Table 4. 8: The increase of population has given me an avenue to create room to expand.**

		Frequency	Valid Percent
Valid	Strongly agree	57	24.9
	Agree	145	63.3
	Not sure	19	8.3
	Disagree	7	3.1
	Strongly disagree	1	.4
	Total	229	100.0

As high as 88.2% percentage of the respondents agree that the increase in population has provided an avenue for their businesses to expand.

Chea (2008:38) points out that the focus of an entrepreneur is beyond the establishment of business boundary. The cognizance of spotting and exploiting business opportunity should be one of the cogent factors to put into consideration for task-framework and accomplishments in particular, in areas such as economic, social, cultural and technology where other people have failed to notice.

**Table 4. 9: The increase in the price of goods and services enables me to make more money.**

		Frequency	Valid Percent
Valid	Strongly agree	56	24.5
	Agree	123	53.7
	Not sure	24	10.5
	Disagree	20	8.7
	Strongly disagree	6	2.6
	Total	229	100.0

The information provided above shows that 78.2% yielded to the fact that the rise in price of goods and services has added to their financial wealth whereas, 21.8% of the total number of respondents oppose this statement, stating that on the contrary circumstances leading to increase in the price of commodities have no significant enhancement to their profit realization.

Bernard, Kritzinger and Kruger (2011:114) emphasize in their study which was conducted on the business location strategies for improving SMME businesses and performance that, entrepreneurs are contributing actively to economic development such as offering employment opportunities to the needy, poverty reduction, contributory to national wealth such as GDP and NDP among others. However, change in government policies on tax, especially on goods and services and rent provided by government has drastically deterred entrepreneurs from functioning as a service provider and this concern has caused many of the entrepreneurs to encounter severe adversities as inflation increases, making other prices of goods and services to increase as well. The authors suggest that entrepreneurs should be aware of price changes as high increase of goods and services might have an adverse influence on their business.

**Table 4. 10: I chose my business premises after having observed consumer concentration.**

		Frequency	Valid Percent
Valid	Strongly agree	66	28.9
	Agree	141	61.8
	Not sure	14	6.1
	Disagree	7	3.1
	Total	228	100.0
Missing	System	1	
Total		229	

Regarding the statement above, 90.7% of the respondents agree that their choice of business premises was made having considered the concentration of people in the area where their businesses are located. However, 6.1% did not think consumer concentration was on their minds when they chose their business premises.

Growth in business can be actualized where an enterprise is established in a location where existing and potential customers, employees and suppliers can have easy access to the business. (Willard, 2012:20).

**Table 4. 11: I am able to choose the right spots and media to advertise my business.**

		Frequency	Valid Percent
Valid	Strongly agree	57	24.9
	Agree	138	60.3
	Not sure	25	10.9
	Disagree	8	3.5
	Strongly disagree	1	.4
	Total	229	100.0

The above statement was posed to test if managers are able to use appropriate media to reach out to both existing and potential customers. 85.2% consented to this statement nonetheless, 3.9% disagreed. This reveals that a large number of entrepreneurs use advertisement as an instrument for creating awareness to people in eThekwin Municipality of KwaZulu-Natal.

Nosrati, Karimi, Mohammadi and Malekian (2013:56) describe advertising media as a channel through which information is conveyed to the audience in the form of listening, viewing and recently, electronic media that involve the use of computer or social networks to reach out to large number of people. Examples of these are Radio, Bill-boards, Television, Facebook, Skype, Whatsapp, Newspaper and Magazines. It is important that managers familiarize themselves with social networks in order to have wide coverage of marketing their products to large number of consumers.

**Table 4. 12: I take advantage of bad service quality service rendered to the community members by my competitors.**

		Frequency	Valid Percent
Valid	Strongly agree	68	29.7
	Agree	125	54.6
	Not sure	20	8.7
	Disagree	12	5.2
	Strongly disagree	4	1.7
	Total	229	100.0

A large of number of the respondents consisting of 84.3% agree that they can exploit business opportunities which arise from the weaknesses of other entrepreneurs in the same line of business.

Gilbert and Sutherland (2013:2) opine that competitors not only help the entrepreneurs to maximize profit but also to evaluate their strategic plans to develop several ideas that can produce creativity for business sustainability. Business exploitation, according to the authors, is one of the attributes which a manager or an entrepreneur must possess if they are to be the best service provider and champions in their career in particular where competition exist.

**Table 4. 13 : The mean of Identification of Business Opportunities.**

	Mean
Identification of business opportunity	1.9447

The mean of 1.94 of the construct ‘**Identification of business opportunities**’ which is below “2” corresponds to Agree, and that means the majority of managers are able to identify business opportunities around them.

#### 4.2.4 LEVEL OF COMPUTER LITERACY

The results below pertain to questions that sought to test the level of computer literacy of the respondents.

**Table 4. 14: Being computer literate has reduced my work load.**

		Frequency	Valid Percent
Valid	Strongly agree	127	55.7
	Agree	74	32.5
	Not sure	13	5.7
	Disagree	11	4.8
	Strongly disagree	3	1.3
	Total	228	100.0
Missing	System	1	
Total		229	

The majority of the respondents allude to the fact that being computer literate has simplified their workload. Only a small percentage of the respondents do not agree with this.

Chimucheka (2013:789) highlighted that the performance and growth of SMME businesses has necessitated the use of competent skills and ideas in information technology systems in order to relieve workload such as security of the business, communicating with a large number of the audience, storing and keeping business files for easy retrieval of information and reducing cost of production. This increases sales and thus maximizes profits.

**Table 4. 15: Using computer system makes me work faster and efficiently.**

		Frequency	Valid Percent
Valid	Strongly agree	121	53.1
	Agree	76	33.3
	Not sure	13	5.7
	Disagree	16	7.0
	Strongly disagree	2	.9
	Total	228	100.0
Missing	System	1	
Total		229	

As many as 86.4% of the respondents affirmed that computer systems have boosted their work efficiency.

