

DURBAN UNIVERSITY OF TECHNOLOGY



An assessment of strategic decision-making processes in small and micro enterprises in the services sector in South Africa

Roger Gopaul

Student No. 21752117

A thesis submitted in fulfilment of the requirements for the degree of

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Specialising in Business Administration

in the

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Supervisor: _____

Professor R. Rampersad (PhD)

Date

Co-Supervisor: _____

Dr Gnanam Pillay (PhD)

Date

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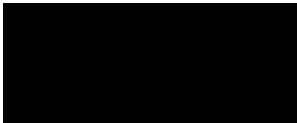
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Abstract

The thesis assesses the strategic decision-making process in small and micro enterprises in the services sector in South Africa. The mortality rate of small and micro enterprises remains undesirably high in South Africa. Among the factors affecting small and micro enterprise sustainability is poor managerial skills including deficiencies in the strategic decision-making process. A review of the literature revealed that there is a gap pertaining to an assessment of strategic decision formation among this sector. On the basis of the literature review, the process of strategic decision-making was assessed in different situational contexts consisting of the external environment and internal environment which influences the decision formation. The study assumed a qualitative methodology in order to understand the phenomenon of strategic decision-making. SSemi-structured interviews, focus group sessions and observation methods were employed, as the essential form of data collection. The sample population comprised thirty businesses that satisfied the criteria of small and micro in the services sector. A content analysis was conducted in order to present the findings of the research study and offer an integrated theoretical model of the strategic decision-making process. The findings of the research indicate that the process of strategic decision-making is pivoted on the intuitive decision-making tendencies of the business owners. As such, there was diminutive reliance on a procedural rational mode towards formulating decisions among small and micro businesses. The phases of the decision formation process within these businesses were simplified with few steps involved. The phases of the decision-making process consisted of information gathering, interpretation of information and option generation for implementation. The findings show that the process of strategic decision formulation within small and micro enterprises adopts an intuitive approach consistent with a descriptive mode of decision-making. The phases of the intuitive approach to strategic decision-making among small and micro enterprises were deemed iterative and overlapped during the process of formulating the decisions as compared to a decision-making mode that is fundamentally sequential in character. The findings of this study have many potential theoretical contributions to the stock of knowledge as well as practical contributions to governmental policy-makers, supporting agencies and business owners. Recommendations for future research were advocated which have the propensity to further augment the understanding of the strategic decision-making process.

Declaration

I hereby declare that the work (described) in this thesis is my original work, and has not previously been submitted either in part, or in its entirety, for a degree at any other university. I also further declare that this work does not in any way infringe or violate the rights of others, as all the sources cited or quoted by me are indicated and acknowledged by means of a comprehensive list of references.

A solid black rectangular box used to redact the signature of the author.

Roger Gopaul

12 March 2019

Date

Dedication

I dedicate this Doctoral thesis to my precious sons – Adrian and Brian. You have both been my greatest source of inspiration and have transformed the very purpose of my existence. You have taught me the most precious lessons in life: The art of Self-enquiry and the manifestation of unconditional love.

Love you forever.

Acknowledgments

“I will give thanks to you, Lord, with all my heart; I will tell of your wonderful deeds”

Psalms 9:1

The completion of the doctoral thesis has been possible because of the support, love and faith of the precious people in my life.

Firstly, I offer a sacrifice of praise and thanksgiving to God whose unfathomable love has generously bestowed divine grace in every aspect of my life.

My heartfelt gratitude to my greatest supporter, partner and friend – my wife, Anita. Your confidence in my abilities and in my success inspired me in each step of this journey. I thank you for your words of encouragement, unrelenting support and steadfast love. My gratitude extends to my two sons who felt that “daddy does everything”.

I give earnest thanks to my mom, my first teacher in the school of life, for teaching me the virtues of sacrifice, tenacity and unshakable faith. Thank you, for seeing qualities in me that I could not see in myself. Thank you for being a pillar of strength during the times in which I had no strength of my own. You have taught me the meaning of parenthood.

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List of abbreviations

CIPRO	Companies and Intellectual Property Registration Office
DTI	Department of Trade and Industry
GDP	Gross Domestic Product
GEP	Gauteng Enterprise Propeller
IDC	Industrial Development Corporation
ILO	International Labour Organization
ISBDS	Integrated Small Business Development Strategy
ISPESE	Integrated Strategy on the Promotion of Entrepreneurship and Small Enterprises
MSME	Micro, small and medium enterprises
NAICS	North American Industry Classification System
NDP	National Development Plan
NEF	National Empowerment Fund
NSDPSB	National Strategy for the Development and Promotion of Small Business
NYDA	National Youth Development Agency
OECD	Organisation for Economic and Overseas Development
PESTEL	Political, Economic, Socio-cultural, Technological, Eco-environmental and Legal environments
SADC	Southern African Development Community
SEDA	Small Enterprise Development Agency
SAMAF	South Africa Micro Finance Apex Fund
SEFA	Small Enterprise Financial Agency
SMB	Small and medium businesses
SME	Small and medium enterprises
SMME	Small, medium and micro enterprises
UNIDO	United Nations Industrial Development Organization
USAID	United States Agency for International Development

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CHAPTER ONE

INTRODUCTION

CHAPTER ONE

INTRODUCTION

1.1 Introduction

Strategic decision-making is an essential element in the success of firms and is influenced by multiple situational factors that determine the complexity of the process. The process of formulating strategic decisions has been contentious in the literature due to a variety of perspectives offered by theorists. The main debate relating to the nature of strategic decision-making process has revolved around the rational approach as opposed to a descriptive approach where the latter embraces the concept of intuitive orientation. There are conflicting views regarding the relevance of each of these decision-making models to the small business sector in South Africa.

South Africa is an emerging and developing economy that recognizes the critical role of small businesses to its national development. During the State of the Nation Address 2017, President Zuma commented that “the economy is still not growing fast enough to create the jobs we need” (South Africa SONA 2017). In response to the state of the economy, President Zuma reported that the Government of South Africa has decided to focus on a few key areas to ignite economic growth, decrease the unemployment rate and accomplish more income distribution equity. One of the key focus areas proposed by President Zuma to achieve these imperatives includes further support to the small, medium and micro enterprises (SMMEs) for advancement, competitive advantage and long-term sustainability.

Given the importance of SMMEs to the economy of South Africa, strategic decision-making in small and micro enterprises is contemporary and relevant to the efficacious advancement of these businesses. The meaning of strategic decision-making varies in concept and theory, as comprehensively articulated in the later chapters, and comprises the various activities and cognitive approaches that constitutes the process in formulating a decision (Sykianakis, 2012: 80). In the context of this study, the strategic decision-making process consists of diagnosing

the stimulus demands that signify possible influences to the company, the consideration of alternative courses of action and then the selection of the most appropriate response to the situational stimuli. The study is not concerned with the actual implementation or measurement of the decision, but only on the development involved in the process of the decision. The topic provokes a fundamental inquiry into the formulation of decisions that impact the sustainability of small and micro enterprises in this specific sector. In considering the process of strategic decision making, the study will deliberate on the contextual factors that influence such a process. This is essential as SMMEs are constantly faced with a dynamic and rapidly changing environment.

An assessment of the contextual factors influencing the strategic decision-making process offers greater clarity about any stimuli, conceptualization of the stimuli and extent of decision process formality the decision taker adopts. To accomplish this, the thesis will therefore comprise a review of the literature of strategic decision making, small and micro enterprises and the situational context of South Africa. The contextual factors examined in this study emanate from the internal and external influences unique to the small and micro business services sector in an attempt to elucidate the effect of these contingencies on the disposition of the decision-making process. The findings of the thesis will provide the mechanisms of the strategic decision-making process as it occurs in order to allow managers, researchers and supporting agencies to understand how decisions are actually formulated so as to improve the quality of the decisions and the support afforded to the decision makers.

1.2 Background to research area

SMMEs are time-honoured, ever-present occurrences existent in many industrial sectors which extensively contribute to the development of local and national economies throughout the world. Khoase and Govender (2013: 596) report that the small business sector continues to play a crucial role for economic growth and alleviation of poverty. It has been long established that small businesses are prevalent in confronting the threats of unemployment, in fostering greater equitable distribution of income and as a catalyst for increased economic activity in growing economies (Laurentiu, 2016: 174).

With the advent of democracy in 1994, South Africa focused on rebuilding and transforming the social and economic dynamics resulting in a shift of emphasis towards the role of SMMEs towards economic prosperity. Since 1994, the structure of businesses in South Africa has evolved significantly as SMMEs are given more priority in the government's national agenda through the conveyance of policies and the establishment of distinctive agencies directed at supporting the interests of SMMEs' growth and survival are discussed later in the chapter. This is due to the South African Government's recognition that SMMEs serve a fundamental role in the progress of South Africa's national economy and its international competitiveness (South Africa SONA 2017). The National Credit Regulator (South Africa NCR 2011: 13) reports that the recognition of the role of SMMEs by the South African government has led to the growth and expansion of the small, medium and micro enterprises as a key catalyst in the economic development of the country. According to the National Credit Regulator (South Africa NCR 2011: 13), "a healthy SME sector contributes prominently to the economy through creating more employment opportunities, generating higher production volumes, increasing exports and introducing innovation and entrepreneurship skills". For this reason, a contemporary comprehension of the strategic decision-making process as key elements of the SMMEs' development is necessitated in South Africa. This study is approached from a theoretical, demographical, geographical and sectoral perspectives.

According to The Small Enterprise Development Agency (SEDA 2016: 5), small businesses are regarded as the engine of economic growth in South Africa. It is therefore imperative to analyse effect of the SMME sector on the national context and the factors the affect the sustainability of this sector such as the strategic decision-making process. One of the important reasons for pursuing studies in the SMME sector in South Africa is due to the number of firms that operate in this space and its accompanied influence in the economic landscape hence necessitating consideration of this segment. The following Table 1.1 summarizes the population of small, medium and micro enterprises (SMMEs) into various classifications according to SEDA (2016: 19):

Table 1.1 SMME Population in South Africa

SMMEs	Population number
Total	2 251 821
Formal	667 433
Informal	1 497 860
Other	86 528

Source: SEDA (2016:19)

According to Table 1.1, there are over two million businesses in South Africa categorised as SMMEs. It should also be noted that the majority of SMMEs in South Africa, according to the Department of Trade and Industry (DTI) White Paper Report (South Africa DTI 2005a: 19) and SEDA (2016: 5), are the small and micro enterprises, which includes the informal businesses. The informal business sector did not form part of this study because a main criterion for potential recruitment of participants during the data gathering stage was the formal registration of the business. Further demographical analysis is presented in Chapter Two.

SMMEs significance to South Africa, regardless of the demographic profile and formality, continues to be acknowledged as indispensable to the South African economic progress. SMMEs have been noted to contribute between 30 percent to 40 percent of South Africa's gross domestic product (Agbobli, Oni and Fatoki, 2017: 135; Abor and Quartey, 2010: 218). The National Credit Regulator (South Africa NCR 2011: 13) notes that small businesses represent over 90 percent of the registered businesses and employ over 50 percent of the total workforce in South Africa. These small businesses transcend the mere provision of goods and services by generating employment opportunities thereby transforming the social and economic prospects of communities across South Africa. The impact of the small business sector was also noted by The National Development Plan (South Africa National Planning Commission, 2011: 5) which reports that small businesses create employment thus significantly contributing to the socio-economic development of South Africa. However, current statistics indicate that South African SMMEs have a failure rate of 70 percent and 80 percent within the first five years of starting business (Friedrich, 2016: para 1 line 2). The alarmingly high mortality rate of SMMEs can negatively affect the economic and social contribution of this sector to

the national patronage. Fatoki (2014b: 923) contends that these failure rates relate to mainly small and micro enterprise categories as compared to the medium sized businesses.

In view of the importance of SMMEs to economic development in emerging economies such as South Africa, it is essential to understand the factors that contribute to the failure of SMMEs especially the those categorised as small and micro. In South Africa, according to the National Credit Regulator (South Africa NCR 2011: 15), the survival of SMMEs and thereby their impact on the economy could be hindered by multiple factors including poor strategic decision formulation, lack of access to finance and weak entrepreneurial culture. Given the importance and the challenges confronting SMMEs in South Africa, this research assesses the strategic decision-making process in small and micro enterprises in the services sector in South Africa in order to add to the body of knowledge which may contribute to small and micro businesses sustainable development and improved performance.

1.3 Justification for focusing on research area

SMMEs are faced with voluminous challenges to their survival. If these challenges are not effectively identified and addressed, there will be limited progress in the much needed advancement and growth of the SMME sector in South Africa. The high failure rate of SMMEs, particularly the small and micro enterprises, warrant further investigation into the challenges of SMME survival rate. SEDA (2016: 7) notes that the South African experiences of small businesses have shown that failure rates are high due to:

1. Ineffective or inefficient business and management practices
2. Lack of finance or inadequate financial structure
3. Absence of or inadequate infrastructure
4. Limited networks for marketing, and operational and technical support

While the National Credit Regulator (South Africa NCR 2011: 15) and SEDA (2016: 7) identify various elements affecting the survival of SMMEs, both literature sources are consistent in recognizing poor decision-making as common factor affecting SMMEs. To this end, Hang and Wang (2012: 92) states that although there are

many factors that contribute to poor performance and firm demise in small enterprises, inadequate strategic decision-making skills has been noted as a primary reason. Studies conducted in South Africa suggest a relationship between poor strategic decision making and firm performance (Sandada, Poole and Dhurup, 2014: 666). However, other researchers dispute the existence of such a relationship between strategic decisions and the firm's performance (Efendioglu and Karabulut, 2010: 5). Although the debate ensues about the relationship between strategic decision-making and small business performance, Verreynne (2006: 16) and Kutllovci and Shala (2013: 88) argue that any study conducted to understand and describe the strategic decision-making process and its contextual factors are pertinent to the profitability, survival and economic impact of the small businesses. The literature therefore assents to the value of assessing strategic decision-making due to its practicality in small business development.

Previous research conducted in this particular area proposed strategic decision-making process models which outline prescribed steps and formalities relevant to larger businesses (Shepard and Rudd, 2014: 360). Other researchers argue that small businesses, unlike large enterprises, are less formal and utilize fewer prescribed steps to the strategic decision-making process (Hang and Wang, 2012: 94). The studies assessed strategic decision making or aspects of strategy formulation in South Africa focused on the relationship between strategic planning in general (Odame, 2007), business strategy development (Laljit, 2006), strategic process in the pharmacy sector (Naidoo, 2006), strategic management and entrepreneurial orientation (Murimbika, 2011), strategic planning in the retail sector (Nkulu, 2012), strategic entrepreneurship and firm performance (Mohutsiwa, 2012), strategic planning and business performance (Sandada et al 2014). However, there remains a significant gap in the literature regarding how strategic decision-making processes are formulated in small and micro enterprises in the services sector in South Africa.

1.4 Significance\relevance of research focus area

Strategic management theorists have considered the formulation of strategic decisions as a critical linkage between organization and environment (Kim, 2008:

76). SMMEs like any other business enterprise face constant exposure to several macro and micro environmental variables which can influence the success or otherwise of these enterprises. It is necessary in any research of this nature to consider these situational variables and their potential influences on the decision-making capacity of the enterprise. The literature indicates that the theories on strategic decision-making considers the interrelatedness of the environment and the decision-taker that influences the decision taken (Ashraf, Hassan and Ghafoor, 2015: 87). Any study on the decision-making processes within an organisation is bound to consider the situational context of formulating such a decision. Research indicates that the study of the strategic decision-making, considering the influence of the contextual factors, are deemed as significant processes through which performance within organisations can be improved (Kim, 2008: 76) with applicability in small businesses (Verreynne, 2006: 4). An immediate consequence of such a study is therefore the improvement of small business sustainability thereby rendering this erudition as critical. Despite the importance and potential impact, Ashraf et al (2015: 85) contend that few studies have been conducted on the strategic decision-making process in small firms. In order to better comprehend the process of decision making, it is imperative to assess the nature of the decision to be taken, the environment and the character of the decision taker (Ashraf et al 2015: 87). This study therefore undertakes an assessment of the strategic decision-making in order to understand the character and process of the decision formation. The study also considers the contextual variables internal and external to the business which has the potential to influence the decisions taken. Finally, the study assesses the process of the strategic decision-making process among the small and micro enterprises.

The process of strategic decision-making has provoked much discussion in the literature regarding its structure and formality. The formality and sequence of strategic decision-making as found in small businesses have been a point of contention among the researchers concerning the number of steps involved in the process and the uncertainty of small business owners adopting a formal approach towards decision-making. While Shepherd and Rudd (2014: 360) and Hang and Wang (2012: 104) were able to suggest strategic decision-making models which

identifies steps or sequences in the process, Van Sheers and Makhitha (2016: 246) debate whether small business tend to favour fewer steps and greater informality in the strategic decision-making process. The literature remains inconclusive thereby prompting the need for further assessment of this area.

Since previous studies did not assess the strategic decision-making process in small and micro enterprises operating in the services sector in South Africa, this presents a critical gap in the literature regarding systematic research aimed at assessing how the process of strategic decision-making is formulated among the owners-managers of small and micro enterprises operating in the services sector in South Africa. This thesis entails an exploratory assessment of the process involved in strategic decision-making in this category of business.

1.5 The Research Problem

Entrepreneurial development, including decision-making relating to the small business sector, has been identified as an essential apparatus that can be used to tackle South Africa's socio-economic challenges (Phillips, Moos and Nieman, 2014: 87). The importance of developing entrepreneurship and small businesses was evident in the publication of the White Paper on the Development of Small Business in South Africa in 1995 (South Africa, DTI White Paper, 1995). The purpose of the DTI White Paper 1995 was to create the environmental conditions to support SMMEs. Since then, the Government has established a number of agencies through the Department of Trade and Industry (DTI) to render financial and non-financial support to small businesses which include Small Enterprise Development Agency (SEDA), Khula Enterprise Finance, the Youth Development Agency, South African Micro Apex Fund, the National Empowerment Fund and the Industrial Development Corporation. Despite these resources, Phillips et al (2014: 88) comment that small enterprises are either unacquainted with or fail to utilize the services offered by such agencies.

Thus, Government's objective to accelerate small business growth was not achieved as the failure rate of small enterprises still stands at 80 percent in the SMME sector (Smit and Watkins, 2012: 6325) with the majority being small and micro enterprises

(Fatoki, 2014b: 924). Furthermore, the Global Entrepreneurship Monitor Survey (SA 2017:92) has found that South Africa is ranked 54th out of 64 countries in terms of perceived entrepreneurial capabilities. These findings indicate that the small business sector has been performing less than optimum and therefore gives rise to the need for further assessment of its challenges.

One such challenge for small businesses in South Africa is the issue of strategic decision-making. According to Van Sheers et al (2016: 243) poor strategic decision-making is a significant contributor to the high failure rate of small businesses in South Africa. Van Scheers et al (2016: 243) argues that the strategic decision-making process used by owners/managers is unstructured and evolves as they go along thus leading to high failure rates. As previously discussed, strategic decision making has been identified as a key component in the survival and sustainability of small businesses in South Africa, hence, inadequate strategic decision-making can have a disastrous effect on the performance of small businesses. The external and internal environment can have an influence on the strategic decision-making process (Hang and Wang (2012: 98). The research of Hang and Wang (2012: 98) found that an unfavourable environment tends to lead towards more centralized decision making and less formality in the process. The internal environment relates to the size and structure of the business which determines the extent of formality and centralization of the decision-making process (Shepherd and Rudd, 2014: 357).

This research assesses the process of strategic decision-making taking into consideration the contextual factors influencing such a process in order to understand and construct a theoretical model of the nature of the process existent in small and micro enterprises operating in the services sector.

1.6 Contribution to study field

The research seeks to satisfy a major gap in the literature regarding the process of strategic decision-making in small and micro enterprises in the services sector in South Africa. Study relating to strategic decision-making in small and micro enterprises in the services sector in South Africa is required for several reasons. First, it can enhance the understanding of decision making process thereby

identifying the weaknesses and strengths to guide owners-managers operating in this sector in order to improve the sustainability and performance of their enterprises. Secondly, it can add to the body of literature and decision-making theory through the development of an integrated model of strategic decision-making in small and micro enterprises within the services sector. Finally, the finding of this research could assist the governmental agencies in developing better support initiatives for small and micro enterprises in the services sector in South Africa.

1.7 Research question

What is the strategic decision-making process in small and micro enterprises in the services sector in South Africa and the contextual factors influencing the process?

1.8 Aim of the research

The aim of the study is to assess how strategic decision-making process is formulated in small and micro enterprises in the services sector in South Africa

1.9 Research objectives

Based on the aim of the research, the following objectives are outlined:

Objective 1

To assess the key contextual factors affecting the decision-making process specific to small and micro enterprises in the services sector in South Africa

Objective 2

To assess the pattern of rationality and intuition in the strategic decision-making process of small and micro enterprises in the services sector in South Africa

Objective 3

To describe the strategic decision-making process used by small and micro enterprises in the services sector in South Africa

Objective 4

To construct a theoretical model of strategic decision formulation for possible future implementation

1.10 Research theory

The literature proposes many different theoretical perspectives which underlie the research assumptions and methodology. The philosophical paradigms of research are positivist, post-positivist, critical theory and interpretivist (Mackenzie and Knipe, 2006: 2; Eriksson and Kovalainen, 2015: 18). Collis and Hussey (2013: 48) state that the two major research paradigms used in business research are positivist (quantitative) and interpretivist (qualitative). The positivist approach is applicable when variables to be studied are unmistakeably defined and numerical data is existent (Mackenzie and Knipe, 2006: 3). A qualitative approach attempts to comprehend and express descriptive data which can be captured from participants' observable behaviour and oral or written verbal expressions (Taylor, Bogdan and Devault, 2016: 18).

A qualitative approach therefore allows the researcher to capture how the participants construct their realities. A qualitative research methodology will be adopted for the research and will assume a triangulation methodology using focus groups, observation and semi-structured interviews as the apparatus.

1.10.1 Using Qualitative Research Methodology

The research aims to assess the process of strategic decision-making. The qualitative approach was deemed to be appropriate to achieve this aim as it aids in the identification and assessment of the activities and routine of the decision-making process in accordance with the perspectives of the owners-managers. The literature indicates that a qualitative paradigm, as suggested in this study, seeks to contextualize and interpret socially constructed variables (Johnston, 2010: 188). Taylor et al (2016: 18) similarly argue that qualitative research endeavours to understand reality from individuals' perspectives and their terms of reference, therefore, this research will employ such techniques. However, qualitative paradigm was criticized on the basis of limiting generalizability due to its small sample size, the

data collection and analysis are time consuming, and validity of the interpretation can be suspect due to the participatory nature of the researcher (Milliken, 2001: 75; Guercini, 2014: 663).

Conversely, Wilson (2015: 40) argues that the use of a qualitative paradigm is appropriate and beneficial when investigating phenomena as it enhances the understanding of subjective experiences and situations. Hence, a qualitative approach was deemed appropriate to this research. Qualitative research methodology includes case studies, participant observation, focus groups and interviews (Johnston, 2010: 188; Walle, 2014: 15).

1.10.2 Research techniques

Earlier work by Morgan (1996: 267), and more recently Walle (2014: 22), suggest that individual interviews were frequently paired with focus groups due to its straightforwardness. Walle (2014: 22) notes that individual interviews, focus groups and observation can be combined to enhance data richness. Individual interviews, observation and focus groups are independent methods for collecting data, but the integration of their data can be beneficial as the corresponding views of the phenomenon could be constructed hence leading to a more comprehensive understanding of social phenomena (Lambert and Loiselle, 2008: 230).

1.11 Delimitations/scope

A review of the literature has discovered a paucity of research on the strategic decision-making process of small and micro enterprises in South Africa. As such, this research adopts a qualitative, exploratory and descriptive approach to the phenomena of strategic decision making which aligns with the objectives of the research. The research is delimited to the following:

- a. The study reviews the literature on small and micro enterprises in South Africa.
- b. The study uses the small and micro services sector in South Africa as an archetypal sector to describe the strategic decision-making process of small business operating in South Africa.

- c. The study assesses the theory of strategic decision-making process and its specific nature and relevance to small and micro enterprises.
- d. The study assesses the contextual factors influencing the strategic decision-making process in the small and micro enterprises. The study considers both the internal and external environmental influences.
- e. The study makes no distinction between the owner-led small businesses and the manager-led small businesses. Any distinction between these two categories is beyond the intent of this particular study.

1.12 Validity and reliability/trustworthiness (qualitative research)

The issue of quality is of paramount importance in establishing a high level of rigour and confidence to the consumers of this study. In order to establish such rigour and confidence, the study ensures that principles of reliability and validity appropriate to qualitative research are assimilated. Reliability refers to the extent to which a measurement instrument can be used to scale samples multiple times and the results converge consistently on a matching score (Babin and Svensson, 2012: 323). In other words, reliability refers to whether or not the research methodology generates unwavering and consistent results. Reliability is important as it fortifies that other researchers can conduct the same research with the same research instruments and the results can be reproduced. One way of ensuring reliability in this research is to design and utilize the measuring instruments in a manner consistent with other researchers as described in the research methodology.

Validity seeks to ensure that the research actually measures what it is proposed to measure (Babin and Svensson, 2012: 323). Failure to achieve validity denotes that the research was unsuccessful in answering the research question, which is the purpose of the study. As such, invalidity of the research prevents any attempt at generalizability of the findings and thus becomes futile and inoperative. Essential to the validity of the research is the design and methodology employed in conducting the research. Therefore, to minimize any potential threat to the validity of this research the survey instruments will be consistently applied throughout the data

gathering process. To confirm the validity of the findings, the processed data will be sent back to the respondents to verify that their responses were interpreted in an accurate manner. As previously discussed, this research will use triangulation to contrast and compare the data collected which further enhances validity.

1.13 Anonymity and confidentiality

The purpose of anonymity and confidentiality is to protect the respondents' identity, location and business from the researcher and the public. It also ensures that responses are not linked to individual respondents. The participants will be given the full assurance that participation is voluntary and any participant is at liberty to depart from the research at any point in time.

To ensure anonymity, codes will be used for each participant thereby protecting that individual's identity, business and location. Confidentiality refers to the protection of the data gathered from any external entity. Establishing confidentiality is crucial to gaining the willingness of participants to contribute candidly during the data gathering exercises. Study codes on data documents will be used and secured from access by any external entity to ensure the highest level of confidentiality.

Prior to the recruitment of participants, each potential participant will be given a letter outlining the purpose of the research. The letter will also give the assurance that all participants' information will remain confidential and used only for the purposes of this research. Participants will be ensured that their identity will be coded thereby removing any association with their personal details such as name, business and location.

1.14 Structure of the study

The thesis consists of seven chapters followed by the references and appendices.

Chapter one – this chapter frames the context of the study. The chapter provides an introduction, background, the research problem and the research aim and objectives of the research.

Chapter two – this chapter discusses the importance of SMMEs, in particular small and micro enterprises, in the context of South Africa. The chapter will provide a definition of small and micro enterprises based on the criteria determined by governmental agents. The definition of SMMEs are explored from a quantitative and a qualitative perspective. The chapter continues with a discussion of the evolution of Governmental interventions in SMMEs aimed to improve sustainability including enhanced strategic decision making among owners/manager.

Chapter three – this chapter examines the contextual factors and its influence on the strategic decision-making process. The chapter further discusses the contextual factor specific to strategic decision making in small and medium enterprises in the context of South Africa. The external contextual forces affecting SMMEs are examined which include the economic and regulatory environment, markets and customers. Also examined are the internal environmental factors such as the staffing structure, the firm infrastructure, employee development and organisational culture.

Chapter four – this chapter describes and discusses the nature and process of strategic decision making as revealed in the literature. The chapter examines the theoretical background of strategic decision making from two major perspectives as content and as process. The chapter then discusses the existing theoretical models in the literature concerning strategy formulation among small and micro enterprises. The chapter assesses the applicability of the intuitive approach as opposed to the procedural rational approach in small and micro businesses.

Chapter five – this chapter considers the research theory and justifies the use of qualitative methodology as appropriate to the research. The chapter then discusses the research techniques to be utilized and the approach to analysis of the data captured. The main research paradigms of positivism and interpretivism are explored in this chapter in order to determine the relevancy of quantitative or qualitative techniques to this research. It continues with defining the population of the research and the data collection methods employed. The details of the measuring instruments and the administration of the measuring instruments will be discussed.

Chapter six – this chapter presents the analysis of the research data. The chapter discusses the approach to the analysis of the data and techniques used to conduct the analysis. It further explains the use of thematic analysis in particular which seeks to analyse the various themes which are identified in the data narratives. The analysis of the data from the semi-structured interviews, focus groups and observation exercises are outlined based on those themes.

Chapter seven – this chapter discusses the research findings and its relationship with the literature review. It provides a critical comparison of the research findings and the extent to which it answers the research question and achieves the objectives of the research. It further identifies the contribution to knowledge. The chapter discusses the limitations of the study and offers recommendations for future research.

1.15 Summary

The chapter provided an introduction of the research, a discussion of the background to the research area, provide a justification for focusing on the research area. The chapter further stated the significance of the research area and defined the research problem. The contribution the research can offer was discussed. The research question was followed by the research aim and objectives, express which set the tone for the study. The methodology employed in the study was explained and the delimitations of the study specified. The chapter also discussed the issues of validity and reliability and consider the issues of anonymity and confidentiality. Finally, the chapter provided an outline of the study.

CHAPTER TWO

SMALL AND MICRO ENTERPRISES

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2.1 Introduction

A literature review provides exposure to the work of other contemporary and authoritative scholars in the particular field of interest and is therefore an essential element in the study of a subject matter (Chen, Wang and Lee, 2016: 47). A comprehensive review of the literature allows the researcher to illustrate knowledge about the particular field of study, including critiquing ideas, methods and arguments proposed by other scholars (Boell and Cecez-Kecmanovic, 2014: 206). This chapter is the first of three chapters in the literature review section of the study. The aims of chapter two are to review the literature pertaining to small businesses, in particular, the criteria used to define and classify small businesses and to provide a deeper understanding of this sector in the context of South Africa.

The small business sector is crucial to the development and transformation of modern economies and the expectation is similar in South Africa. Groepe (2015: 5) states that small businesses are the backbone of the South African economy with a projection that at least 90 percent of new jobs will be created from small and expanding enterprises by 2030. As Groepe (2015: 5) further notes that small businesses do not enjoy a monopoly and are thus forced to become versatile, innovative and entrepreneurial in order to survive. Such a contribution to the economy results in the socio-economic development of the country. Given the importance of small businesses to economies across the globe, including South Africa, the role of small businesses has been the focus of academics and policy makers alike (Khoase and Govender, 2013: 596).

The role and emphasis of small businesses in South Africa has undergone a paradigm shift since 1994. The post-Apartheid era has been shaped by new policies and supporting agencies to improve the social, economic and material needs of local communities in South Africa. Commenting on this transitional period, Rogerson (2014: 206) recognizes the contemporary significance of small businesses to

community based economic development, sectoral partnership, public procurement and the institutionalization of supporting government agencies. Even though these components are the critical success factors for small businesses' competitive advantage, Sandada (2014: 59) laments on the need for further study on the factors influencing this particular sector in South Africa. The criticality of small business growth for the attainment of inclusive societal development and improved local economies, in South Africa and internationally, necessitates a proper assessment of their classification, characteristics and profiles specific to South Africa (Agwa-Ejon and Mbohwa, 2015: 521).

The literature review consists of three chapters which discusses small businesses, the environment of small businesses and lastly, the strategic decision-making processes of small businesses. This chapter focuses on the definitions and profiling of small businesses. The chapter commences with an introduction of the general role that SMMEs play in the global economy and its importance to national economic development. This is followed by a brief consideration of some contemporary areas of interest in small business research as these trends have the potential to directly influence aspects of this study. In order to appreciate the definition, context and influences on small businesses and its strategic formulation, the chapter provides a brief history of small businesses in South Africa. Although the literature indicates the dearth of a universally agreed definition of small businesses, an exploration of the literature is undertaken in order to provide a definition and categorization of small businesses from international interpretation to ensure standardization of its usage specifically for the purpose of this study. This chapter discusses the perspectives of a quantitative definition and a qualitative definition of small businesses as provided by international institutions, different countries and varying sectors. This is followed by an examination of the literature on the definition of SMMEs distinctive to South Africa. This is further divided into the legislative and numerical definition and the qualitative indicators of small businesses in South Africa. The profiling of small businesses in South Africa follows and the purpose is to describe small businesses by economic sector, by race and by province including an assessment of small businesses operating in the Gauteng Province. The final section provides a summary of the main findings of the chapter.

2.2 Trends in Small Business Research

Research into the nature, structure and environment of small businesses is expected to proliferate as policymakers and academics revisit policies and revise their economic impact. The relevance of the research into small business development is to ensure that the findings derived are used to inform the policy programmes and potential outcomes (Murdock, 2012: 881). This section considers some of the current trends in small business research relevant to the constituent of small, medium and micro enterprises and their environment. The purpose of assessing these trends is to appreciate the prevailing debate governing the literature pertaining to small businesses and the prospective impact on the direction of this study.

Although small business research has been of interest to academics since the 1980s, the past decade has witnessed an increasing quantity of articles in mainstream and reputable journals relating to an array of small business topics including its socio-economic significance (Benavides-Velasco; Quintana-Garcia and Guzman-Parra, 2013: 43). Since the early 1980s, researchers and policy makers have taken cognisance of small businesses as a main source of net employment generation and the aggregate consequences on improving poverty and social progression (De Wit and De Kok, 2013: 283). Buli (2017: 293) underscores the importance of understanding the transformative potential of small businesses in poverty alleviation and individual wealth creation in improving the quality of life.

Due to the importance placed on small business for economic development and poverty eradication, there has been an increased focus on small business education. In a study conducted by Gordon, Hamilton and Jack (2012: 770), the authors reveal that formal education and training of owners-managers of small businesses result in improved general management and the development of a more strategic approach of the business. The development of small business education and research at the level of tertiary and non-tertiary institutions have also been growing in an attempt to produce more small business entrepreneurs in the future to ensure socio-economic benefits (Mayombe, 2017: 874; Rideout and Gray, 2013: 331).

However, a significant number of studies on small businesses were conducted in developed or near developed countries, for example, the USA, Asia and Europe with fewer such studies in the African context (Sandada, 2014: 59). In order to change this trend, South Africa has been focusing heavily on facilitating meaningful research on small business by various agencies thereby providing critical statistical data on the nature and the challenges of this sector which includes financial, demographic and geographic indicators (SEDA 2016: 15).