Neves, da Silva, Salomon, da Silva and Sotomonte (2014:125) posit that one of the criteria that promote work efficiency is knowledge acquisition and its applicability. The use of computers and Information Technology, according to the authors, is generally accepted by people of this modern era because of its excellent contribution to time conservation, better record keeping, computerization of processes and accounting analysis purposes. Although, the cost of maintaining a computer system can be expensive for managers and business owners, Neves *et al.* (2014:135) suggest that investment in IT is paramount in order to enhance work capacity volume.

**Table 4. 16: All my records are computerized.**

		Frequency	Valid Percent
Valid	Strongly agree	29	12.7
	Agree	85	37.3
	Not sure	22	9.6
	Disagree	78	34.2
	Strongly disagree	14	6.1
	Total	228	100.0
Missing	System	1	
Total		229	

Half of the total respondents that is, 50% have computerized their systems whereas the other 50% are not there yet.

Cavico, Orta, Muffler and Mujtaba (2014:43) explain that it is essential for the managers, business owners and entrepreneurs to computerize their work details for easy documentation and retrieval in the time of need. This also helps in making important and prompt decisions.

**Table 4. 17: The availability of mobile network enables me to contact a wide range of potential and existing customers.**

		Frequency	Valid Percent
Valid	Strongly agree	66	28.9
	Agree	135	59.2
	Not sure	17	7.5
	Disagree	9	3.9
	Strongly disagree	1	.4
	Total	228	100.0
Missing	System	1	
Total		229	

Mobile networks have enabled wide coverage to about 88% of the respondents.

Smartphones, according to Garrigos-Simon, Alcamí and Ribera (2012:1880) can do office work better than desktops. The holder of the phone can download documents of the clients, scan official papers, attend meetings through conference call, communicate with direct recipient, save and attach files and also send e-mail messages via phone to direct person.

**Table 4. 18: The use of modern technology enables me to secure my business against fraud.**

		Frequency	Valid Percent
Valid	Strongly agree	52	22.7
	Agree	143	62.4
	Not sure	18	7.9
	Disagree	16	7.0
	Total	229	100.0

Modern technology has improved security of business. That is according to according to about 85% of the respondents.

Bressler (2009:8) highlights insecurity as one of the problems faced by the businesses nowadays. This situation has made businesses with good aspirations to experience anxiety and compulsory winding-up because of the increased crime rate. Premises sometimes are broken into, shoplifting, robbery, hacking of sensitive data, manipulation of facts and figures to benefit personal influence by employees and customers within and outside the business circle are some to the security challenges that business people have.

**Table 4. 19: The mean of Computer Literacy.**

	Mean
Computer Literacy	1.7695

The mean of the construct ‘Level’ of computer literacy is (1.76) which is below 2 which correspond to ‘Agree’; meaning that the majority of respondent believed that managers, operators and business owners are competent enough to instill the knowledge of information technology into their business for efficiency purpose.

#### 4.2.5 ENVIRONMENTAL AWARENESS

**Table 4. 20: Being near the natural sources was one of the factors I considered when choosing my business location.**

		Frequency	Valid Percent
Valid	Strongly agree	76	33.3
	Agree	104	45.6
	Not sure	25	11.0
	Disagree	21	9.2
	Strongly disagree	2	.9
	Total	228	100.0
Missing	System	1	
Total		229	

Many entrepreneurs agree that they considered proximity to natural resources when choosing a business location.

The nearer the business is to the materials it needs, the better. This minimizes cost of production and avoids delays in the delivery of the necessary in put materials (Zhdanov, Zhuchkov and Ya.Dashhevskiy, 2013:631).

**Table 4. 21: Transportation costs of my employees were a factor I considered when choosing my business location.**

		Frequency	Valid Percent
Valid	Strongly agree	56	24.6
	Agree	66	28.9
	Not sure	42	18.4
	Disagree	53	23.2
	Strongly disagree	11	4.8
	Total	228	100.0
Missing	System	1	
Total		229	

Half of the respondents did consider transport costs of the employees in getting to the business. For the other half, this was not an issue in choosing a business location.

Part of the strategies to ensure that workers live richer and satisfactory lives includes provision of transport for easy mobility of employees, vehicle loans, educational leave and allowances, housing and retirement benefits and others. All these benefits are meant to boost the morale of the employees in order to ensure their retention for the purpose of giving their best abilities to the business organization (Patro, 2012:19).

**Table 4. 22: Being near health facilities is an important issue in my business.**

		Frequency	Valid Percent
Valid	Strongly agree	56	24.6
	Agree	66	28.9
	Not sure	42	18.4
	Disagree	53	23.2
	Strongly disagree	11	4.8
	Total	228	100.0
Missing	System	1	
Total		229	

Half of the respondents believe that security and health care of employees, customers and the organization as a whole is an important issue in their business. The other half are not really concerned about such issues.

Odeku and Odeku (2014:652) have found that Provision of security for an organization and its employees is a guarantee to get employees motivated and work without anxiety or hesitation. This purpose is to allow the employees to give-in their best capacity for the purpose of actualizing the organization goals and missions. Where such provision is initiated, employees are assured that their lives together with their families are protected (Odeku and Odeku, 2014:655).

**Table 4. 23: I dispose of waste in a responsible manner.**

		Frequency	Valid Percent
Valid	Strongly agree	102	44.7
	Agree	107	46.9
	Not sure	9	3.9
	Disagree	8	3.5
	Strongly disagree	2	.9
	Total	228	100.0
Missing	System	1	
Total		229	

A very high percentage of the respondents are responsible citizens in that they dispose of waste in a responsible manner.