However, the study of small businesses is not without challenge. The literature reveals a number of problems related to research on small businesses. One such problem is that there is no single, commonly accepted definition of small, medium and micro enterprises. The dissimilarity in small business definitions and the diverse economic intentions of separate countries renders it a distinctive fragment in every economy (Fernandez and Ali, 2015: 27). The definition of a small business varies as every nation provides a definition suitable to their context based on quantitative and/or qualitative indicators (Gilmore, McAuley, Gallagher, Massiera and Gamble, 2013: 89). Another challenge is whether there is a positive impact of the decision-making process on the performance of small businesses from the perspective of creating new opportunities oriented towards innovative and efficient activities, and deliver customer value in changing environmental conditions (Buli, 2017: 293). Therefore, the relationship between strategic formulation and improved performance of small businesses remains open for debate (Wolf and Floyd, 2013: 1755).

There is also a growing debate on the contribution of small, medium and micro enterprises towards higher rates of employment. Ratten (2014: 267) contends that small and medium enterprises are creators of aggregate employment as they easily adapt to consumer needs and environment changes thus sustaining employment opportunities. Contrary to this view, De Wit and De Kok (2013: 287) assert that small business does not contribute to the increase in employment as broadly as assumed. According to these authors, firm sized class is a major determinant in the number of jobs created and therefore small sized firms do not provide vast employment opportunities. The literature points out that there are other determining factors, besides the size of the firm, that account for any increase or decrease of the

aggregate employment rate such as fluctuations in the economy and changes specific to the business environment (Lawless, 2014: 815).

Another area of recent study is the impact of globalization on the competitive advantage of small businesses. The literature denotes that globalization and intensified international competition have elevated the competitive pressure on small businesses (Postma and Zwart, 2015: 52). The external environment are increasingly described as dynamic, complicated and hostile for small businesses therefore requiring a deeper understanding so that performance can be improved (Buli, 2017: 294).

The volatility of the external environment has given rise to whether the strategic decision-making process is relevant to small businesses. One aspect of the debate argues for the need to formalize the strategic decision-making process among small businesses because the changing and complex business environment threatens the sustainability of small businesses and therefore mandates a more formal approach to strategy formulation (Shields and Shelleman, 2015: 63). Although many small businesses may adopt an informal approach to strategic formulation, a formalized strategic decision-making process fosters better environmental analysis leading to long term benefits (Sandada, 2014: 61). Contrary to the view for a formalized approach to strategic decision making, Postma et al (2015: 58) indicates that although small firms may not have a formal strategic planning process they do have informal strategy formation process appropriate to its environmental context.

This study does not attempt to explore all aspects of the contemporary debates pertaining to small businesses with the exception of the areas that have an immediate effect on strategic decision-making process of the small enterprise sector including the environmental contingencies and government policies. The next section reflects abrief history of small businesses in the context of South Africa.

2.3 The History of SMMEs in South Africa

The history of small business development in South Africa is inherently linked to the unique evolution of the political and economic landscape that dominated this country

for many centuries. The Portuguese, Germans, Dutch and other Europeans are noted for being among the first Europeans to settle in the Cape during the 15th to the 18th centuries (Kuitenbrouwe, 2012: 20). The early White European settlers in the Cape began controlling the rights to land and farming and were among the first to introduce businesses through the utilization of Black slavery and so commenced the introduction of a race-based entrepreneurial society established on White domination (Beck, 2013: 28; Alexander, 2013: 4). The Dutch rule administered over South Africa until the 1800s when the British colonized South Africa creating the Union of South Africa as a dominion of the British Empire and introduced a political system that would define the socio-political and business environment for almost a century. Alexander (2013: 4) notes that the negotiations between the defeated Boers generals (the descendants of the original Dutch settlers) and the British government fashioned the template of socio-political segregation contained in the Report of the South African Native Affairs Commission of 1903-5 which was the forerunner of the Apartheid regime that came into effect in 1948.

The development of the small business sector in South Africa has a unique and relatively modern history due to the policies and actions of the Apartheid system which directly affected the growth and rights of participation in the sector. Due to the Apartheid policies and regulations sanctioning racial segregation in business and employment undertakings, non-Whites were prohibited from certain geographic and economic activities thereby restricting opportunities to establish and grow their business as part of the formal economy (Hartzenberg, 2004: 6). Further to this, the formal business sector, as controlled by the Whites, was able to grow and construct both racial and economic barriers to entry thus forbidding non-Whites from entering into the sector. In supporting this interpretation, the Organisation for Economic and Overseas Development (OECD, 2015: 10) remarks that the system of Apartheid effectively removed non-Whites from meaningful participation in the economy through policies of settlement structures which were too remote from economic centres, poor infrastructures that prevented economic activity and delivery of services and regulation barriers excluding non-White businesses from gaining formal recognition. During the dispensation of Apartheid, the then government disregarded the South African small business sector generally, but specifically, the Black owned small businesses were aggressively inhibited through repressive methods

(Mbonyane and Ladzani, 2011: 552). One critical aspect of this neglect was the removal of the research focus on small businesses from most of the business schools during the Apartheid period thus leading to a lack of information regarding the small business economy and the challenges of small businesses during this era (Mbonyane and Ladzani, 2011: 552).

However, the 1980s was marked by the introduction of land rights for Blacks and the withdrawal of the pass which then allowed non-Whites access to the economic centres of South Africa although there was still no official small business policy to support the development of the sector for non-Whites (Bayat, Basardien, Parker, Friedrich and Appoles, 2014: 47). This was the beginning period of the dismantling of the repressive Apartheid regime in South Africa although it still had a long way to go before taking socio-political effect and impact on the development of the small business sector. The fall of the Apartheid regime came in 1994 through the democratization of South Africa and the ushering of a new period of development in the socio-political landscape, including the much indispensable focus on the development of the small business sector as a mechanism for economic growth, employment opportunities and social progress (Mahadea, 2014: 2).

The new democratic government that assumed political power in 1994 was now tasked to address the historical challenges of small businesses through the urgent alteration and creation of political and economic policies that is relevant to the context of South Africa and the small business sector in particular. However, the historical experiences of the small business sector in South Africa is peculiar to the political system that governed the country for the decades prior that shaped and influenced small business growth and sustainability. Reflecting on this phenomenon and its implications for small business development, Berry, von Blottnitz, Cassim, Kesper, Rajaratnam and van Seventer (2002: 6) comment that the South African government is unable to depend on international experience in formulation of appropriate policies to promote and develop small businesses due to the significant differences in the history of governance, regulations, experiences, racial and geographic segregation.

Central to this period of extensive small business policy reformation, in 1995 the government of South Africa issued its first policy on small business support and advancement in the 1995 White Paper National Strategy for the Development and Promotion of Small Business in South Africa (South Africa DTI, 1995). The main goal of the 1995 White paper was the creation of an enabling environment for small businesses to flourish. The government of South Africa saw the need to expand on the small business policy and so implemented the Integrated Small Business Enterprise Development Strategy in 2005 which focused on the development of specific historically disadvantaged communities (South Africa DTI, 2005a). During 2005, the Integrated Strategy on the Promotion of Entrepreneurship and Small Enterprises policy was also introduced with the overall goal of fostering entrepreneurship as a means of small business sustainability and emphasis (South Africa DTI, 2005b). The significance of these policies was the establishment of a plethora of national and provincial agencies dedicated to the provision of support to small businesses in South Africa aimed at addressing the major challenges facing small businesses. The desired outcome of government interventions is the undoing of the legacy of the Apartheid's impact on small businesses through the development of the small business sector so that more South Africans are brought into the economic mainstream (Luiz and Mariotti, 2011: 48). A more in-depth discussion on the elements of the policies and programmes for small business support will be conducted in next chapter.

The definition of small, medium and micro enterprises in South Africa followed the introduction of the 1995 White Paper. The following sections discuss the definition of small, medium and micro enterprises from an international perspective then considers such definitions from a South African perspective.

2.4 Definition of SMMEs

As previously discussed, there is a noteworthy absence of an agreed universal definition of small, medium and micro enterprises (Kachlami and Yazdanfar, 2016: 967). This section thus attempts to examine the various definitions pertaining to small businesses. The section first looks at the plethora of synonyms used with reference to small businesses. The second aspect of this section examines the

definition of small business from a quantitative perspective. Finally, the third aspect of this section highlights the possible qualitative definitions of small businesses.

The study of small, medium and micro enterprises (SMMEs), although generally acknowledged for its invaluable contribution to the economy, still poses some difficulty in finding a universal definition of what constitutes small, medium and micro enterprises. Berisha and Pula (2015: 17) contends that the issues regarding a universal definition of SMMEs are distant from being a determined, meaningful and accepted issue. The absence of a universal definition generates an uncertainty in the terminology used to describe small, medium and micro enterprises as evidenced over the past thirty years (Anastasia, 2015: 88). As a result, a noticeable element in the literature is the multiplicity of terminologies used to describe enterprises that are not categorized as large firms, corporations or publicly owned enterprises. They are referred to as small, medium and micro enterprises in some literature (South Africa NCR, 2011: 24), while other literature uses small and medium businesses (ILO, 2013: 2) or micro, small and medium enterprises (South Africa NCR, 2011: 24). At other times they are referred to as small business and small business enterprises (Anastasia, 2015: 88). In agreement with such differences in referring to the same class of businesses, Berisha and Pula (2015: 18) remarks that the literature consigns to them jargons such as small businesses, others refer to them as small and medium enterprises, while some literature describes them as micro, small and medium enterprises. Even though there are an array of terminologies used in reference to these small businesses there are also variances in the very description of what constitutes a small, medium and micro enterprise as discussed below.

In 2004, the Organisation for Economic and Overseas Development (OECD), instituted to advocate policies that enhance economic and social conditions of societies across the globe, commenced a process of deliberating on small and medium enterprises statistics with an aim to unearthing a more methodical attempt at gaining comparable data for policy analysis (Gilmore, McAuley, Gallagher, Massiera and Gamble, 2013: 88). The challenge faced by the OECD and other similar authorities is the inconsistency used around the world in identifying what signifies small businesses. The existence of the large variation in the definition and classification of small, medium and micro enterprises illustrates the challenges

encountered by international authorities as well as researchers in reaching a common benchmark on which to calibrate any statistics (Anastasia, 2015: 91). In addition to the need for greater calibration for statistical purposes, the segmentation of enterprises is a convenient differentiation of the various forms and sizes of businesses for fiscal policies including revision of the taxation process, interest rate adjustment, registration and licensing processes, import and export regulations and enhancement of access to financial support (Khoase and Govender, 2013: 597). Similarly, Cant and Wiid, (2013: 709) argues that from a national fiscal perspective, the value of developing a definition of a small, medium and micro business is for legal and taxation purposes as an appropriate categorization of enterprises as they are expected to proportionately contribute to national development through taxation, licenses fees and registration. The variances in small, medium and micro definitions encompass three aspects which are (1) definitions based on national laws; (2) definitions based on type of industry; and (3) definitions based on international institutions (Gilmore et al, 2013: 89). In reviewing the literature, this study considers the definitions offered by several authorities and the perspectives of diverse authors on the subject matter.

Prior to describing and characterizing small, medium and micro enterprises, it is imperative to ensure comprehension and consistency in the terminologies utilized in making references to small, medium and micro enterprise throughout this study. The European Union (EU), the United Kingdom (UK) and international organizations such as the International Labour Organization (ILO), the World Bank, the World Trade Organization (WTO) and the United Nations (UN) commonly use the abbreviation “SME” to refer to small and medium-sized enterprises (ILO, 2013: 2). The term “small and medium businesses” or “SMBs” is predominantly used in the United States of America (ILO, 2013: 2). In Africa generally, MSME is typically used for micro, small and medium enterprises; however, South Africa uses the abbreviation “SMME” for small, medium and micro-enterprises (South Africa NCR, 2011: 24). For the sake of readability and for the purposes of standardization and universality of the terminology in this study, the terms “SME”, “SMB”, “MSME”, “SMME”, “small enterprises” and “small business” will be used interchangeably.

The following sub-section further discusses the quantitative components of the definition of SMMEs.

2.4.1 Quantitative definition of SMMEs

The OCED describes SMMEs as non-subsiary, independent firms which employ a particular number of employees (OECD, 2005b: 17). The United Kingdom defines a small business as “an independent business, managed by its owner or part-owners and having a small market share” (UK DTI: 2006: para 2 line 1). The International Labour Organization (ILO) also provides a definition of SMMEs based on the number of employees regardless of its legal form or whether they are informal or formal entities (ILO, 2015: 2). It should be noted that in many countries the definition of SMMEs goes beyond the number of employees working in an enterprise or the size of the market share. The definitions adopted by some countries include the annual turnover or the asset value of the enterprise. Also, the classification of enterprises may differ even within the same country depending on the industry or sector considered. For comparison sake, the study will examine the qualitative definitions of the United States, the European Union, the United Kingdom and the World Bank.

North American Industry Classification System (NAICS) has been established by the United States, Canada and Mexico to regulate and enable the gathering and analysis of business statistics to facilitate the use of comparable data between these nations. However, the definition of SMMEs by NAICS varies by industry resulting in multiple definitions of what signifies a SMME to reflect the industry differences (United States SBA, 2016: 1). In the European Union (EU), a definition of small, medium and micro enterprises (SME) is essential for EU support programmes and financial assistance. The European Commission embraced a single definition of SMEs which is used by Member States, the European Investment Bank and the European Investment Fund (UK DTI: 2006: para 9 line 2). The rationale for standardization of a definition for small and medium enterprises was based on the attempt to eliminate any inconsistencies in its usage at the Community level and at the national level (Berisha and Pula, 2015: 17). The key criteria used to determine whether an enterprise can be classified as an SMME in the EU are the number of employees, plus either the turnover in Euros or the balance sheet total in Euros. The

EU provides the following definition of small, medium and micro enterprises as summarized in Table 2.1 below.

Table 2.1: Definition of SMME using European Union measurements

Company category	Staff headcount	Turnover	or	Balance sheet total
Medium-sized	< 250	≤ € 50 m		≤ € 43 m
Small	< 50	≤ € 10 m		≤ € 10 m
Micro	< 10	≤ € 2 m		≤ € 2 m

Source: European Commission Recommendation 2003 <http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32003H0361&from=EN>

The key quantitative criteria used by the World Bank to define SMMEs are the number of employees, total assets measured in U.S. dollars and annual sales in U.S. dollars (World Bank, 2008: 5). An enterprise must satisfy the criteria of number of employees and either the total assets or annual sales for appropriate categorization into small, medium or micro enterprise. Table 2.2 below displays the quantities relevant to each criterion for applicable categorization.

Table 2.2: Definition of SMME using World Bank measurements

Company category	Staff headcount	Turnover	or	Balance sheet total
Medium	>50; ≤ 300	>\$3m; ≤\$15m		>\$3m ≤\$15m
Small	>10; ≤50	>\$100,000 ≤\$3m		>\$100,000 ≤\$3m
Micro	< 10	≤\$100,000		≤\$100,000

Source: World Bank (2008: 5)

The UK adopts the criteria of SMMEs comparable to the EU in that businesses are disaggregated into three aspects which are the number of full time employees, annual turnover or asset value. In order to qualify as a SMME, the enterprise must meet the criteria of employee numbers in addition to either the annual turnover or the asset value. South Africa assumes a similar response to the definition of small, medium and micro enterprises (SMMEs) which will be further elaborated later in the chapter.

Despite the attempts by some governments to solve the heterogeneity of SMMEs definitions, Berisha and Pula (2015: 17) points out that there are over 50 definitions of SMMEs in over 75 countries with substantial opacity in the jargon utilized. As previously discussed, the measure of the size of an enterprise has been subjected to the determination of quantitative criteria by a number of countries and international agencies. However, the numerical tests appropriated to the determination of size remain inconsistent. The inconsistencies arise in the substantial difference in the definition of the financial criteria used by various authorities (Berisha and Pula, 2015: 19). For example, upon comparison of the definitions proposed by the European Union (EU) and the World Bank in Tables 2.1 and 2.2, it is seen that the criteria for the number of employees are congruent with the exception that the World Bank increases the threshold to 300 employees for medium sized enterprises. The differences in the definitions offered by these two authorities are more evident when taking into account the financial criteria utilized. Apart from the differences in currencies used, which are plausible, the EU measures the financial conditions as annual turnover and annual balance sheet total. On the other hand, the World Bank uses the criteria of annual sales and total assets. There are significant differences in the definitions of the terminologies used by each authority pertaining to the financial criteria due to differences in financial reporting standards, tax considerations, inflation and currency fluctuations (Berisha and Pula, 2015: 21). Also, the threshold limits differ considerably, for instance, the annual sales and the total assets upper limits for small enterprises and micro enterprises are three million United States Dollars and one hundred thousand United States Dollars respectively by World Bank standards. The EU standards have determined the annual turnover and annual balance sheet total upper limits for small enterprises and micro enterprises as ten million Euros and two million Euros respectively.

However, it remains an undeniable fact that notwithstanding the variations in perspectives by different countries and institutions, a definition of small, medium and micro enterprises is significant and beneficial for many reasons. As such, these definitions and subsequent classifications are useful for setting the criteria for specific types of public assistance; establishing a ceiling for the administration of tax or other regulations; benchmarking against other countries and among regions within an economy; and the provision of statistics over time (OECD, 2004b: 20).

The use of statistical indicators to define SMMEs is not the only criteria applied to appropriate enterprises into various sizes. The next section examines the perspectives on a qualitative approach to SMMEs' definition.