One of the strategies of ensuring healthy life is the adopting of environment hygiene which involves the joint effort of individual and organizational sectors (Palaniappan, Gleick, Allen, Cohen, Christian-Smith and Smith, 2010:34). Taking care of the industrial sewage especially on the part of those businesses that involve the productions with by-product is a starting point to keeping our environment clean from air, water and land pollution. Khalili, Duecker and Ashton (2015:30) also advise that in order to attain sustainability development where waste is controlled in a manner that allows curbing of environmental issues and fostering of economic prosperity, people must dispose waste appropriately to minimize diseases as well.

**Table 4. 24: I take part in the provision of infrastructure projects for the community.**

		Frequency	Valid Percent
Valid	Strongly agree	41	17.9
	Agree	126	55.0
	Not sure	39	17.0
	Disagree	22	9.6
	Strongly disagree	1	.4
	Total	229	100.0

The majority of the entrepreneurs are involved in community projects. Sadly, some do not seem to be interested in such development.

Community development according to Yalegama, Chileshe and Ma (2016:644), is a concept that focuses on the ideology of removing poverty to enrich people's life styles in urban, rural and township areas with the sole aim of meeting the social, economic and environmental needs of the people. This exposure was embarked on through participatory approach in the 90s' where each individual, Non-Governmental Organization (NGO), the private and public sectors made efforts to address and minimize the poverty levels in the community particularly, people residing the in rural areas. Yalegama, Chileshe and Ma (2016:655) suggest association of citizenry, corporate bodies and organizations to jointly support, fund and offer assistance towards provision of infrastructures that can provide an enabling environment where peace reigns.

**Table 4. 25: The mean of Environmental Awareness.**

	Mean
Environmental_awareness2	1.9602

The mean of the construct '**Environmental awareness**' is 1.96 which is below 2. This corresponds to 'Agree'; meaning that the majority of respondents believe that managers, operators and business owners are able to take cognizance of environmental changes that affect their business operations.

#### 4.2.6 POVERTY ALLEVIATION

Poverty alleviation efforts were tested using the statements below, the results of which are given hereunder.

**Table 4. 26: Staff recruitment is done from the community to create employment opportunities.**

		Frequency	Valid Percent
Valid	Strongly agree	33	14.4
	Agree	132	57.6
	Not sure	46	20.1
	Disagree	15	6.6
	Strongly disagree	3	1.3
	Total	229	100.0

A high number of entrepreneurs source their labour from neighbouring communities to assist in poverty alleviation. Evidently, some entrepreneurs do not worry themselves about this.

Ramukumba (2014:33) has observed that providing jobs for communities not only helps to reduce unemployment but also goes a long way to eradicate crime.

**Table 4. 27: I sponsor poverty alleviation programmes in the community.**

		Frequency	Valid Percent
Valid	Strongly agree	16	7.0
	Agree	98	42.8
	Not sure	56	24.5
	Disagree	48	21.0
	Strongly disagree	11	4.8
	Total	229	100.0

Only about 50% of the entrepreneurs involve themselves in community poverty alleviation programmes.

Morikawa (2014:178) suggests that the way to alleviate poverty in the environment needs the collaboration of government and Non-Governmental Organizations to boost the educational level and provide enlightenment programmes that can make people to be self-sufficient.

**Table 4. 28: I donate some food stuffs to deserving families in the community.**

		Frequency	Valid Percent
Valid	Strongly agree	19	8.3
	Agree	64	28.1
	Not sure	62	27.2
	Disagree	62	27.2
	Strongly disagree	21	9.2
	Total	228	100.0
Missing	System	1	
Total		229	

This is a disappointing finding, that only 36% of the entrepreneurs donate food to deserving families. A whole 64% do not involve themselves in such philanthropic acts.

Rocha (2012:336) explains reasons why entrepreneurs do not engage in benevolent activities to communities where hunger, poverty, crime and unemployment prevail.

**Table 4. 29: I give bursaries to deserving students of the community around by business.**

		Frequency	Valid Percent
Valid	Strongly agree	11	4.8
	Agree	65	28.4
	Not sure	67	29.3
	Disagree	70	30.6
	Strongly disagree	16	7.0
	Total	229	100.0

This funding is in line with the previous one that entrepreneurs are not very philanthropic.

Chiliya and Chikandiwa (2011:30) explain the reasons for this flaw to include inadequacy of capital outlay for business operations, extravagance attitude of the entrepreneurs, risk averse, ineffective sales, low business IQ and insecurity.

**Table 4. 30: I support community projects in my area by purchasing their products.**

		Frequency	Valid Percent
Valid	Strongly agree	56	24.6
	Agree	119	52.2
	Not sure	28	12.3
	Disagree	24	10.5
	Strongly disagree	1	.4
	Total	228	100.0
Missing	System	1	
Total		229	

This is a very positive finding that entrepreneurs do support community projects by purchasing their products.

Char, bin Yaso' and Hassan (2010:67) acknowledge that SMMEs are recognized in many countries owing to their ability to offer employment opportunities to the job seekers. This could be in alignment to a situation where stocks are procured from community as raw materials in the community which is an avenue to flourish domestic economies.

**Table 4. 31: The mean of Poverty Alleviation.**

	Mean
Poverty alleviation2	1.7380

The result above shows that the mean of the construct '**Poverty alleviation**' is 1.73 which is close to agree (2), meaning that most of respondents agreed and believe that managers, operators and business owners contribute to poverty alleviation in the community where they operate.

### 4.3 Testing the reliability and validity of the scales.

**Table 4. 32: Reliability.**

<b>Constructs</b>	<b>Cronbach alpha's</b>
Financial Knowledge	.815
Identification of business opportunities.	.565
Level of computer literacy	.788
Environmental awareness	.705
Poverty Alleviation.	.667

**Financial knowledge, Level of computer literacy** and **Environment awareness** have a good reliability level because their Cronbach's alphas are above .7. This means that each of these constructs is measured at least at 70%. For example, the items used to measure **financial knowledge**, measure it at 81.5%. The table above also indicates an acceptable reliability (.667>.6) of the construct **Poverty Alleviation**. However, there is a reliability concern regarding the construct **Identification of business opportunities** as its Cronbach's alpha is below the acceptable threshold (.6).

### Testing convergent validity

**Table 4. 33: Item-Total Statistics - Financial Knowledge**

	Corrected Correlation
My financial knowledge has assisted me in establishing my business	.690
My orientation about finances assisted me to open doors of financial assistance	.708
I am able to keep proper records of my business	.662
I am able to draw up and follow the business budget	.520

The above result revealed that all the items used to measure ‘**financial knowledge**’ have a good convergent validity as all their corrected item-total correlation coefficients are above .5. This means, these items are appropriate in measuring ‘**financial knowledge**’. For example, the item “my financial knowledge has assisted me in establishing my business” measures the construct financial knowledge at .69%.

**Table 4. 34:** Item-Total Statistics – Identification of business opportunities.

	Corrected Item-Total Correlation
The increase of population has given me an avenue to create room to expand	.318
The increase in the price of goods and services enables me to make more money	.393
I chose my business premises after having observed consumer concentration	.364
I am able to choose the right spots and media to advertise my business	.284
I take advantage of bad service quality service rendered to the community members by my competitors	.288

The outcome from the correlation examined indicates that all the items used to measure **‘Identification of business opportunities’** don’t have a good convergent validity as they all have their corrected item-Total correlation coefficients under .5.

**Table 4. 35:** Item-Total Statistics - Level of Computer Literacy

	Corrected Item-Total Correlation
Being computer literate has reduced my work load	.559
Using computer system makes me work faster and efficiently	.585
All my records are computerized	.214
The availability of mobile network enables me to contact a wide range of potential and existing customers	.266
The use of modern technology enable me to secure my business against fraud	.538

**Table 4:35 - b: Item-Total Statistics**

	Corrected Item-Total Correlation
Being computer literate has reduced my work load	.718
Using computer system makes me work faster and efficiently	.685
The use of modern technology enable me to secure my business against fraud	.504

Initially, the construct ‘**Computer literacy**’ had five items, two items (all my records are computerized and the availability of mobile network enables me to contact a wide range of potential and existing customers).

**Table 4. 36: Item -Total Statistics – Environmental awareness**

	Corrected Item-Total Correlation
Being near the natural sources was one of the factors i considered when choosing my business location	.517
Transportation costs of my employees were a factor i considered when choosing my business location	.374
Being near health facilities is an important issue in my business	.601
I dispose of the waste in a responsible manner	.463
I take part in the provision of infrastructure projects for the community	.529

**Table 36-b: Item-Total Statistics**

	Corrected Item-Total Correlation
Being near the natural sources was one of the factors I considered when choosing my business location	.479
Being near health facilities is an important issue in my business	.581
I take part in the provision of infrastructure projects for the community	.510

Originally, the construct '**environment awareness**' had five items, two items (transportation costs of my employees were a factors I considered when choosing my business location and I dispose of a waste in a responsible manner) were removed because they were not converging well toward the construct as their corrected item-total correlation coefficients were below .5 (Table 36 - a).

After removal of these items, Table 36 - b indicates a significant improvement of the corrected item-total correlation; meaning only two items measure '**environment awareness**' adequately and just one item is still not converging well toward the construct.

**Table 4. 37- a: Item -Total Statistics – Poverty alleviation**

	Corrected Item-Total Correlation
Staff recruitment is done from the community to create employment opportunities	.240
I sponsor poverty alleviation programs in the community	.539
I donate some food stuffs to deserving families in the community	.453
I give bursaries to deserving students of the community around by business	.329
I support community projects in my area by purchasing their products	.146

**Table 4:37-b: Item-Total Statistics**

	Corrected Item-Total Correlation
I sponsor poverty alleviation programs in the community	.485
I donate some food stuffs to deserving families in the community	.553
I give bursaries to deserving students of the community around by business	.407

At the beginning, the construct *poverty alleviation* had five items, Four items (**I support community projects in my area by purchasing their products, staff recruitment is done from the community to create employment opportunities, I donate some food stuffs to deserving families in the community and I give bursaries to deserving students of the community around by business** ) were removed because they were not converging well toward the construct as their corrected item-total correlations were below .5 (Table 37-a).

After removal of two of these four items, Table 37-b item-total correlation coefficients doesn't indicate a significant improvement of the corrected item-total correlation coefficients; only one item measures '**poverty alleviation**' adequately.

This means further studies should be made to improve the construct measure

**Table 4. 38: Discriminant validity**

		<b>Correlations</b>				
		Financial knowledge	Identification of business opportunity	Computer literacy	Environment awareness	Poverty alleviation
Financial knowledge	Pearson Correlation	1				
	Sig. (2-tailed)					
	N					
Identification of business opportunity	Pearson Correlation	.442**	1			
	Sig. (2-tailed)					
	N					
Computer literacy	Pearson Correlation	.448**	.380**	1		
	Sig. (2-tailed)					
	N					
Environment awareness	Pearson Correlation	.430**	.483**	.420**	1	
	Sig. (2-tailed)					
	N					
Poverty alleviation	Pearson Correlation	-.032	-.135*	.248**	.189**	1
	Sig. (2-tailed)					
	N					

\*\* . Correlation is significant at the 0.01 level (2-tailed).

\* . Correlation is significant at the 0.05 level (2-tailed).

A discriminant analysis was conducted to ensure that each item involved in the study only measured one construct at a time. According to Table 4.38, discriminant validity is supported because all the Pearson correlation coefficients are less than .5. This means the constructs are not strongly correlated implying that each item measures only one construct at a time.