2.4.2 Qualitative definition of SMMEs

The definition of SMMEs has proven difficult to achieve with a level of precision given the variations in criteria dependent upon the country, the particular industry and the institution. Excluding disharmonies in the quantitative criteria, SMMEs across the world tend to exhibit similar strategic, organizational and cultural characteristics (Buculescu, 2013: 110). Simpler practices, owner-managed independence and personal influence by the owners of small businesses result in elementary characteristics that differentiate small enterprises from large firms (Pratt and Virani, 2015: 7). It can then be reasoned that the definition of a small business extends beyond the statistical parameters as these facets are more qualitative and generate a broader homogeneous outlook.

The Bolton Report 1971, as cited in Pratt and Virani (2015: 7), argues for a classification of SMMEs that embraces a qualitative (economic) definition and a quantitative (statistical) definition. The qualitative definition of small enterprises must satisfy three criteria:

1. Independence: The enterprise is not subjected to outside control in its decision-making process. Such an enterprise does not form part of a larger organization and therefore is not subjected to the domination of any external entity.
2. Personalized manner: Due to simpler management structures, there is rare devolution of power to any other layer of management. The owner or owners are engaged in all key aspects of the operations and all strategic decision making.

3. Market share: Small businesses have a relatively small share of a competitive market which denotes reduced bargaining power with customers and suppliers. The SMME is unable to exercise influence over prices and has insignificant impact on the market.

In reiterating the points discussed previously, The United States Agency for International Development (USAID) notes the classification of enterprises into its appropriate size remains an important factor for policy formulation and implementation (USAID, 2007: 6). USAID (2007: 6) recommends that countries consider the qualitative and statistical indicators for SMME definition in order to better comprehend small, medium and micro enterprises. The following table introduces the key qualitative indicators, presented by the United Nations Industrial Development Organization (UNIDO), used in differentiating SMMEs from large enterprises:

Table 2.3 Qualitative Indicators in differentiating SMMEs from Large Enterprises

Category	SMEs	Large Companies
Management	<ul style="list-style-type: none"> • Proprietor-Entrepreneurship • Functions linked to personalities 	<ul style="list-style-type: none"> • Manager-Entrepreneurship • Division of labour by subject matter
Personnel	<ul style="list-style-type: none"> • Lack of university graduates • All-round knowledge 	<ul style="list-style-type: none"> • Dominance of university graduates • Specializations
Organization	<ul style="list-style-type: none"> • Highly personalized contacts 	<ul style="list-style-type: none"> • Highly formalized communication
Sales	<ul style="list-style-type: none"> • Comparative position not defined and uncertain 	<ul style="list-style-type: none"> • Strong competitive position
Buyer's Relationships	<ul style="list-style-type: none"> • Unstable 	<ul style="list-style-type: none"> • Based on long term contracts
Production	<ul style="list-style-type: none"> • Labour intensive 	<ul style="list-style-type: none"> • Capital intensive, economies of scale
Research Development	<ul style="list-style-type: none"> • Following the market, intuitive approach 	<ul style="list-style-type: none"> • Institutionalized
Finance	<ul style="list-style-type: none"> • Role of family funds, self-financing 	<ul style="list-style-type: none"> • Diversified ownership structure, access to anonymous capital market

Source: UNIDO (as quoted in Berisha and Pula, 2015: 22)

The first criterion considers management from the perspective of the independence and personal responsibility of the owner or few owners. The management category used to qualitatively define SMMEs suggests that such forms of business are mainly driven by the skills, competencies and personalities of the owners in seeking opportunities in the marketplace. Mosweunyane and Rambe (2016: 506), using the management viewpoint, define a small business as any structured attempt by a person anticipated to produce a profit through delivery of small products or services to external entities. This definition identifies SMMEs as being driven by its owner and having a small command of the market share. Although, the non-dominant market share position is considered an ineligible measure since one of the more popular standards for defining a SMME from a qualitative perspective is the independent ownership characteristic (Buculescu, 2013: 110). The active ownership, which exists when the owners are employees, as in the case of SMMEs, tends to be driven by economic as well as non-economic factors (Lwango, Coeurderoy and Gimenez-Roche, 2017: 630). The maximization of shareholders wealth in large organizations is essential to its objectives and reason for its existence, however, SMMEs may have other critical motives, described as non-economic factors, such as the provision of job security for members of the family and life-style value drivers (Font, Garay and Jones, 2014: 3). Font et al, (2014: 1) further comments that the owner's personality and characteristics usually introduce the SMME's culture and values in ways other than profit motives.

The personnel composition of the SMMEs shows that these enterprises have a simple directorship structure usually under the direct control and personal aspirations of the owner-founder (Lwango et al, 2017: 631). The active owner thus becomes highly involved and knowledgeable in all aspects of the business unlike in large organizations where the structures are more formal and divisions of labour are more pronounced (Font, Garay and Jones, 2014: 3).

Since SMMEs are mainly owned and managed by one person or a small group of persons, all strategic decisions are made by the owner-manager (Volery, Mueller and von Siemens, 2013: 2). Due to the limited size of a SMME, it can be argued that the owners are more personally informed of the affairs of the enterprise as compared

to the owners of large firms who depend on information from management (OECD, 2005a: 3). In contrast to large organizations, the owners of smaller enterprises possess an approach to competitive positioning that is highly impatient and action centric but may lack in-depth analysis of the business environment (Ashraf, Ul Hassan, Ghafoor and Aslam, 2015: 87). Font et al (2014: 1) notes that although the owners of SMMEs may lack the theoretical knowledge of the business environment, they do possess a good understanding of the concepts required for sustainability.

The basis for the creation and development of new ventures and activities are the competencies and behaviour of the owner-manager (Volery et al, 2013:2). Berisha and Pula (2015: 22) argues that such a distinction means that the owner of a SMME performs a central role in the decision-making processes which guides the direction of the enterprise. Also, the active dominance by the owners impacts the direction and stakeholders' relationship with the SMME. In this regard, the role of the SMME owner necessitates direct and more informal relationships with suppliers, customers and employees due to less sophisticated processes and structures (Font et al, 2014: 1).

Another important quality of SMMEs is the challenge to access finance. Small firms are less likely to obtain credit facilities and loans from lending institutions as result of high risk characteristics (Quartey, Turkson, Abor and Iddrisu, 2017: 19). As for SMMEs, sources of finance are usually generated from family and friends or internal funds, to initially commence business (Quartey et al, 2017: 20). Capital investment is therefore more restrictive in SMMEs than larger organizations which have easier access to funding initiatives. Gbandi and Amissah (2014: 328) explain that lower level skilled personnel and limited access to modern technology can be related to the lack of access to funding. This can severely affect the growth and competitive potential of a SMME. The World Bank estimates that approximately half of formal SMMEs lack access to formal credit as further detailed in the next chapter. The financing disparity is even greater when micro and informal enterprises are considered (World Bank, 2015: para 2 line 1). These smaller enterprises therefore face greater limitations in accessing funding for operations and further capitalisation.

Some of the main definitions of SMMEs as provided by international authorities such as the European Union, the World Bank and North American Industry Classification System (NAICS) indicate that a general consensus on the definition and classification of SMME do not exist. Buculescu (2013: 105) states that the quantitative approach remains the principal criteria for the definition and classification of SMMEs, as such, it will be difficult to suppose a general qualitative definition that embraces all the characteristics of SMMEs. This study accordingly focuses on SMMEs operating within the context and regulations of South Africa, hence, the definitions and classifications of these enterprises utilized in this research will adopt the official standard provided in South Africa's statutory framework.

2.5 Definition of SMMEs in South Africa

In order to attain a standardized description of SMMEs in South Africa the Government of the Republic of South Africa provided an official definition of what constitutes a small, medium or micro enterprise. According to Section 1 of the South Africa National Small Business Act of 2004, a 'small (business) enterprise' means a separate and distinct business entity, together with its branches or subsidiaries, if any, including co-operative enterprises [and non-governmental organisations], managed by one owner or more e [which, including its branches or subsidiaries, if any, is] predominantly carried on in any sector or subsector of the economy" (South Africa, National Small Business Act, 2004: 3). This section is divided into two aspects with the first aspect discussing the quantitative definition of SMMEs in South Africa, and the second aspect discussing its qualitative characteristics.

2.5.1 Quantitative definition of SMMEs in South Africa

The South Africa National Small Business Amendment Act (26 of 2003) attempted to revise and provide a broader definition of small business in accordance with the five categories determined by the South Africa National Small Business Act (102 of 1996). The Act of 2003 describes a SMME as "a separate and distinct entity including cooperative enterprises and non-governmental organizations managed by one owner or more, including its branches or subsidiaries if any is predominately carried out in any sector or sub-sector of the economy mentioned in the schedule of size standards, and can be classified as an SME by satisfying the criteria mentioned

in the schedule of size standards (South Africa The National Small Business Amendment Act (26 of 2003)).

The South Africa National Small Business Act further classifies small businesses into survivalist, micro, very small, small and medium enterprises. In particular, the definition is classified by the industrial sector or subsector according to the number of fulltime employees, total turnover and the total gross asset value. Table 2.4 provides a sample of sectors and its related classification.

Table 2.4 Classification of Enterprises according to Sectors in South Africa

Sector or subsector in accordance with the standard Industrial Classification	Size of class	The total fulltime equivalent of paid employees	Total turnover	Total gross asset value (fixed property excluded)
Agriculture	Medium	100	R5m	R5m
	Small	50	R3m	R3m
	Very Small	10	R0.50m	R0.50m
	Micro	5	R0.20m	R0.10m
Mining and Quarrying	Medium	200	R39m	R23m
	Small	50	R10m	R6m
	Very Small	20	R4m	R2m
	Micro	5	R0.20m	R0.10m
Manufacturing	Medium	200	R51m	R19m
	Small	50	R13m	R5m
	Very Small	20	R5m	R2m
	Micro	5	R0.20m	R0.10m
Finance and Business Services	Medium	200	R26m	R5m
	Small	50	R13m	R3m
	Very Small	20	R3m	R0.50m
	Micro	5	R0.20m	R0.10m
Community, Social and Personal Services	Medium	200	R13m	R6m

	Small	50	R6m	R3m
	Very Small	20	R1m	R0.60m
	Micro	5	R0.20m	R0.10m

Source: South Africa The National Small Business Amendment Act (26 of 2003)

http://www.dti.gov.za/sme_development/docs/ammendment03.pdf

The categories of SMMEs as per the South Africa National Small Business Amendment Act of 2003 can be summarized below:

- **Medium enterprises** have a maximum number of employees of 100 or 200 depending on the sector. There is some decentralization of power but these enterprises are mainly managed by the owner. Medium enterprises tend to satisfy the formal requirements for operations.
- **Small enterprises** have an upper limit of 50 employees. These enterprises are usually registered and formal. The owner manages the business but may establish a management structure to administer its operations.
- **Very small enterprises** employ less than 10 employees. However, in other sectors such as construction, manufacturing and mining the number is 20 employees. Like small enterprises, the very small enterprises are registered and operation in the formal economy. These enterprises are owner managed.
- **Micro enterprises** do not employ more than 5 persons. The employees are likely to consist of the owner and family members. These enterprises are not always registered and operate informally.
- **Survivalist enterprises** are sometimes considered part of the micro enterprises. These individuals are deemed to be pre-entrepreneurial. These persons operate in the informal economy.

As discussed in section earlier, a comparison of the quantitative criteria used in South Africa is inconsistent to the number of employees and the definition of the financial criteria used by other international authorities. Qualitative and quantitative factors are included in the definition of SMMEs in South Africa in adherence to the description provided by The South African National Small Business Act of South Africa in 1996, as amended in 2003 (Maleka and Fatoki, 2016: 308).

2.5.2 Qualitative indicators of SMMEs in South Africa

The identification and classification of what constitutes SMMEs in South Africa is generally based on the description afforded by the South Africa National Small Business Amendment Act of 2003 as discussed above. Aigbavboa and Thwala (2014: 773) explain that under the qualitative indicators, an enterprise is considered as small if it satisfies the following three criteria: it is an independent entity which does not form a component of a larger enterprise; the organizational structure is simplified as the enterprise is managed by one owner or more in a personalized manner; and the enterprise controls a relatively small share of their market place. These indicators are similar to the qualitative indicators described earlier in the chapter pertaining to SMMEs general characteristics articulated by international authorities in terms of active ownership, simplified management structures, motivation, personalised relationships with stakeholders and restricted access to funding.

The description of SMMEs, as found in the Amendment Act (26 of 2003), indicate that a SMME is an independent entity managed by one owner or more. The description shows that the owners of SMMEs on average have stronger involvement in their businesses than owners of large businesses. In supporting this perspective, Lekhanya (2015: 215), asserts that the direction and administration of SMMEs in South Africa are under the unequivocal control of the owner-manager. Consequently, the growth and survival of these SMMEs are dependent on the skills and qualities of the owner-manager in setting the goals and moulding the direction that should be followed by personnel (Aigbavboa and Thwala, 2014: 772). The owner-manager thus retains the strategic decision making and external relationships based on their personal behaviour and attitude (Lekhanya, 2015: 215).

In a recent study of entrepreneurs in South Africa, it was discovered that the following reasons are the key indicators for starting their own business: family related commitments; pursuing possibilities of personal interest or self-fulfilment; escaping unfavourable working conditions; and exploiting a market opportunity (Simo Kengne, 2016: 122). The vision and direction of the owner are consequently fuelled to a lesser extent by maximization of wealth and career prospects since it is mostly

driven by family and personal aspirations. Therefore, the reasons for individuals instigating small businesses in South Africa transcend economic intentions. The non-economic motives for the pursuit of small business activities remain a key distinct feature of these enterprises as individuals seek to accomplish such intentions (Rector, Fatoki and Oni, 2016: 68).

Another key characteristic of SMMEs in South Africa is the limited access to finance for growth and sustainability. The small business sector in South Africa constantly encounters the challenges of accessing and securing funding for their business development. Rector, Fatoki and Oni (2016: 68) reports that commercial banks finance approximately five percent of SMMEs in South Africa. Therefore, the majority of SMMEs do not access finance through such lending institutions. As a result, owner-managers attempt to finance their business through their own funds or through financial assistance from family and friends. Fatoki (2014a: 2) elaborates on this point by stating that a substantial majority of new SMMEs rely on internal finance, including support from the owners, family and friends. Internal finance is regularly insufficient for new SMMEs sustainability and growth, which is further exacerbated by negligible or no retained earnings due to their novelty in the market (Fatoki, 2014a: 2).

In examining the key factors influencing SMMEs in South Africa, Lekhanya and Mason (2014: 335) notes that a lack of access to funding is a major hindrance to growth for SMMEs. Also, there is increased risk connected with firms of small sizes. Negligible equity in the form of share capital presents a higher risk associated with SMMEs thereby excluding access to some financial sources such as commercial banks and the stock exchange (Lekhanya and Mason, 2014: 335). The inability to obtain the required finances has a debilitating effect on the firm and is often accompanied by minor investment in market research, poor skills workers and limited product variety (Cant and Wiid, 2013: 709).

SMME, irrespective of the qualitative and quantitative dimensions of its definitions, is a priority mechanism for economic and social development of a country (Maleka and Fatoki, 2016: 307). In order to understand the peculiar characteristics of SMMEs in South Africa, it is important to profile the sector by economic, race and province.

The next section provides a discussion of each of the aforementioned profile in order to present a better understanding of the SMME sector in South Africa and the Gauteng Province in particular.

2.6 Profile of SMMEs in South Africa

More than two decades have passed since the democratization of South Africa from the Apartheid regime. However, the triple challenges of unemployment, poverty and inequality levels have extended to a position of crisis and compromise the social and economic stability of South Africa (Masutha and Rogerson, 2014a: S47). The South African government's response to these challenges has been its dedication to supporting SMMEs as an indispensable conduit for the reduction of the poverty levels, increasing the employment rate and attaining sustainable economic growth (Rogerson, 2013: 134). This has become one of the main pillars of emphasis on the South African government's agenda towards 2030. The National Development Plan (NDP) 2030 is an economic and social roadmap of South Africa's developmental thrust towards the growth of an inclusive economy, reduction in inequality and the elimination of poverty (South Africa National Planning Commission, 2011: 1). NDP 2030 projects that 11 million jobs will be created by 2030 in domestic-oriented activities and in the services sector, of which 90 percent of jobs will be created in small and expanding firms (South Africa National Planning Commission, 2011: 119). Hence, SMMEs remain central to the socio-economic transformation of South Africa and as a key instrument of South Africa's government as evident in the establishment of the Ministry of Small Business Development in 2014.

It is therefore imperative to examine the profile of SMMEs in South Africa to gain a better appreciation of their geographic distribution and demographic composition. The study will look at the distribution of SMMEs by economic sector followed secondly by a brief analysis of their distribution based on population groups. Finally, the study considers the distribution of SMMEs by province. The classification of SMMEs into the various sectors, population groups and provinces will be further itemized as "formal" and "informal". Formal businesses are those enterprises that have registered their business with the Companies and Intellectual Property Registration Office (CIPRO) as a sole proprietor, a partnership, a cooperative, a

close corporation or a (Pty) Ltd. On the other hand, informal businesses are not registered with CIPRO and include street sellers, market or stall vendors according to the Gauteng SMME Policy Framework (2009-2014) (Gauteng Provincial Government Department of Economic Development, 2008: 7).