#### **4.4 Concluding summary**

The result of this study presented above indicate that SMMEs in eThekweni Municipal Area are reasonably competent and they have made profound contributions to the development of the said area which hopefully will be sustained. Pertinent findings include:

- i. The fact that gender equality is on its way to being achieved because already the number of female entrepreneurs surpasses that of male entrepreneurs.
- ii. The study revealed that youth are actively committed into SMME business which is a good move to abolish problems of unemployment, crime and other corrupt practices.
- iii. SMMEs have been able to harmoniously foster a good relationship amongst people in the environments where they serve by purchasing community products.
- iv. Education, according to the respondents, is of value to the entrepreneurs because it has enriched the intellectual ideas of the managers and business owners on knowledge and skills needed to administer their operational activities.
- v. Managers are able to identify issues which occur in their business environment such as inflation, business policies promulgated by government which are having an adverse effect on their businesses.
- vi. Use of information technology has made SMME managers to be efficient, keep larger volumes of operational records, access wider coverage of customers, attend meetings and interviews, build business securities and mostly, minimize costs such as operational cost, administrative cost and other financially related costs with the aim of maximizing profit.
- vii. SMME managers take care of their environment by disposing waste in a responsible manner to curb the rate of diseases caused by air pollution, water pollution and land pollution.
- viii. Contributions by SMME businesses are now an avenue to improve the standard of living of people in the community by procuring jobs to the needy.
- ix. The entrepreneurs are still not good at identifying business opportunities around them.

The next chapter concludes this study and makes recommendations where these are necessary.

## **CHAPTER FIVE**

### **CONCLUSION AND RECOMMENDATIONS**

#### **5.1. Introduction**

This chapter concludes the study, the main aim of which was to assess the extent to which the competence of SMMEs managers can be a factor in ensuring sustainable economic development in the eThekwin Municipality Area. The widely reported failure rate of SMMEs necessitated a study of this nature. Even though there are many financing agencies, in South Africa these entrepreneurs are still not convincingly contributing to economic development (Edge on Economic Development and Growth in EThekwin, 2013:3). There was therefore a need to take a look from inside these ventures.

In finalising this study, it is necessary to re-cap on the objectives that guided this research. These will be dealt with individually in this chapter.

#### **5.2. Research Objectives**

The following research objectives were tested using a structured questionnaire, to which 229 entrepreneurs responded. This was thus the sample size of this study, the results of which were presented in the previous chapter.

- i. To examine the level of financial knowledge possessed by SMME managers;
- ii. To establish whether managers are able to identify the business opportunities around them;
- iii. To analyze the level of computer literacy of managers;
- iv. To assess managers' awareness of the environmental changes that affect their businesses; and
- v. To assess the attitude of managers towards poverty alleviation in the communities in which they operate.

### **5.2.1 Addressing the first research objective**

The first objective for this study was to examine the level of financial knowledge of SMME managers, business owners and operators. This was established as follows:

#### **i. Primary findings**

A large number of SMME managers agreed that their understanding of finances has tremendously contributed to their business achievements. As stated by the respondents, their financial knowledge has helped them in the business establishment and sources for capital outlay from appropriate institutions, agents or relatives for the purpose of boosting financial strength to be potent enough in dealing with the business' monetary matters. In addition, the proficiency of the managers in financial administration has enabled them to keep and update business records on which decisions can be made for future projections.

#### **ii. Secondary findings**

Knowledge in business is a multi-dimensional concept which serves as a foundational pillar to build or develop ideas, thoughts and beliefs that can be used to improve business success and performance (Pollack, 2012:877). However, the operational activity of business is prone to risks and failure where knowledge to drive, establish and grow the business is deficient (Omotayo, 2015:11). If a business is to survive, grow and be well-established, a manager or an entrepreneur needs to utilize their wealth of experience, which comprises business assets such as intellectual, human and financial resources, amongst others. Rafera and Kolech (2015:29) opined that in fulfilling managerial roles, it is imperative that a good manager be proficient in financial knowledge to be able to competently display financial matters using mathematical skills, conceptual skills, technical skills and analytical skills, as this will have significant contributions to profit acquisition and the attainment of corporate goals.

### **5.2.2 Addressing the second research objective**

The second research objective aimed to establish whether managers are able to identify the business opportunities around them.

### **i. Primary findings**

The cross examination was carried out to ascertain if managers are able to spot business opportunities around them owing to situational occurrences in the business community. The responses from the respondents revealed that managers are able to take advantage of events of occurrence to business' advantage such as increase in population as an avenue for business expansion; persistent rise in cost of goods and service for profit realization purpose; choice of business location having observed the concentration of customers; selection of right advertising media for the business; and taking advantage of bad services rendered by competitors in the same line of business to the community. However, at this stage a manager or business owner has to be cautious as wrong perception of ideas, facts and information can be hazardous to the establishment, growth and survival of the business.

### **ii. Secondary findings**

Identifying business opportunities begin with the ability of an entrepreneur to have a clue on which he initiates action to develop ideas and business creativities (Molaei and Zali, 2014:143). Wasdani and Mathew (2014:4) opine that opportunity identification is a task that needs greater attention, carefulness and huge sacrifices such as time, energy and money for the prospect of business establishment to be accomplished. Having fulfilled these demands, an entrepreneur is engaged with the approach of making an appropriate choice of location with which to carry out surveys or feasibility studies. In most cases, entrepreneurs are known to source for business opportunities under two perspectives, namely formal sources (consumer's demand, flow of market trends, information using IT and others) and informal sources (own skills, hobbies, relatives, amongst others) (Davidsson, 2015:676). Entrepreneurs of today are used to identifying business opportunity through discovery of spaces or gaps in market offerings and failure of other rivals in the same line of business (Hyder and Lussier, 2015:86).

Despite this, the alarming rate of failure in SMME businesses arises owing to the inability of business owners to consider factors such as economic situation, political instability, change in weather patterns, government policies and information technology, etc. (Kirkley, 2016:153). It is

important that business owners, managers and operators thoroughly examine these loop holes in alignment with personal qualities and business goals in order to produce the desired profit.

### **5.2.3 Addressing the third research objective**

The third objective of the study was tested to analyze the level of computer literacy of SMME managers in the eThekweni Municipal Area.

#### **i. Primary findings**

From the view of the respondents, a majority believed that they are competent enough to instill the knowledge of information technology into their businesses for efficiency purposes. They affirmed that their computer literacy has reduced their workload; boosted their work efficiently and made it fast; helps in keeping the work records; contact wider range of both existing and intending customers through the of IT and mobile networks; and secure their businesses against fraud occurrences.

#### **ii. Secondary findings**

Mbonyane and Ladzani (2011:553) explain that the forces of the market are becoming tensed everyday, which makes the work of SMME managers tedious, voluminous and time-consuming in nature as managers tend to satisfying consumers' needs while aiming to ensure business growth and expansion. Chimucheka (2013:789) adds that the advent of technology has tremendously improved modes of communication and work efficiency through gadgets such as phones, tablets, micro-computer chips, satellites and the Internet. It is essential that managers and business owners equip themselves with Science-based technology in order to save time, boost work efficiency and also address other constraints which make life challenging, for easy convenience of business administration (Utami and Lantu, 2014:381).

### **5.2.4 Addressing the fourth research objective**

The fourth objective of the study addresses the issue on whether SMME managers are able to take cognizance of environmental changes which affect their businesses.

### **i. Primary findings**

This objective captures the inquiry if being near natural resources was among the factors that SMME managers in the eThekweni Municipal Area considered in choosing a business location. Also, further examination was carried out on employees' welfare in particular, their mobility to the workplace as well as health care benefits that managers have for their employees and their customers. In addition, investigation was carried out on whether managers, operators and business owners are able to dispose of the waste in a responsible manner and partake in the provision of infrastructure projects for the community. The findings from the study revealed that the majority of respondents believed that managers, operators and business owners are able to take cognizance of environmental changes that affect their business operations.

### **ii. Secondary findings**

Al-Hawamdeh (2002:6) explains that it is necessary for SMME managers to understand their environment with regards to factors like the political state of the country, its economic situation, technology advancement and social status. The key central achievement is based on information in order to enhance decision-making by the manager on how to adapt to challenges in the environment if the continuity of the business is to be established and sustained in the environment where they serve (Ismail, Domil and Isa, 2014:140).

## **5.2.5 Addressing the fifth research objective**

The fifth objective of the study was to assess the attitude of managers in the eThekweni Municipal Area towards poverty alleviation in the communities in which they operate.

### **i. Primary findings**

The result of the study conducted on SMMEs in the eThekweni Municipal Area indicated that poverty is a leading factor that propounds dominant issues resulting in other reasons why people experienced unfavourable environmental, social and economic imbalances. The facts gathered revealed that a high number of entrepreneurs source their labour from neighboring communities to assist in poverty alleviation. However, some entrepreneurs do not worry themselves about

this. Also, SMMEs have not been actively participating in sponsoring poverty alleviation programmes in the community. Some business owners and managers have not engaged in philanthropic acts to fight problems of hunger, which is radiating in the community where they operate. In addition, SMMEs have not been supporting students financially to support their educational careers. In spite of these deficiencies, a finding indicated that entrepreneurs do support community projects by purchasing their products.

## **ii. Secondary findings**

Chimucheka (2013:785) views poverty as a worldwide problem. The outlook of what poverty connotes only differs from country to country, which is why governments around the world opine SMMEs as a driving strategy to control poverty in order to ensure economic sustainability in the domain where they serve. Ramukumba (2014:20) agrees that South Africa, like other developing countries of the world, is experiencing poverty which is a common disease that deteriorates economic growth and wealth creation. This circumstance has geared government towards enhancing the performance of SMME activities, as they are known to be the service provider in solving barriers procreated in the environment. Examples include high crime rates, unemployment, hunger and war.

## **5.3 Recommendations**

On the basis of the findings of this study, the following recommendations are made to the entrepreneurs.

### **5.3.1 Identification of Business Opportunity**

To address the problem of '**identification of business opportunity**', SMME managers, business owners and operators are recommended to have sound and quality education as this will be a booster to their effectiveness in all ramifications in terms of knowledge, skills, attitude, behavioural character, evaluation, values and even professional competence that build business opportunity. In addition educational knowledge will not only allow managers to be proficient in rational thinking but to make important decisions on matters such as risk assessment; problem identification with solutions; product advertisement; staff evaluation and assessment; work delegation; and planning, as well as goal setting.

### **5.3.2 Poverty Alleviation**

As SMME activities are one of the major projections used by government as a way out of the poverty experienced by individuals around the world, government should endeavor through financial and non-financial institutions such as SEFA, SEDA, KHULA and NTSIKA enterprises and others to brighten ideas of the existing and potential entrepreneurs on managerial competence and how to handle financial and operational matters in SMME businesses. The aim is to relieve government of heavy burdens placed on job creation by the unemployed masses and thus, reduce barriers to the equitable distribution of natural resources and unfavourable economic prosperity that people experienced in the environment where they live.

Finally, the government should promulgate laws that will favour SMME businesses and remove other limiting barriers such as tariffs; fines; rates and penalties; subsidies; and deregulation of trades. This is to enable SMMEs to activities to wax stronger and function at both local and international levels. If all these requirements can be met, the problems affecting the competence of SMME managers will be curbed, if not totally eliminated, and SMMEs will be able to function as agents to sustainable development in the community where they serve.