Gauteng Provincial Government Department of Economic Development (2008: 8) provides the following characteristics of “formal” and “informal” enterprises:

Table 2.5 Characteristics of Formal and Informal Enterprises

Formal	Informal
1. These enterprises are registered with CIPRO and therefore are part of the formal economy of the sector	1. These enterprises operate in the informal economy of the sector where the markets are unregulated and highly competitive
2. Greater access to finance and banking facilities	2. Indigenous resources that rely on the competencies of the owner or owners with little capital intensity
3. The owners and managers are more likely to be professionals	3. Educational level and formal training tend to be low
4. Education and training tend to be more formal	4. Family ownership and unlikely to employ others in the management of the business
5. More people are employed to help run the business	5. Small-scale operation predominantly involved in the sale of goods with little value added
	6. Limited access to the financial system such as access to loans and bank accounts

Source: Gauteng SMME Policy Framework (2009-2014) (Gauteng Provincial Government Department of Economic Development, 2008: 7)

2.6.1 SMMEs by Economic Sector

In examining the profile of SMMEs in South Africa, this section ascertains the distribution of SMMEs based on the key economic sectors. The section will thus identify the main sectors where most of the SMMEs operate as determined by South Africa The Small Enterprise Development Agency (SEDA). Table 2.6 provides a breakdown of the SMME by sector which compares data from 2008 quarter 1 to

2015 quarter 2. This data presents the number of SMMEs in existence at that point in time for each of the main sector with a further division in formal and informal identification. The last three columns provide data on the turnover for each sector as at 2015 quarter 1, the gross domestic product (GDP) as at quarter two and the annualized turnover respectively.

Table 2.6 SMMEs by Economic Sector

SMMEs	Number (2008Q1)	Number (2015Q2)				turnover* (2015Q1)	GDP (2015Q2)	turnover* /SMME
		Total	Formal	Informal	Other	R million	R million	R million
Total	2 182 823	2 251 821	667 433	1 497 860	86 528	2 908 020	815 636	1.29
Agriculture	87 820	56 774	0	0	56 774	na	35 213	na
Mining	2 696	2 199	0	2 199	0	35 256	69 421	16.03
Manufacturing	267 817	201 459	62 657	138 801	0	658 740	111 672	3.27
Electricity, gas & water	4 252	7 456	6 656	801	0	7 488	38 647	1.00
Construction	252 233	299 242	77 098	222 143	0	229 016	38 804	0.77
Trade & Accommodation	974 083	944 467	186 798	757 669	0	1 160 560	129 144	1.23
Transport & Communication	122 370	133 134	56 620	76 514	0	134 152	87 612	1.01
Finance & Bus. Services	236 740	271 712	172 423	99 289	0	571 384	183 430	2.10
Community	227 243	305 624	105 181	200 444	0	111 424	50 982	0.36
Other	7 569	29 754	0	0	29 754	0	70 711	0.00

Source: SEDA (2016: 19)

According to SEDA (2016: 19), the SMME sector is estimated at almost 2.2 million enterprises operating in South Africa. Masarira and Msweli (2013: 1488) comments that the sector is immensely biased towards micro enterprises, with 82 percent of these enterprises being micro or very small. The data indicates that while there are over 2.2 million SMMEs in South Africa, most operate in the domestic trade (wholesale and retail) and accommodation sector of the economy calculated to be approximately 944,467 SMMEs. The fourth largest sector is finance and business services sector which numbers about 172,423 SMMEs. This latter sector is the focus of this study. On the other hand, the mining sector generated the highest

turnover (R16 million) compared to the other sectors. The finance and business services sector generated a turnover of R2.1 million.

The informal sector is estimated at 67 percent of the total number of SMMEs with the highest amount identified in domestic trade and accommodation (757,669). Only finance and business services and the electricity, gas and water sectors have a lower percentage of informal SMMEs than formal ones. Finance and business services show a lower percentage of 37 percent classified as informal against 63 percent classified as formal. Therefore, the majority of SMMEs in the finance and business services sector are identified as formal.

There has been an overall growth rate of 3 percent in the number of SMMEs from 2008 to 2015. While some sectors such as agriculture, mining and manufacturing decreased, other sectors like construction, transport and communication and the finance and business services sector experienced an increase in the number of SMMEs. The finance and business services sector grew by 14.7 percent and represents 12 percent of the total number of SMMEs in 2015.

2.6.2 SMMEs by Race

The distribution of SMMEs based on racial groups is explored in this section. The population profiling identifies the major groups as Blacks, Coloured, Indian and Whites as determined by SEDA. The data denotes the number of SMMEs in existence at that point in time for each of the main group with a further division of the numbers into formal and informal categories. The Table 2.7 displays data from 2008 and 2015.

Table 2.7 SMMEs by Race

SMMEs	Number (2008Q1)				Number (2015Q2)			
	Total	Formal	Informal	Other	Total	Formal	Informal	Other
Total	2 182 823	666 501	1 420 933	95 389	2 251 821	667 433	1 497 860	86 528
Black	1 523 219	199 430	1 278 803	44 985	1 604 601	228 178	1 325 672	50 750
Coloured	101 047	37 399	60 039	3 608	92 171	33 236	52 454	6 481
Indian	64 669	47 989	16 061	619	94 889	66 596	27 470	823
White	493 889	381 683	66 030	46 176	460 160	339 423	92 264	28 474

Source: SEDA (2016: 21)

The data indicates that the majority of SMMEs are owned by the black community. The Black community owns 71 percent of SMMEs followed by the White group which owns 20 percent. While the total number of SMMEs grew by 3 percent from 2008 to 2015, there was a 47 percent growth of Indian owned SMMEs for the same period.

The Black population group was the only other group that had an increase which was 5 percent. All the other groups experienced a decline on the number of SMMEs with the White population group recording a decline of 7 percent from 2008 to 2015. Of noteworthy is that 89 percent of the total number of informal SMMEs stem from the Black population group. Rogerson (2013: 134) remarks that the majority of the SMMEs, especially those owned by the Black group, are urban informal sector micro enterprises. The formal classification SMMEs of the Indian group and the White group were higher than the number of informal among these population groups. The White group owns at least 50 percent of formal SMMEs whereas the Black group has a 34 percent share.

2.6.3 SMMEs by Province

The section will accordingly ascertain the major provinces where most of the SMMEs operate as determined by SEDA. Table 2.8 provides an itemization of SMMEs by sector which compares data from 2008 quarter 1 to 2015 quarter 2. The table presents the number of SMMEs in existence at that point in time for each of the nine provinces with a further division in formal and informal identifications.

Table 2.8 SMMEs by Provinces

SMMEs	Number (2008Q1)				Number (2015Q2)			
	Total	Formal	Informal	Other	Total	Formal	Informal	Other
Total	2 182 823	666 501	1 420 933	95 389	2 251 821	667 433	1 497 860	86 528
Western Cape	223 933	114 976	95 212	13 745	230 324	110 107	110 188	10 030
Eastern Cape	218 865	56 579	154 631	7 655	197 366	50 670	141 739	4 957
Northern Cape	29 894	11 450	11 768	6 676	20 611	8 534	9 058	3 019
Free State	114 949	31 040	76 127	7 783	96 846	26 224	60 816	9 806
KwaZulu-Natal	418 406	102 591	289 347	26 468	373 434	74 976	283 165	15 293
North West	109 860	25 817	76 855	7 188	112 856	27 430	79 153	6 273
Gauteng	687 556	270 093	405 180	12 283	785 321	306 231	465 100	13 989
Mpumalanga	193 259	29 760	156 814	6 685	185 399	35 208	141 129	9 063
Limpopo	186 101	24 193	155 001	6 907	249 663	28 054	207 512	14 098

Source: SEDA (2016: 16)

Based on the data, Gauteng claims the greatest number of SMMEs followed by KwaZulu Natal. SMMEs in Gauteng represent 35 percent of the total number of SMMEs. Gauteng also records the highest number of informal SMMEs followed by KwaZulu Natal. Seven of the nine provinces exhibit considerably more informal SMMEs than formal ones. Only the Northern Cape and Western Cape reveal an extent of equality between the formal and informal SMMEs. In terms of growth, as indicated before, SMMEs grew by 3 percent from 2008 to 2015, although Limpopo witnessed growth of 34 percent followed by Gauteng which grew by 14 percent. The growth rate of SMMEs at Free State and Northern Cape declined by 16 percent and 31 percent respectively.

2.6.4 SMMEs in the Gauteng Province

According to Agwa-Ejon and Mbohwa (2015: 523), the largest segment of small business owners inhabit the Gauteng province. The total number of SMMEs in Gauteng positioned at 785 321 in 2015 compared to 687 556 in 2008 according to Table 2.5. Due to the level of business activities in the province, Gauteng is been noted as the driving force behind the South African economy (Gauteng Provincial Government, 2015: 32). Since the 1990s, Gauteng's economy has ventured in a major diversification process away from activities predominantly in the manufacturing and mining sectors. The Gauteng Provincial Government (2015: 32) reports that the finance and business services sector has become the major contributor to the Gross Domestic Product by Region (GDP-R) to the province. This sector is followed by the wholesale and retail trade sector, and the government, social and personal services sectors. The Gauteng Provincial Government (2016: 19) recognizes the finance and business services sector as the most significant contributors to the increase of the 1.5 percent GDP-R growth in Gauteng. This was due to a growth rate of 3.3 percent in that sector, although there were growth in other sectors such as construction and trade at 3.7 percent and 1.8 percent respectively for the 2015 period compared to the previous year.

Gauteng persists as the economic hub of South Africa, contributing 35 percent of South African GDP (The Gauteng Provincial Government, 2016: 17). Approximately 35 percent of the SMMEs in the Gauteng province consists of service providers which constitute the majority of small businesses in that province (Agwa-Ejon and Mbohwa, 2015: 523).

2.7 Summary

In developed and developing countries, the SMME sector occupies vast potential in influencing the country's international competitiveness, employment rate and poverty levels. Despite the importance of SMMEs to economic development, an agreed definition of SMMEs is far afield from being a settled subject matter. The trends in small business research have identified the lack of a single universal definition of SMMEs as one of the challenges in the study of the small business sector. The

consequence of having a criteria for the appropriate classification of enterprises in their various sizes permits the structuring of appropriate policies and support systems for small business survival and expansion. Such classification is also relevant for statistical comparisons between sectors, among economies and for regulatory matters.

As a response to this predicament, international authorities and academics have ventured into providing definitions of SMMEs based on a number of criteria. The criteria used to afford possible definitions are established on descriptions given by international agencies, by national regulations and by industry standards. International authorities such as The World Bank and the European Union, as well as a review of the relevant literature in the subject and the practices of various countries, have offered quantitative (statistical) and qualitative (economic) criteria in the definition of SMMEs. The quantitative criteria include measurable indicators that include the number of employees plus a financial criterion in order to take hold of the authentic measure and performance of an enterprise. Inconsistencies in the criteria remains irreconcilable due to the different standards and approximations used by the international authorities, countries and sectors. The qualitative criteria presents readily recognizable characteristics of small businesses due to its simpler operations and management structure.

For the purposes of this study, the criteria set by the South African National Small Business Act (26 of 2003), hereafter referred to as the Act 2003, was accepted. The Act 2003 provides a quantitative criteria to determine the basis of SMME classification. Apart from the statistical criteria, the Act 2003 defines SMMEs by their distinctive features such as their independence as an entity and their direct control under one owner or more. Pertinent to the understanding of SMMEs in South Africa, the chapter profiles the SMMEs by economic sector, race, province and a specific discussion on SMMEs in the Gauteng Province.

SMMEs are considered the key catalyst of the socio-economic transformation required in South Africa as evident in the government's policies, investments and support services in this sector. The SMME sector has shown healthy signs of growth over the years although the majority of SMMEs are classified as small and micro

enterprises. The data signifies that the informal SMME sector is significantly larger than the formal SMME sector in South Africa in general. This study focuses on the services sector which is ranked as the fourth largest sector by economic indicators. The majority of SMMEs are owned by Blacks and the Gauteng Province boasts of the highest number of SMMEs compared to all other provinces in South Africa. However, the services sector occupies the largest contributor of GDP to the Gauteng Province. SMMEs in the services sector in the Gauteng Province will be of essential focus of this study. The next chapter provides an analysis and discussion on the small business environment and the impact of SMMEs.

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CHAPTER THREE

THE ENVIRONMENT OF SMMES

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3.1 Introduction

The importance of understanding the business environment is the initial stage in the strategic decision-making process which includes a strategic analysis of the contemporary variables appropriate to the context in which the business operates (Yuksel: 2012: 52). The concept of the environment is essential to the study of strategic decision making due to the influential factors affecting the strategy of the business. The contextual influences on the strategy of the business include an array of elements associated with the affairs of the business and impact the development and sustainability of the SMME sector generally but with distinct impression on each business within the sector. Each business exists in an environment in which the affairs of the business are conducted identified as the internal and the external environment that form the stimuli for decision formation (Indris and Primiana, 2015: 188).

In order to study the strategic decision-making process of small businesses, it is imperative to understand the various variables in the environmental context in which the business operates. The context of an organization includes all relevant factors and influences within and outside the organization's boundaries. Strategically significant influences emanating from the environment can have significant power on the company's direction and strategy. It is therefore important to assess the variables that constitute the environment the external environment consists of variables that include the general environment as well as the micro competitive environment. The external environment relates to the regulatory, economic, customers and market environments that provide a general understanding of the major factors affecting a particular sector. Environmental changes are inevitable and may happen precipitously or gradually and may not always be within the expectations of the decision-maker (Shah, Jamil and Shah, 2015: 92), hence the need for the decision-maker to understand the environment in order to devise appropriate responses. The purpose of studying the external environment is to

ascertain the distinct variables therein, and secondly, to gather relevant information about the external environment that enables the decision-maker to formulate strategic decisions in anticipation of future events and reaction to those variables (Yuksel: 2012: 53). Gupta (2013: 014) recommends that an external environmental analysis should relate directly and appropriately to the region and varying circumstances encountered by the specific sector. Based on this recommendation, the external environmental factors considered for analysis in the context of South Africa relates directly and appropriately to those factors influencing the strategic decision-making in the small business services sector.

The internal environment is the other aspect of the environmental analysis consisting of the organization's resources and activities (Indris and Primiana, 2015: 188). Unlike the external environment which can be beyond the control of the decision-maker, the internal environment is a more controllable area for the owner-manager as the resources and activities are within the boundaries of the business (Kuratko, Hornsby and Covin, (2014: 39). An internal environmental analysis is crucial to the understanding of the factors affecting strategic decision-making. The internal factors affecting small business in South Africa are identified as financial capital, labour skills, managerial capabilities, infrastructure and organisational culture with each factor having a role in the decision-making process and the growth potential of the business (Cant, Erdis and Sephapo, 2014: 570).

The chapter commences with the concept of the small business environment and its relevance to the study of strategic decision-making. The chapter further examines the role of SMMEs in national economies and its contribution to economic growth, the role of SMMEs in the economy of South Africa and its global competitiveness of South Africa followed by the ease of doing business in South Africa. The socio-cultural environment is then discussed with the aim of providing a demographic analysis of the context of small businesses in South Africa. Given the quantum of external and internal challenges threatening the small business sector, the chapter presents an assessment of the Small Business Policy Framework and the support offered to small businesses. This is followed by a discussion of the relationship between the environment factors and the strategic decision-making process. This is

followed by an examination of the other challenges facing small businesses in South Africa which include some internal business environmental variables. The characteristics of the owner, which is also an internal business variable, is also discussed in further detail. The chapter ends with a main summary of the findings of the literature pertaining to the environmental factors influencing strategic decision-making.

3.2 The role of SMMEs in National Economies

The significance of SMMEs in the economic development of national economies is considered in this section. The importance of SMMEs is not restricted to any one type of economy or any single geographic location. According to Robu (2013: 86), SMMEs are deemed relevant to economic prosperity and public advancement in emerging economies as well as developed nations. Hence, the significance of the SMME sector is a global phenomenon utilized in the transformation of economies and societies but which is also influenced by the economic factors facing the country. This global economic impact of SMMEs on the economy, or in reverse order, can be accredited to SMMEs being the prevalent composition of business enterprises around the globe. The importance and role of SMMEs have commanded the attention of numerous political authorities, academics and business interests over the past decades (Armeanu, Istudor and Lache, (2015; 197). The attraction towards the benefits of SMMEs is due to the significance entrusted on their capability of alleviating many societal ills and economic adversities. The contribution of SMMEs as an essential conduit towards economic recovery has been in the provision of employment opportunities, creation of an enhanced competitive environment, fostering greater self-sufficiency among the citizenship and possession of the ability to respond to market fluctuations (Laurentiu, 2016: 174). Each of these factors are considered in turn.

The Organization for Economic Cooperation and Development (OECD) Policy Brief estimates that SMMEs account for over 95 percent of enterprises worldwide (OECD, 2000: 1). In agreement with the estimation provided by the OECD, The World Bank Group similarly states that SMMEs account for approximately 90 percent of businesses worldwide (World Bank, 2012: 1). Though the estimation provided by

these two international agencies differ slightly, the statistics clearly indicate the dominance of SMMEs the world economies. A study conducted by the World Bank Group proposes there are about 365-445 million SMMEs in emerging markets where 25-30 million are formal SMMEs, 55-70 million are formal micro enterprises and 285-345 million are informal enterprises (World Bank, 2015: para 3 line 1).

Notwithstanding the economic conditions or the standard of living enjoyed in any nation or the extent of industrialization of a country, SMMEs contribute meaningfully to the gross national product (Masarira and Msweli, 2013: 1484). Due to the dominance of the small business sector in countries across the globe, SMMEs are key economic drivers influencing the financial and social parameters of a country. Additionally, SMMEs perform a foremost role in poverty reduction, boosting the employment rate and initiates the conditions for the establishment of the middle class that offers stability in a country (Matamanda and Chidoko, 2017: 37). In developing economies, such as countries in Asia, Sub-Saharan Africa and South Africa, SMMEs have a significant role in addressing many of the socio-economic ills such as poverty and unemployment. By 2030 it is estimated that 600 million jobs will be required in order to satisfy the need for global employment especially in Sub-Saharan Africa and Asia (World Bank, 2015: para 1 line 4). Hence, SMMEs contribution to the provision of jobs for national and economic development is central to addressing this particular need. The World Bank Group estimates that SMMEs contribute almost 60% of total employment and 40 percent of gross national product (GDP) in emerging economies thus solidifying itself as an essential element in the economy (World Bank, 2015: para 1 line 2). The contribution of SMMEs in countries such as Canada, Denmark, Sweden and other countries within the European Union, considered high income countries, is also very significant. Keskin, Senturk, Sungur and Kiris (2010: 183) reports that SMMEs account for over 55 percent of GDP and over 65 percent of employment in high income countries. Keskin et al (2010: 183) further note that SMMEs and informal enterprises contribute to over 60 percent of GDP and over 70 percent of total employment in low income countries which consists of economies in sub-Saharan Africa, with just Afghanistan, Cambodia, Haiti and Nepal. According to Keskin et al (2010: 183), the middle-income countries which includes Brazil, Russia, India and China, SMMEs contribute to over 70 percent of GDP and over 95 percent of total employment. Although every economy has

socio-economic challenges unique to their circumstances, SMMEs are generally regarded as a major factor in the country's overall contribution towards growth and prosperity through the enhancement of employment opportunities, the promotion of social cohesion and the potential to nurture greater innovation which adds to national development.

On account of the role that SMMEs play in economic development, countries for that reason should not discard the importance of supporting SMME expansion and advancement. However, SMMEs face a number of challenges to their growth and development which then influences the strategic decisions generated by the business owners. Some the challenges and influences of the economic forces on the decision-making of the SMMEs are identified as the impact of new technologies to small business that are unable to remain abreast of changes, poor innovation tendencies as a result of economic dynamics and restricted access to finance (World Trade Organization, 2016: 24). As such, the decisions formulated in the context of these challenges impacts the direction, competitiveness and growth potential of the business.

On the issue of financial capital in the economic environment, lack of access to finance is seen as another major hindrance to the development of the small business sector. The World Bank estimates that almost 70 percent of medium, small and micro enterprises in emerging economies lack access to finance (World Bank, 2015: para 2 line 4). The deprivation of financing options for SMMEs remains a foremost concern for policy makers because lack of finance stifles SMMEs growth potential and competitiveness. Finance availability in a globalized environment is of particular importance to the firm's decision-making process as small and micro enterprises contemplate on potential funding requirement in order to compete successfully (Quartey, Turkson, Abor and Iddrisu, 2017: 19). A more detailed discussion of these challenges is provided in a subsequent section. From a social impact perspective, policy makers recognize the importance of access to funding to ensure that successful and expansive SMMEs will further contribute to the decline in unemployment rate (Quartey et al, 2017: 19).

Pursuant to SMMEs as a vehicle to economic progress in emerging economies, the OECD proposed key policies for the promotion and development of SMMEs. Such policies have the effect of influencing the strategic decision of the business in terms of growth and competitiveness. The purpose of these policies was the provision of wholly operative support procedures for SMMEs. At the 2nd OECD Conference of Ministers Responsible for Small and Medium Sized Enterprises, held in 2004, member countries which is approximately thirty-five countries, were encouraged to create the environmental conditions to adopt a SMME development strategy through the use of sound macroeconomic policies, generate an advantageous business environment, support education, capacity building to improve competitiveness, simplified legal and regulatory framework, access to finance, and capable public and private institutions (OECD, 2004b: 13).

Although South Africa is not a member of the OECD, in 2007 South Africa became one the five key partners to the OECD which involves the country's participation in a wide range of policy issues including macroeconomic policies, structural reform and domestic resource mobilization. By strengthening the environmental conditions to support SMMEs, business owners are therefore empowered to focus decisions on the growth and sustainability of their enterprises. An advantageous environment also influences decisions based on the risk appetite and expansive ambitions of the business owner. Therefore, SMME development is indeed a crucial constituent of most national economies as a contributor to GDP and the generation of employment. The next section considers the role of SMMEs to the economic and social contexts of the emerging economy of South Africa.

3.3 The Role of SMME in South Africa

SMMEs are recognized as an indispensable accompaniment to the economic structure of any country in the modern world.. Such importance of SMMEs is found in the emerging and growing economy of South Africa as explored in this section. This section reviews the state of the national economy from the perspective of the business environment which provides the context for small business development and the strategic decisions derived as a result. This is followed by with a discussion on South Africa's global competitiveness ranking and the individual factors that

contribute towards its current performance in the ranking scale. The final aspect of the section examines the relative ease of doing business in South Africa giving particular attention to the regulatory areas that may hinder the emergence of start-up firms or impede the expansion of current businesses.

3.3.1 The Economy of South Africa

After decades of Apartheid rule in South Africa, 1994 ushered in a new dispensation of democratic governance which began the journey towards societal, legal and economic transformation of the nation once plagued by socioeconomic inequalities. In commenting on the economic transition from 1994 to present, Algu and Creamer (2017: 196) assert that South Africa was able to depart from international isolation experienced during the Apartheid era towards enhanced inclusion with the world economy. The integration of South Africa in the global market space led to policy reforms with the aim to position the country as a major global participant. Today, South Africa stands as one of largest economy in the African continent (Akintola and Akintola, 2015: 381). The World Bank has categorized South Africa as an upper middle-income economy (World Bank, 2017: 6); with an advanced financial sector that has made South Africa a regional hub for financial services (OECD, 2017:14). The OECD (2017:14) also reports that after more than two decades the South African economy has recorded remarkable social progress through better access to public services such as education, health and improved infrastructure. Within two decades of ending apartheid, South Africa is the only African country amongst the G-20 nations. This is evidence of the tremendous growth in South Africa's GDP and foreign exchange reserve thereby creating a more diversified economy with advantageous potential for small business.

The gross domestic product (GDP) in South Africa, accepted as the measure of national income and output for a given country's economy, was estimated at 294.84 billion US dollars which represents 0.48 percent of the world economy thereby ranked as the 35th largest economy in the world (Trading Economics, 2017: para 1 line 2). According to the South Africa Budget Review 2017, the South African economy is expected to grow by 1.3 per cent in 2017 and 2 per cent in 2018 as economic conditions strengthen which includes greater global economic growth,

stabilising commodity prices, greater reliability of the electricity network, more favourable weather conditions, recovering business and consumer confidence, and improved labour relations (South Africa National Treasury, 2017: 14). The economic indicators seem to imply a positive growth trajectory for South Africa. For small businesses, these environmental factors impact on the critical elements affecting their ability to operate effectively. The provision of infrastructural support, market stability and stabilised prices has the potential to influence the nature of decisions taken by the owners of the business with regards to overall direction of the business, products offered and pricing strategies.

Notwithstanding over two decades since the demise of the Apartheid system, South Africa has been subjected to only a sluggish decline in poverty and unemployment, high levels of crime, restricted access to education, poor health care system and marginalized communities (Masarira and Msweli, 2013: 1484). The OECD (2017: 16) reports that despite the efforts of the South African government to improve economic conditions, broaden access to education and financial opportunities, the poverty rate is estimated at approximately one third of the population. Based on the OECD statistics, the poverty rate estimated in South Africa is high compared to other developing nations. The OECD (2017: 15) observes that South Africa trails the OECD emerging market average in the Better Life Index, more specifically in the areas of income and wealth, subjective well-being and jobs categories, which includes a comparison with similar countries as Chile, Hungary, Mexico and Turkey. There is a widening of the poverty gap between the wealthy and the poor and some municipalities are estimated to have almost 85 percent of the residents living beneath the poverty line (Masarira and Msweli, 2013: 1485).

The unemployment percentage has reached a staggering rate of 27.7 percent overall but is even higher among the youth aged 15-34 where the unemployment rate is 58 percent (Statssa 2017: para 1 line 2). This is the highest rate of unemployment detected since September 2003. The government of South Africa has taken cognisance of these challenges confronting the country as increased unemployment affects consumers' buying power with the effect of an escalation of poverty. In the State of the Nation Address, President of the Republic of South Africa, Jacob Zuma, re-emphasized the need to create more job opportunities and reduce the levels of

poverty as these remain critical issues for the government (South Africa SONA 2017: 2). President Zuma reiterated the government's commitment to strengthen the competitiveness of SMMEs through information and communication technologies (ICT), infrastructure and programmes to support entrepreneurial development (South Africa SONA 2017: 9). The intended support of the South African government for the further development of small businesses is another major factor influencing the decisions of business owners in terms of entering into new ventures or expanding their current portfolio. The strengthening of SMME competitiveness through the various governmental interventions provokes the confidence of the business owners to make the necessary strategic decisions to grow their businesses to the overall economic and social benefit of South Africa.

On reflection, the growth of the SMME sector was exponential following the years of apartheid thus indicating the provision of greater opportunities for small businesses to exploit. SMMEs increased appetite and decisions to grow and expand operations are further harnessed by the government's infrastructural support. The support of government agencies is a significant influence on the strategic decision-making process as it has the potential to provide a more stable environment for business decisions and implementation. The sub-section that follows considers the relevant factors associated with the capability of countries and the productive use of its resources to improve the levels of economic prosperity to their population. This section integrates microeconomic (business perspective) and macroeconomic factors to determine the extent of South Africa's comparable advantage to other countries.

3.3.2 Global Competitiveness Ranking of South Africa

The Global Competitiveness Index (GCI) "assesses the factors and institutions identified by empirical and theoretical research as determining improvements in productivity, which in turn is the main determinant of long-term growth and an essential factor in economic growth and prosperity" (World Economic Forum 2017: vii). Therefore, the Global Competitiveness Index assesses the set of institutions, government policies and other appropriate indicators that resolve the sustainable echelons of economic progress in the current and medium term. The Global

Competitiveness Report 2017-2018 is published annually by the World Economic Forum with the aim of assisting decision makers comprehend the often intricate and complicated aspects of policy design and the actions required for confidence restoration towards economic prosperity (World Economic Forum 2017: vii).

The Global Competitiveness Report 2017-2018 indicates that South Africa had an overall rank of 61 out of 137 countries. This denotes that South Africa has a regression of 14 positions from the 2016-2017 ranking which means that the country has experienced a relative reduction in its global competitiveness. One of the primary reasons provided by the World Economic Forum report for the slippage is the standstill condition of South Africa's economy with GDP growth forecast at just 1.0 percent in 2017 and 1.2 percent in 2018 (World Economic Forum 2017: 268). Other reasons put forward in the report for the decline were the unceasingly low international demand for South Africa's commodities and high unemployment rate which seems to be on the rise. The World Economic Forum report remarks that political uncertainty in 2017 has diminished the confidence of South African business leaders. Auwal and Sanusi (2016: 7) declare that political instability generates macroeconomic uncertainty which has the effect of deteriorating the enticements for investment thereby decreasing the level of economic growth.

From the perspective of business decision-making, as business confidence lessens, business owners are less willing to make decisions on expansion or seek new opportunities. In times of such macroeconomic and political uncertainties, business owners tend to be more conservative on their business decisions due to the risk potential associated with further investments. With regards to other factors, South Africa's institutional environment (ranked 76th), financial markets (ranked 44th), and goods market efficiency (ranked 54th) are all appraised as lower than last year although considered relatively good in the African context (World Economic Forum 2017: 268). As noted above, these factors severely erode the confidence levels of business owners which affects the business decisions formulated. However, there were improvements in labour market efficiency, infrastructure, and health and primary education which augers well for the disadvantaged communities and small businesses within these communities because it reflects a better social environment in which to conduct business. Overall, there has been a decrease in South Africa's

performance on the GCI although the country prevails as one of the most competitive in the African continent.

Despite the decline in South Africa's competitiveness ranking, the country outscored eleven of the thirteen Southern African Development Community (SADC) members measured in the report. Mauritius was the only SADC member to gain a rank higher (45th) than South Africa. The World Economic Forum report reveals that South Africa retains the position of one of the most competitive countries in sub-Saharan Africa and ranked as one of the region's most innovative at 39th. South Africa thus stands as one of the most overall competitive countries in the region although regulatory and institutional strengthening is paramount to improving their global competitiveness. Makhubela (2017: para 4 line 5) remarks that the government and the private sector should take notice of the dwindling competitiveness indicators and so improve on service delivery efficiency, ethics and public spending. Any continuation of the decline in South Africa's global competitiveness will further erode business confidence and the strategic decisions of the small business owners.

The private sector, including SMMEs, has a role to play in the state of a country's competitive position as SMMEs are not only the providers of goods and services to customers but are themselves customers of or suppliers to larger firms (Etuk, Etuk and Baghebo, 2014: 659). SMMEs development is consequently a crucial factor in improving the competitiveness of South Africa as instruments of the private sector-led economic progress and diversification. As such, a country's competitive position can be improved through the development of SMME efficiency which then has the potential of cultivating the competitiveness of larger firms that rely on the SMME sector as an essential component of their value chain (Etuk, Etuk and Baghebo, 2014: 659). In other words, small business owners have a responsibility to ensure that the decisions formulated are aligned to creating value-based products and services, efficiency in all aspects of their operations and different their offerings in order to effectively compete on the world stage.

The institutional, policy and market factors discussed above focus on a broad range of global indicators affecting South Africa's economic prosperity. However, SMME efficiency can be developed by crafting an enabling environment which nurtures

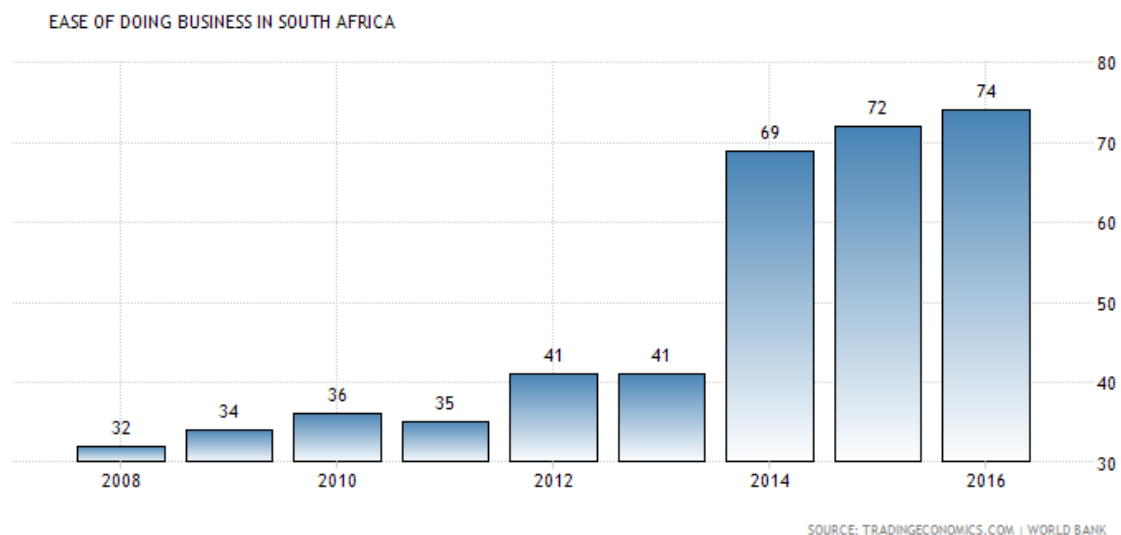
SMMEs competitiveness by sustaining their operations, providing a stable external environment for strategic decision-making and fostering the growth of the sector. This therefore means that the regulatory framework that governs the establishment of a business venture and supports the efficiencies of its business lifecycle must be adhered to in order to create an environment conducive to effective strategic decision-making.

3.3.3 The Ease of Doing Business in South Africa

Relevant to a healthy business environment that fosters strategic decision-making is a regulatory environment favourable to the commencement and undertaking of a business which is an indication of a high ease of doing business (Gaur and Padiya, 2017: 78). Ease of doing business is a series of conditions that convey enhanced, usually straightforward, procedures for businesses and better safeguard of property rights by investors (Muli and Aduda, 2017: 22). Singh (2015: 14) argues that The World Bank Group Doing Business Index is a crucial method for gauging the business environment of a country regarding the relative disposition of the regulatory systems towards the affairs of a business. The World Bank releases an annual report called the Doing Business Report that measures the relative ease for entrepreneurs to start and operate small to medium sized businesses when complying with appropriate regulations. World Bank (2017: 10) evaluates and monitors changes in regulations of 190 countries in the following areas of the business lifecycle: (1) starting a business; (2) dealing with construction permits; (3) getting electricity; (4) registering property; (5) getting credit; (6) protecting minority investors; (7) paying taxes; (8) trading across borders; (9) enforcing contracts; (10) resolving insolvency; and (11) labour market regulations. The Doing Business Report ranks economies surveyed on the basis of these variables that highlight the main obstacles to business activities (Muli and Aduda, 2017: 22). Countries with higher rankings closer to 1 signify a more conducive regulatory environment for starting and operating a business.