### **5.4. Proposed future research**

The findings of this study have illuminated that more research needs to be done on the following areas:

- i. Identification of business opportunities. It is proposed that beyond the scope of this thesis, other academic scholars and researchers should conduct more research on the need for SMME managers, operators and entrepreneurs to conduct proper feasibility studies for them to be able to identify business opportunities around them before venturing into their choice of businesses. Furthermore, the suggestion is made to Government schools and institutions of higher learning to establish a curriculum on entrepreneurship as a course of study. This will allow students to have ideas and knowledge on entrepreneurship, especially when they find themselves in the labour market as business entrepreneurs, managers and operators.

- ii. A final proposal is that researchers should examine how to tackle the incessant rate of poverty in the environment in order to ensure sustainable development where people can enjoy their lives with convenience.

## **5.5 Conclusion**

This study has revealed that large numbers of business owners and managers who ventured into entrepreneurship are the youth, out of which women were the larger percentage of participants. This is not surprising because of factors such as long suffering, lack of education, and inequitable distribution of income, amongst others. Apparently, it is not a new thing that entrepreneurs, irrespective of gender or size of the business, faced constraints such as shortage of skills, knowledge, ability, market accessibility, lack of a business plan, poor record keeping, insufficient business liquidity, crime, thefts, etcetera. The study which was conducted in the eThekweni Municipal Area on the managerial competence of SMMEs revealed that managers, business owners and operators cannot vividly identify business opportunity around them, which is one of basic criteria for which to establish and maintain business operations. The reason for this attitude emanates from persistent rises in poverty levels, which is the leading factor that forces many people into business without in-depth knowledge, skills, ability, emotions, value judgment, attitude, behavioural character, technology and passion for the business.

In order to initiate action to correct the problem of identifying business opportunities and poverty where SMMEs are able to function well in the world of business and contribute to sustainable development, this study has suggested that education is needed to be used as a weapon. Where managers are academically sound, they will be able to impact their wealth of intellectual resources to enhance the operational performance in their businesses; and to identify business opportunities around them as a door opener to prosperity and business sustenance. Also, institutions of higher learning should imbibe entrepreneurship as a course in their curriculum in order to develop young aspiring entrepreneurs from undergraduate to graduate level. The educational knowledge acquired will serve as a pacesetter to excel brightly in their choice of business when in the labour market.

To this end, SMME managers, entrepreneurs and operators can be more active in contributing immensely to their business and sustainable development if the above suggestions are appropriately implemented in South Africa.

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## APPENDICES

### Appendix 1: Letter of Information



#### LETTER OF INFORMATION

**Title of the Research Study:** Evaluating Managerial Competence of Small Medium and Micro Entrepreneurs to ensure Sustainable Economic Development in eThekweni Municipal Area.

**Researcher:** Ogunsola Sijuwade Adedayo, HND Accounting

**Supervisor:** Dr. Nobubele Potwana, (PhD)

**Brief Introduction and Purpose of the Study:** The purpose of this research is to assess the extent to which the competence of SMME managers is a factor in ensuring sustainable economic development in eThekweni Municipal Area.

**Outline of the Procedures:** Questionnaires will be emailed or hand delivered. A respondent will be given about 2 weeks to complete and return to the researcher or collected if arranged as such.

**Benefits:** The output will enable the participants to gain knowledge so as to make meaningful decisions while enabling the researcher to publish journals, articles as well as a Master's thesis.

**Reason/s why the Participant May Be Withdrawn from the Study:** There will be no adverse consequences for the participants should they choose to withdraw from participating in the study.

**Remuneration:** Participants will not be paid for participating in this study.

**Costs of the Study:** (N/A)

**Confidentiality:** Information obtained will be treated in a strictest confidence.

**Research-related Injury:** (N/A)

#### Persons to Contact in the Event of Any Problems or Queries:

- |    |                              |              |   |              |
|----|------------------------------|--------------|---|--------------|
| 1. | S.. Ogunsola                 | : Researcher | - | 071 915 1960 |
| 2. | Dr. N. Potwana               |              | - | 082 860 7187 |
| 3. | Research Ethic Administrator |              | - | 031 373 2900 |

Complaints can be reported to the DVC: TIP, Prof F. Otieno on 031 373 2382 or [dvctip@dut.ac.za](mailto:dvctip@dut.ac.za).

#### General:

Potential participants must be assured that participation is voluntary and the approximate number of participants to be included should be disclosed. A copy of the information letter should be issued to participants. The information letter and consent form must be translated and provided in the primary spoken language of the research population e.g. isiZulu.

## Appendix 2: Approval Letter



### MANAGEMENT SCIENCES: FACULTY RESEARCH ETHICS COMMITTEE (FREC)

30 August 2016  
Student No: 21556735  
FREC No: 117/15FREC

Dear Mr SA Ogunsola

#### MASTERS OF MANAGEMENT SCIENCES: BUSINESS ADMINISTRATION

**TITLE: EVALUATING MANAGERIAL COMPETENCE OF SMALL MEDIUM AND MICRO ENTREPRENEURS TO ENSURE SUSTAINABLE ECONOMIC DEVELOPMENT IN ETHEKWINI MUNICIPAL AREA**

Please be advised that the FREC Committee has reviewed your proposal and the following decision was made: Ethical Level 2 -Full Approval

Approval has been granted for a period of two years, after which you are required to apply for safety monitoring and annual recertification. Please use the form located at the Faculty. This form must be submitted to the FREC at least 3 months before the ethics approval for the study expires.

Any adverse events [serious or minor] which occur in connection with this study and/or which may alter its ethical consideration must be reported to the FREC according to the FREC SOP's. Please note that ANY amendments in the approved proposal require the approval of the FREC as outlined in the FREC SOP's.