Almost a decade ago, in 2008, South Africa was rated relatively high at rank 32 in its ease of doing business when compared to countries around the globe. However, South Africa has considerably deteriorated in ranking over the period 2008 to 2016

according to Figure 3.1. Even within the five-year period from 2012 to 2016, there is a notable weakening of South Africa's rank compared to other countries thereby implying increased difficulty for entrepreneurs to establish a business and conducting its activities in this country. The sharpest decline can be noted from 2013 to 2014 that witnessed a slide of 28 places thereby the 41st position in 2013 to 69th position in 2014. South Africa currently secures a rank of 74th position out of 190 countries that indicates a less severe decline of two places from the previous year's report (World Bank, 2017: 6). The greater difficulties associated with doing business in South Africa is a significant influence in the decisions assumed by business owners. As such difficulties increase, business owners are required to adjust the decisions taken regarding each factor in the business lifecycle.



Source: tradingeconomics.com <https://tradingeconomics.com/south-africa/ease-of-doing-business>

Figure 3.1: Ease of Doing Business in South Africa

In relation to comparator countries, economies such as Botswana (ranked 71) and Mauritius (ranked 49) outperformed South Africa, but other countries like Nigeria (ranked 169) and the regional average for Sub-Saharan Africa obtained lower scores than South Africa on the ranking scale (World Bank, 2017: 8). Although South Africa benefits from a regulatory condition that is relatively more conducive to creating an enabling environment for SMMEs when generally compared to Sub-Saharan Africa, there are many areas that persist as barriers to doing business. In terms of the favourability of the environment in starting and operating a business, South Africa

was ranked as follows out of 190 countries: starting a business (ranked 131); getting electricity (ranked 111); registering property (ranked 105); dealing with construction permits (ranked 99); enforcing contracts (ranked 113); trading across borders (139); getting credit (ranked 62); protecting minority investors (ranked 22); paying taxes (ranked 51); and resolving insolvency (50) (World Bank, 2017: 9). There are noticeably identifiable areas indicating the source of hindrances to the ease of doing business. An enabling environment aids in the strategic decision-making process of business owners as it creates the mechanisms and structures to support businesses in their operations throughout the business lifecycle.

Starting a business attained a rank of 131 which is low on the rating scale. One such barrier to the ease of doing business is the excessive bureaucracy involved when starting a new business. Findings from the South African Institute of Chartered Accounts found that excessive complexity in the formalities of starting a new business from government has been a greater hindrance than the difficulty of obtaining finance for the venture (SAICA, 2015: 8). Other barrier to starting a new business or operating SMME identified are registering a company, registering for PAYE and UIF, registering for VAT, and registration for tax (SAICA, 2015: 8). Heavy administrative burdens and high costs act as a deterrent to persons from starting a sustainable business venture which confirms the value of having a favourable regulatory environment for owners deciding on business development (Choto, Tengeh and Iwu, 2014: 96).

The disfavoured ranking of various categories such as starting a business and getting electricity specify areas that may severely obstruct aspects of the strategic decision-making process regarding SMMEs' general progress and thus should be of focus for the Government of South Africa, which is principally a government or public sector function. To recover South Africa's ranking in the World Bank report, Madichie (2016: 10) recommends that the national government departments need to identify, lessen and control uncertainties in their essential service delivery that may hinder the ease of doing business and so create an environment that is encouraging to SMME decision-making as it relates to emergence. An environment with lessened uncertainties allows the business owners to focus on decisions that are essential to the enhancement of competitiveness and growth. The Government of South Africa

has taken note of the need to urgently address these issues in their attempt at creating an investor friendly environment through the introduction of InvestSA which acts as a one stop shop to simplify the bureaucratic process for starting a business. In order to improve the perceptions on the relative ease of doing business in South Africa, Trade and Industry Minister, Dr Rob Davies, comments that the Government of South Africa has launched the InvestSA with the aim of simplifying the regulatory process for potential investors thereby anticipating to upgrade the World Bank business facilitation ranking (Engineering News, 2017: para 7 line 1).

The economic indicators and the regulatory issues influencing the ease of doing business in South Africa have been deemed less than conducive to the SMME sector in its bid to encourage new start-ups and support expansion of existing SMMEs thereby restricting the scope of the strategic decisions of the business owner. The extent of complexity and change to the economic and regulatory environment can result in a degree of uncertainty for businesses and thereby influence the decisions made by the owners. The economic factors are only one aspect of the general environment that has a potential influence on the strategic decision-making process of a business.

3.4 The Regulatory Environment - South Africa's Small Business Policy

This section looks at the evolution of the small business policy and discusses the objectives of the policy. The section then considers the different approaches used to implement the small business policy and concludes with a discussion of the support services available to SMMEs in the Gauteng Province.

As previously discussed, small business development in South Africa has been constrained by lack of access to finance, lack of managerial expertise, poor strategic decision-making skills, lack of skilled workers, difficulty in establishing new start-up businesses and declining national competitiveness. Rogerson (2013: 135) states that in conjunction with the challenges in the regulatory and support environment, and access to finance, SMMEs are faced with limited access to market opportunities.

These critical factors have a major influence on the strategic decision-making process of the business owners because these are the issues that must be confronted in order to survive and expand. Therefore, there are multiple situational factors affecting the decisions of business owners in their quest to develop the small business sector. As noted above, it is in the interest of South Africa to develop the small business sector to advance the economy and stabilize the social experience. One aspect of critically addressing this issue is the policy framework pertaining to small businesses tendered by the Government of South Africa.

3.4.1 Brief History of the Small Business Policy Development

During the Apartheid rule in South Africa, laws were enforced that systematically denied Blacks and other ethnic groups from meaningful involvement in the economic and business landscape occasioning the majority of South African businesses to be owned and managed by Whites (Hiam, Eshghi, and Eshghi, 2017: 1370). According to Hlakudi (2012: 3), there were calculated attempts by the then regime to eliminate, constrain and regulate the expansion of the small businesses owned by non-Whites as the Apartheid government did not grant formal recognition to such businesses in providing goods or services to the government. The overall disregard and abandonment of the possibilities of a strong and robust small business sector gave rise to an under-development of SMMEs in South Africa.

Prior to 1994, the year that witnessed the end of the Apartheid regime in South Africa, the then government focused their efforts towards trade and industry policies which were inclined to favour large enterprises and parastatal organizations as insignificant attention was given to the small business sector (Masarira and Msweli, 2013: 1486). Since the self-governing transition of 1994, the newly democratically elected government recognized the importance of the small business sector to national development and thus the urgency of providing the appropriate support systems needed to assist new start-up businesses and those capable of growth (Brand, du Preez and Schutte, 2007: 188). The post-Apartheid era was distinguished as a period of policy formulation that would position SMMEs high on the national agenda as a response to the quantum of challenges due to the historical legacy of racial exclusion and inequalities in business and economic participation.

Maleka and Fatoki (2016: 308) comment that the Government of South Africa has taken note of these market failures and has embarked upon a series of initiatives to assist SMMEs through deliberate policies and dedicated agencies. The rationale for government's intervention into the development of the small business sector is mainly based on alleviating existing business and market abnormalities such as lack of access to finance and lack of access to markets, and in addition, obtain the economic benefits of poverty reduction, employment and social equities as a consequence of a growing SMME sector (Cancino, Bonilla and Vergara, 2015: 5). In this regard, the governments of Africa are disposed to rationalizing interventions to rectify the market failures in the small business sector through government policies and programs because of the potential of the SMME sector to create employment opportunities, generate revenue and reconstruct the economy (Obeng, and Blundel, 2015: 3).

Rogerson (2013: 136) observes that since 1995, the Government of South Africa has introduced a range of policy initiatives and the formation of distinct institutions committed to addressing issues of finance and non-financial matters and supporting subcontracting/link agreements in its bid at assisting the growth of the SMME sector. The South African Department of Trade and Industry (DTI) is at the forefront of this sectoral transformation where the first initiative in 1995 was the introduction of the White Paper on The National Strategy for the Development and Promotion of Small Business in South Africa which represented for the first-time a thorough policy and strategy on small business development conveyed in the country (South Africa DTI, 1995). In 2005, a decade after the introduction of the White Paper 1995, the DTI developed and introduced The Integrated Small Business Development Strategy (ISBDS) which was an important strategic shift thus sanctioning a wider incorporation of stakeholders into the domain of small business advancement (South Africa DTI, 2005a). Later in 2005, the DTI implemented another policy called the Integrated Strategy on the Promotion of Entrepreneurship and Small Enterprises aimed at expanding and solidification the South African's Government's determination at economic transformation (South Africa DTI, 2005b). The following

section will analyse the objectives of the various policies, their similarities and the differences between them.

In summary, the section briefly looked at the historical legacy of the pre-1994 era in South Africa which is characterized by neglect in the meaningful development of the SMME sector. The dispensation of post-1994 ushered in a substantial emphasis on the development of the SMME sector through a range of government policy implementation and the establishment of dedicated support agencies which can impact the nature of decision undertaken by SMMEs due to changes in the environment as a result of new policies and support systems as discussed in the next section.

3.4.2 Elements of the SMME Policy Framework

The Government of South Africa has articulated and demonstrated its aspiration towards the growth of the SMME sector through a number of initiatives previously discussed. The intention of this discussion is to describe and compare the various government policies and strategies for the development of the small business sector.

Since the democratic transformation of 1994, the Government of South Africa has issued three main policies to facilitate the development of SMMEs. Vargas-Hernández, Noruzi and Ali (2011: 288) describe policies as rules of operations that speak of the manner in which goals or a mission can be achieved, how order is maintained and the way that consistency is accomplished. Policies serve as courses of action or guiding principles recommended for the achievement of desired goals. A similar definition is offered by Waller, Morris and Simpson (2008: 7) who state that “policy making is the process by which governments translate their political vision into programmes and actions to deliver “outcomes”, desired changes in the real world”. Policies are therefore general guidelines set within boundaries that ensure a level of consistency in the decisions and activities undertaken to realize pre-determined goals.

According to Anton and Onofrei (2016: 12), the main aim of a government’s policy and support programmes is to address the market failures that place SMME at an

unfair disadvantage such as lack of access to finance, poor decision-making skills and limited access to markets. The vast number of challenges affecting SMMEs requires a policy framework that effectively improves the current conditions and difficulties experienced by businesses in the sector. Ceptureanu (2015: 122) suggests that an effective policy framework pertaining to the SMME sector should target the specific challenges facing SMMEs in their market thereby bringing relevance to the particular issues confronted in that context. A SMME policy framework should include prompt progressive actions required to effectively overcome the SMME challenges and as a consequence include adjusting the regulatory and regulations framework for the promotion of SMMEs, improving access to finance, establishing an entrepreneurial culture and improving the competitiveness of SMMEs (Shabani, 2017: 137). South Africa, as an emerging economy, had to formulate policies appropriate to its small business sector with particular focus on business with intrinsic capabilities to generate and take advantage of new economic prospects (Ligthelm, 2013:73). Policies therefore provide the platform for an enabling environment to support the direction and growth potential of small businesses and their strategic decision initiatives.

The three policies identified in the literature for evaluation in this section are the White Paper on The National Strategy for the Development and Promotion of Small Business (South Africa DTI, 1995); The Integrated Small Business Development Strategy (South Africa DTI, 2005a); and the Integrated Strategy on the Promotion of Entrepreneurship and Small Enterprises (South Africa DTI, 2005b). In evaluating the small business policy of South Africa, Moos and Botha (2016: 344) recommend that such an assessment is in accordance with the objectives, outputs and outcomes of the policy to determine its transparency, necessity, efficiency, appropriateness and validity. The definitions of the policy's objectives, outputs and outcomes are offered in Table 3.1 below.

Table 3.1 Defining Objectives, Outputs and Outcomes

Terms	Definitions
Objectives	The principal objective of a small business policy is to generate an enabling environment for the small businesses and to invigorate the expansion and advancement of the SMME sector
Outputs	Outputs may include the formation of support agencies such as finance institutions and other supportive networks to advance the cause of SMME development
Outcomes	The overall outcomes desired involve increasing the employment rate, stimulating economic growth, improving SMME competitiveness and , fostering economic growth, improving competitiveness and social progress

Source: Adapted from Moos and Botha (2016: 344)

The literature concurs that more research is required on how government's policies impact strategic business decisions such as planning and accounting (Ratten, 2014: 272). Therefore, an appraisal of South Africa's small business policy takes into consideration the objective, outputs and outcomes approach with the aim of better understanding the relationship between government policies and the strategic decision-making process.

In studying over twenty years of government's policy initiatives and varied interventions in the SMME economy of South Africa, the key focus of small business development as an apparatus for economic transformation remains steady. Table 3.2 below is a compilation of the three government policies issued from 1995 to 2005 itemized into the three categories of objective, activities to support the objectives and outputs as suggested by Moos and Botha (2016: 344) for evaluation purposes. A discussion on the outcomes will follow later in the section.

Table 3.2 South Africa Small Business Policies Comparison

	White Paper The National Strategy for the Development and Promotion of Small Business (NSDPSB) 1995	The Integrated Small Business Development Strategy (ISBDS) 2005	Integrated Strategy on the Promotion of Entrepreneurship and Small Enterprises (ISPESE) 2005
The primary objective	To create an enabling environment for small enterprises	To address the needs of micro-enterprises, small enterprises in high-growth	To fostering entrepreneurship and promoting small

		sectors, and small enterprises owned and managed by historically disadvantaged individuals, namely black people, women, the youth and the disabled	enterprise in South Africa
Specific objectives	<ul style="list-style-type: none"> • Facilitate greater equalisation of income, wealth and economic opportunities • Create long-term jobs • Stimulate economic growth • Strengthen the cohesion between small enterprises • Level the playing fields between bigger and small business 	<ul style="list-style-type: none"> • Increase the contribution of small enterprises to the growth of the South African economy • Create an enabling environment for small enterprises • Create sustainable long-term jobs in the small enterprise sector • Ensure equitable access and participation in term of race, gender, disability, age, geographical location and sector, • Increase the competitiveness of the small-enterprise sector and its enabling environment 	<ul style="list-style-type: none"> • Integration of different socio-economic policy areas • Integration of programmes within the public sector and between the public and private sectors • Integration of the activities of different entrepreneurship and small enterprise promotion institutions.
Activities to support the objectives	<ul style="list-style-type: none"> • Creating an enabling legal framework • Streamlining regulatory conditions • Access to information and advice • Access to marketing and procurement 	<ul style="list-style-type: none"> • Widen the scope and coordination of interventions • Include a broader base of institutions to provide greater support to SMMEs • Greater role of government to 	<ul style="list-style-type: none"> • Increase supply for financial and non-financial support services • Creating demand for small enterprise products and services • Reduce small enterprise regulatory

	<ul style="list-style-type: none"> • Access to finance • The physical infrastructure • Training in entrepreneurship, skills and management • Industrial relations and the labour environment • Access to appropriate technology • Encouraging joint ventures • Capacity-building and institutional strengthening • Differential taxation and other financial incentives 	encourage more coherence between the public and private sectors	constraints
Outputs	<ul style="list-style-type: none"> • The National Small Business Council • The Small Business Development Agency • Wholesale funding agencies • Restructuring the SBDC • Small-business support at provincial level 	<ul style="list-style-type: none"> • Establish a system of dedicated agencies to provide the relevant support to SMMEs 	<ul style="list-style-type: none"> • The integration of a wider group of institutions into the realm of small-enterprise development, and the inculcation of a more co-operative approach among a growing number of partners both within and outside government.

Source: South Africa DTI (1995); South Africa DTI (2005a); and South Africa DTI (2005b)

The table above provides an overview of policies geared towards the creation of an enabling environment for small business development and the identification of the relevant support services required to foster such growth and competitiveness. As discussed prior, the table reveals the evolution of the small business policies from focusing on equalising the opportunities for small business participation to the

development of entrepreneurship in a sustainable manner. The next section develops this discussion further.

3.4.2.1 Evaluating the Small Business Policies

A consideration of the primary objectives of the three policies denote that there was an evolution from a focus on the creation of an enabling environment to meeting the needs of small enterprises to eventually that of fostering entrepreneurship and promoting small businesses in South Africa. The progression of the policies is an indication that an enabling environment was insufficient to stimulate SMME growth; therefore, direct support was needed for the disadvantaged communities to gain an opportunity to participate in economic opportunities. The ISPESE policy offered a specific focus on nurturing entrepreneurship as an essential element in the development of SMMEs. While there have been key strategic changes in the primary goals that now include the integration of a wider group of agencies to support the SMME development goals, the pursuit of SMME growth remains the common denominator of the three policies.

The main commonalities articulated in the specific objectives include the creation of equal opportunities, integration of institutions supporting SMMEs and long-term job creation, although sustainability of employment was emphasized in the DTI (2005b). The ISBDS and ISPESE policies following the NSDPSB included the improvement of competitiveness, increased contribution to the economy and entrepreneurship throughout the various institutions and enterprises.

The activities to support the objectives maintained a focus on the financial and non-financial support services. However, the ISPESE added the activity of broadening market opportunities for small businesses. In terms of the outputs, the ISBDS and ISPESE expanded on the establishment of institutions to provide the essential support services to foster SMME development. However, the ISPESE accentuates the integration and cooperation of a wider group of institutions to support the development of the SMME sector.

Maleka and Fatoki (2016: 308) identify the plethora of supporting agencies established by the Government of South Africa to provide specific assistance to the

small business sector in South Africa. These consist of the Small Enterprise Development Agency (SEDA), the National Empowerment Fund (NEF), the Industrial Development Corporation (IDC), the South Africa Micro Finance Apex Fund (SAMAF), the National Youth Development Agency (NYDA), the Small Enterprise Financial Agency (SEFA) and the Department of Small Business Development. The purpose of establishing these agencies was to provide the necessary support for the emergence of small businesses. Some of the agencies render particular focus and services to the specific challenges confronting small business owners such as access to finance, support for youth entrepreneurship and access to markets.