Yours Sincerely

Prof JP Govender  
Deputy Chairperson: FREC

### Appendix 3: Letter of Consent



8<sup>th</sup> September, 2016.

.....  
.....  
Dear Respondent,

#### Letter of Consent

My name is **Ogunsola Sijuwade Adedayo**, a Masters student of Business Administration at Durban University of Technology. I hereby seek your consent to conduct a research study on the topic **“Evaluating Managerial Competence of Small Medium and Micro Entrepreneurs to ensure Sustainable Economic Development in eThekwin Municipality Area”**.

The aim of this study is to identify the factors that contribute to the competence of SMME managers so as to contribute to sustainable development of the economy of the eThekwin Municipality Area. Through your participation, I hope to understand what effect the competence of SMME managers has in ensuring sustainable economic development in eThekwin Municipality Area. The results of the study are to contribute to the existing body of knowledge about SMME owners and operators by making recommendations needed to be taken to enhance the performance of SMME industries at large.

Please, know that your participation in this project is voluntary. You may refuse to participate or withdraw from the project at any time with no negative consequence. Your name will not be attached to the questionnaire and all information will be held in the strictest confidence. Therefore, should you have any query with regards to the questionnaire or about participating in this study, do not hesitate to contact me or my supervisor on the telephone numbers below.

Thank you in anticipation.

Researcher’s Name: Ogunsola S. Adedayo

Cell Number: 071 915 1960

Supervisor: Dr. N. Potwana

Cell Number: 082 860 7187

DUT Research Ethic Administration: 031 373 2900

## Appendix 4: Research Questionnaire

Please tick the relevant box below

### Section A: Biographical Section

#### 1. Gender

Male	Female
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#### 2. Age

Less than 21	21 – 30	31 - 40	41 – 50	51 and above
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#### 3. Race

Black	Coloured	Indian	White
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#### 4. Highest Educational Qualification

Matriculation	Professional Certificate	Diploma	Degree	Post Graduate Degree
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#### 5. Years in Business

1 – 10 years	11 – 20 years	21- 30 years	31 – 40 years	More than 40 Years
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#### 6. Number of Employees

Less than 5	5 - 20	21 - 50	More than 50
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From Section B to Section F indicate the extent to which you agree with the statements below by ticking the appropriate box, that is, either Strongly Agree; Agree; Not Sure; Disagree and Strongly Disagree.

## Section B: Financial knowledge

7. My financial knowledge has assisted me in establishing my business.

Strongly Agree	Agree	Not Sure	Disagree	Strongly Disagree
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8. My orientation about finances assisted me to open doors of financial assistance.

Strongly Agree	Agree	Not Sure	Disagree	Strongly Disagree
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9. I am able to keep proper records of my business.

Strongly Agree	Agree	Not Sure	Disagree	Strongly Disagree
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10. I am able to draw up and follow the business budget.

Strongly Agree	Agree	Not Sure	Disagree	Strongly Disagree
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## Section C: Identification of business opportunities.

11. The increase in population has given me an avenue to create room to expand.

Strongly Agree	Agree	Not Sure	Disagree	Strongly Disagree
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12. The increase in the price of goods and services enables me to make more money.

Strongly Agree	Agree	Not Sure	Disagree	Strongly Disagree
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13. I chose my business premises after having observed consumer concentration.

Strongly Agree	Agree	Not Sure	Disagree	Strongly Disagree
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14. I am able to choose the right spots and media to advertise my business.

Strongly Agree	Agree	Not Sure	Disagree	Strongly Disagree
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15. I take advantage of bad service quality service rendered to the community members by my competitors.

Strongly Agree	Agree	Not Sure	Disagree	Strongly Disagree
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**Section D: Level of computer literacy.**

16. Being computer literate has reduced my work load.

Strongly Agree	Agree	Not Sure	Disagree	Strongly Disagree
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17. Using computer systems makes me work faster and efficiently.

Strongly Agree	Agree	Not Sure	Disagree	Strongly Disagree
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18. All my records are computerised.

Strongly Agree	Agree	Not Sure	Disagree	Strongly Disagree
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19. The availability of mobile networks enables me to contact a wide range of potential and existing customers.

Strongly Agree	Agree	Not Sure	Disagree	Strongly Disagree
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20. The use of modern technology enables me to secure my business against fraud.

Strongly Agree	Agree	Not Sure	Disagree	Strongly Disagree
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**Section E: Environmental awareness.**

21. Being near the natural sources was one of the factors I considered when choosing my business location.

Strongly Agree	Agree	Not Sure	Disagree	Strongly Disagree
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22. Transportation costs for my employees were a factor I considered when choosing my business location.

Strongly Agree	Agree	Not Sure	Disagree	Strongly Disagree
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23. Being near health facilities is an important issue in my business.

Strongly Agree	Agree	Not Sure	Disagree	Strongly Disagree
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24. I dispose of the waste in a responsible manner.

Strongly Agree	Agree	Not Sure	Disagree	Strongly Disagree
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25. I take part in the provision of infrastructure projects for the community.

Strongly Agree	Agree	Not Sure	Disagree	Strongly Disagree
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#### **Section F: Poverty Alleviation.**

26. Staff recruitment is done from the community to create employment opportunities.

Strongly Agree	Agree	Not Sure	Disagree	Strongly Disagree
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27. I sponsor poverty alleviation programmes in the community.

Strongly Agree	Agree	Not Sure	Disagree	Strongly Disagree
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28. I donate some foodstuffs to deserving families in the community.

Strongly Agree	Agree	Not Sure	Disagree	Strongly Disagree
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29. I give bursaries to deserving students of the communities around my business.

Strongly Agree	Agree	Not Sure	Disagree	Strongly Disagree
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30. I support community projects in my area by purchasing their products.

Strongly Agree	Agree	Not Sure	Disagree	Strongly Disagree
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THANK YOU FOR PARTICIPATING.