As such, this support addresses some of the dominant decision-making concerns facing small business owners. Notwithstanding the considerable number of supporting agencies dedicated to the development of the small business sector in South Africa, there is the argument that the structure of government policies and strategies are based on inaccurate or ill-conceived information resulting in a high business failure rate (Soni, Cowden and Karodia, 2015: 15). The policies and supporting institutions are not in themselves the solution to escalating challenges of small businesses unless it is translated into harnessing growth in the SMME sector. The policies and the established institutions targeted towards the small business sector is an expensive endeavour but has not fully succeeded in reaching a substantial number of SMMEs in South Africa (Mmakola, 2009: 68).

The anticipated outcome, or the projected impact, of the small business policymakers were not achieved as the small business failure rate within the first year of existence is estimated at 80 percent (Masutha and Rogerson, 2014a: S48). The socio-economic objectives envisioned by the Government of South Africa are not being fulfilled due to such a high mortality rate among SMME (Barnes, Van Niekerk, Gool, Groener, Lee, Moola, Bruwer and Smit (2016: 14). Commenting on this observation, Rogerson (2013: 136) admits that the decade following the implementation of the White Paper 1995 on the NSDPSB brought several disappointments because only a few of the targeted SMMEs were actually growing businesses and government support agencies fell terribly short in reaching the disadvantaged communities with small business development programmes. The reasons advanced for the under-performance of the White Paper 1995 were due to

weak coordination and implementation of the policy and lack of funding, and combined to the fact that the main beneficiaries were not the emerging profile of SMMEs envisioned in the policy who still remained economically marginalised (Rogerson, 2013: 136).

The awareness of the government's support schemes and agencies for SMMEs in South Africa persists as a significant challenge in accessing the at-risk small business owners in order to render the necessary support. Studies conducted by Soni, Cowden and Karodia (2015: 67) found that approximately 75 percent of SMME owners were unaware of any support agencies or schemes. A more recent study concurs that 76 percent of SMME owners are not aware of government support programmes despite the fact that most of these support agencies provide the relevant information and details on their websites (Maleka and Fatoki, 2016: 309). The lack of awareness of such support services has a negative effect on access and use of these services by small business owners to assist SMMEs growth. GEM 2016-2017 Report signifies that the number of early-stage entrepreneurs is more encouraging as the number of persons who indicated awareness of the services provided by SEDA is estimated at 38 percent (Herrington, Kew and Mwanga, 2017: 10). Besides being unaware of the support agencies and the specific services offered, Soni, Cowden and Karodia (2015: 68) signal that 92 percent of SMME owners never approached any government support agencies for assistance principally due to poor services from these institutions and owners being unacquainted with the application procedures.

However, there is a lack of information on the evaluation of the small business policy outcome to comprehensively determine the full extent of its impact on economic development (Moos and Botha, 2016: 354). The mortality rate of small business remains high with an alarmingly large percentage of SMMEs failing to access the existing support services. As a result, the decision-making challenges of the small business owners regarding access to finance, access to markets, adapting to economic changes, crime and lack of appropriate skills persist as a daunting issue. The next section provides a discussion on the SMME support service available in the Gauteng Province.

3.4.3 Small Business Support in Gauteng

As discussed in chapter two, the Gauteng Province represents 35 percent of SMMEs in South Africa and it is considered the driving force behind the economy. In order to stimulate small business development in the province, the Gauteng Department of Economic implemented the Gauteng SMME Policy Framework (2009-2014). The main objective of the policy is the formation an economic strategy for the accelerated and collective development of Gauteng Province by means of entrepreneurship as the key instrument (Gauteng Provincial Government Department of Economic Development, 2008: 4). The Policy has a six-pillar framework which focuses on the specific challenges confronting SMMEs in the Gauteng Province. The six pillars consist of providing non-financial support initiatives, financial support initiatives, building capacity, regulatory reform and greater support for the informal SMME sector, research on particular sectors and SMME partnership building, and sustainable employment.

The policy of the Gauteng Provincial Government for the SMME sector development is implemented by The Gauteng Enterprise Propeller (GEP), an agent of the Department of Economic Development, whose mandate is to stimulate, nurture and improve small businesses in Gauteng (Fatoki, 2014a: 3). The GEP provides financial and non-financial support to SMMEs to ensure that these small businesses can actively participate and contribute to the national and provincial economy. However, the support services offered by the GEP are deemed have limited success in proving the financial and non-financial support services to the small business sector, in part, due to an unawareness by the business owners of the availability of such support (Fatoki, 2014a: 4).

The national and provincial policies have a direct influence on the strategic decision-making process of small businesses in relation to the availability of financial and non-financial support to assist in the growth and competitive positioning of the business. Any changes in government's regulatory framework compel SMMEs to formulate strategic decisions on adjusting and transforming to meet the needs of the environment (Banham, 2010: 20). The policies are aimed at addressing the essential issues influencing the strategic decision-making process, such as finance,

markets and skill upgrade, but the success of those policies is still to be determined. According to Olawale and Garwe (2010: 732), South Africa's government's policies affect business owners' decision to growth their businesses or the willingness to seek critical support to generate new opportunities. It is therefore essential that small business owners and managers are cognizant and responsive to government regulations and policies to curtail any undesirable effects and inform the decisions taken to adapt their businesses to a changing environment to ensure that opportunities to grow the business are fully embraced (Cant and Wiid, 2013: 708).

Beside the economic and regulatory environment, the socio-cultural environment is an important stimulus for decision-making among SMMEs. Gupta (2013: 16) identifies the social components of the environment as having the potential to influence businesses and the strategic decisions formulated as a consequence. The following section discusses the socio-cultural environment of South Africa and its impact on SMMEs.

3.5 The Socio-Cultural Environment

The socio-cultural factors of an economy are also important aspects of the business environmental analysis as it takes into consideration facets that influence business strategic decisions such as demographic trends, standards of living, language, consumer tastes, education standards and gender roles (Ho, 2014: 6480). Demographic analysis is essential in order to understand the characteristics of a population as such information can be used to guide policy formulation and decision-making by key stakeholders.

The population of South Africa is estimated at 56.52 million as at mid-2017 with the Gauteng Province comprising 25.3 percent of the population which is the largest share of the population due to the largest inflow of migrants from the other provinces (StatsSA, 2017: 2). According to StatsSA (2017: 8), the composition of the total population consists of 80.8 percent Black, 8.8 percent coloured, and 2.5 percent Indian/Asian, and 8 percent White. Persons below the age of 35 years account for approximately 66 percent of the total population with 42 percent between the ages of 15 to 35 years (South Africa UNFPA, 2017: para 4 line 1). The Gauteng Province

shows a similar pattern in that it is dominated by the 15 to 49 year's age group attributable to migration into the province by a high percentage of working age population looking for work and a better standard of living (Gauteng Provincial Government, 2015: 27). The challenge that South Africa faces with the young population is the level of unemployment among the age group 15 to 34 years that has climbed to 58 percent as discussed earlier. Gauteng Provincial Government (2015: 56) reports that unemployment rate in the province is reflective of the national level including the high rates for young people. As a result of low unemployment, the 15 to 34 age group is an under-utilized resource for economic contribution and hence the need for sustainable small business development to capture this target group (Masarira and Msweli, 2013: 1486).

However, the high level of young people who remain within the 58 percent unemployment rate has sometimes led to diminishing social cohesion, violence and crime emanating from this group (Seekings, 2013: 4). At this rate, the social landscape of South Africa can destabilize with South Africa deprived of the human capital potential of its young people. The development of small and micro enterprises can be a major mechanism used to address the scourge of youth unemployment and its consequential effects in South Africa by providing economic avenues for youth progress (Mashau and Houghton, 2015: 599). On a positive note, the increase in the unemployment rate has been attributed with the growth of the small business sector as a result of the restricted employment opportunities compelling persons to generate revenue by starting a small informal business (Meyer, Meyer and Molefe, 2016: 123). As a result, new business start-ups generated by the high levels of unemployment are thus subjected to poor decision-making due to the lack of experience and competencies. The extent of poverty and high unemployment will also affect the decisions of existing businesses regarding the availability of skilled workers, weakened consumer buying, location of the business, products offered to the market and pricing strategies.

Although the SMME sector in South Africa has been acknowledged for its potential to confront the unemployment issues, the factors associated with unemployment such as crime, shortage of skilled workers, lack of relevant experience and poor business strategy skills persevere as major difficulties to SMME development

(Ayandibu and Houghton, 2017: 136). Therefore, these socio-cultural factors bring about both threats and opportunities for SMMEs which influence strategy decisions, eventually determining the business success in terms of employees' skills and owner's lack of business experience (Khoase and Govender, 2013: 596). Business owners confronted with the supply of poor skills from the external environmental and must therefore decide on the ways to address the socio-economic changes internally such as upskilling.

The impact of crime on small businesses in South Africa can have negative effects on the growth of the enterprise. Olawale and Garwe (2010: 732) note that the owners of small business in South Africa have focused on more operational decisions such as security due to high rates of crime rather than the strategic decisions such as competitive advantage and market growth. Thus, the success of the business revolves around the quality of strategic decisions regarding the social challenges of location, target market and pricing decisions.

As far as SMME ownership is concerned, Black people in SA own 71 percent of SMMEs while the Whites own 20 percent. The data also indicates that 89 percent of the informal SMMEs are Black owned. Only 33 percent of the SMMEs are owned by persons between the 15 to 34 years age group (South Africa UNFPA, 2017: para 13 line 1). This denotes a need for the relevant authorities to intervene at the policy and institutional levels to address such as a dilemma and to uplift the disadvantaged communities as will be discussed later in the chapter. These interventions, or lack of intervention, by Government agencies also influences the decision-making process of SMMEs in the context of SMME ownership from the perspective of the relative support provided to at-risk constituencies in entering the small business sector or expanding current operations.

3.6 The External Environment and the Strategic Decision-Making Process

The current general external environment of South Africa, inclusive of the economic, socio-cultural and regulatory variables, is characterized by dynamic and rapid changes thereby requiring business owners to exercise greater awareness of

the factors that can impact their strategic decisions and associated activities (Makgopa and Theron, 2017: 83). Hence, the external environmental variables play an importance role in influencing the strategic decision-making process of the business. Accordingly, the external environmental factors are significant determinants of an environment conducive to the formulation of strategy and the resulting actives of a business in order to grow and compete effectively (Kuratko, Hornsby and Covin, 2014:38). In spite of this, small businesses, by its very nature, face major challenges and limitations regarding access to finance, skilled labour and poor decision-making skills, which often distract the owners-managers from anticipating and effectively responding to the external influences in a strategically proactive manner rather than simply reacting to the influences as they occur (Banham, 2010: 20).

The relationship between the external environment and the decision-making process commences with an environmental audit that informs the strategic formulation in determining the business' competitive strategy (Ho, 2014: 6481). In other words, an analysis of the external environment is often the beginning of the decision-making process as it provides the relevant information to small business owners to determine the state of the market, resource availability and competitive position. In the context of South Africa, understanding and examining the external environment is a crucial step in assessing the strategic decision-making process because it provides an insight into the critical factors affecting the decisions of small businesses (Sandada, Poole and Dhurup, 2014, 660).

The extent of the external environmental dynamism directly influences the small business owner's strategic decision-making process in their analysis and anticipation of potential opportunities and threats (Skokan, Pawliczek, and Piszczur, 2013:59). Ho (2014: 6481) further elaborates that the gathering of environmental information provides assumptions about the environment that allows the development of the strategic decisions concerning the ability to capture opportunities and manage change through the advancement of options. In an industry where competitive intensity is high, the strategic decision-making process tends to be heavily influenced by these forces with respect to ensuring profitability and survival, as compared to a favourable competitive environment where such forces lessen the pressure on the

decision-making process towards profitability and competitiveness (Gupta, 2013: 014). General external environment uncertainty, consisting of the magnitude of heterogeneity and change, is a threat to business managers due to the restrictions placed in formulating strategic decisions and long-term planning to maintain relevance and equipoise with the external environment (Gupta, 2013: 017). For that reason, the variables of heterogeneity and uncertainty of the external environment in South Africa are important to understand in the context of strategic formulation because they influence decisions regarding markets, competitive advantage and performance (Sandada, Pooe and Dhurup, 2014: 660).

Seminal empirical research conducted by Fredrickson (1984: 455) signifies that businesses that operate in a stable environment embrace a rational or more formal approach to strategic decision making than an environment with dynamic conditions. More recent studies have denoted that a hostile and uncertain environment is associated with rational decision making among SMMEs in their response to alignment of the business with the external conditions (Francioni, Musso and Cioppi, 2015: 2240). Conversely, studies by Joyce and Woods (2003: 150) argue that under conditions of environmental uncertainty the strategic decision-making process is less rigid and highly flexible thus emerging into a strategic fit between the business and the environment.

The success of a small business relies on the ability of the owner or manager to gather relevant information and analyse the environmental factors, which must include the internal environment, to establish strategic decisions that leads to performance improvements (Indris and Primiana, 2015: 188). Due to the increasing complexities and uncertainties in the external environment small business owners should evaluate their internal variables in order to effectively formulate strategic decisions to bring into equilibrium the dynamism of the external forces and the how the business responds (Sandada, Pooe and Dhurup, 2014: 660). The functioning coordination between the internal and external environment is the basis for the strategic decision-making process, so that the small business can position itself for growth and competitive advantage (Indris and Primiana, 2015: 189).

As indicated in the literature above, the internal environment forms a crucial element in the environmental analysis of the small business context.

3.7 Internal Environmental Factors among SMMEs in South Africa

Despite the catalytic role of SMMEs in its contribution towards a country's economic growth, reduction of unemployment and alleviation of poverty, there are many internal barriers faced by the sector that can stifle its decision making regarding potency and development (Agwu and Emeti, 2014: 104). According to Karadag (2015: 26), small business in developing economies are faced with a number of common challenges including inadequate knowledge about business, ineffective use of strategic decision-making tools for overcoming managerial challenges, low technology utilization, lack of access to finances, lack of trained staff, high tax rates and government bureaucratic problems. As discussed prior, these difficulties have led to South Africa having one of the world's highest mortality rates of SMMEs where it is estimated that as high as 80 percent of South Africa's SMMEs goes into failure in their first year of existence (Masutha and Rogerson, 2014: 143). The alarming mortality rate warrants deeper investigation into the internal issues that affect effective decision-making within the SMMEs. Fatoki (2014b: 922) remarks considering the high mortality rate of SMMEs in South Africa, it is imperative to understand the causes of failure and the factors required to help SMMEs develop. The previous sections commenced the discussion on some of the problems encountered by SMMEs towards their development such as economic factors, unemployment, demographic issues and crime and its impact of the strategic decision-making process of SMMEs. This section continues to look at some of the internal challenges affecting SMMEs growth and decision-making in South Africa. As it relates to small business in South Africa, Olawale and Garwe (2010: 731) describe the components of the internal environment as managerial capabilities, financial issues, resources and managing operations.

Lack of access to finance is identified as one of the main problems encountered by SMMEs in South Africa (Ayandibu and Houghton, 2017: 136). Research indicates that about 2 percent of SMMEs in South Africa have access to formal sources of finance such as bank loans or bank credit and that the benefit of credit from

suppliers are practically non-existent (Balogun, Ansary and Agumba, 2016: 442). The principal reasons suggested in the literature are that banks may evade providing loans and credit facilities to new start-up SMMEs and those that lack adequate collateral, or business ventures identified as high risk of loss (Balogun et al, 2016: 444). Small businesses are therefore burdened with the responsibility of making decisions on alternative sources of finance resulting in seeking finance from outside these established banks and finance houses. Quartey, Turkson, Abor and Iddrisu (2017: 20) observe that just half of SMMEs loan applications to banks have a possibility of success, and only one third of micro enterprises loan applications have a chance of approval while approximately 90 percent of small businesses are refused credit facilities from formal financial lending institutions, mainly due to the inability to provide satisfactory collateral. Therefore, SMMEs rely on internal sources of finance through profits, family or friends which can prove to be inadequate resulting in failure (Rector, Fatoki and Oni, 2016: 68). The decisions of small business owners regarding raising the required capital to fund their ventures are therefore limited by accessibility to established finance agencies and also the quantum of funds available from oneself or close relatives. Quartey et al, (2017: 20) further note that approximately 95 percent of small business owners rely on personal financing or funds from friends and family. Similar challenges are evident in the Gauteng Province as the main sources of finance emanate from the owners, friends and family compared to more formal sources (Agwa-Ejon and Mbohwa, 2015: 523). The decision options regarding finance sources, availability and amounts often limits the decision on business expansion, products offered and production capacity.

Fatoki (2014b: 922) argues that the lack of finance faced by SMMEs may be directly related to the failure of the business, but the shortage of skilled personnel, unfavourable market conditions and lack of skills in strategy formulation are often the indirect causes. The dominance of the indirect causes poses a serious challenge to the decisions taken with respect to the survival of the business. Karadag (2015: 29) notes that the lack of a proper strategic decision-making process within SMMEs by its owners, which is a key feature of SMMEs performance, results in the failure of small business owners to become more aware of the opportunities and problems of their environment and the impact on the business. The lack of strategic decision-making among SMMEs can be costly and even detrimental to the success of the

business leading to inefficiency in the overall management of the enterprise (Agwu and Emeti, 2014: 104).

Other factors such as the lack of expertise relevant to the business and general financial management literacy also make it challenging for individuals in South Africa to start a business or current SMMEs to expand its operations (Ayandibu and Houghton, 2017: 136). According to Agwu and Emeti (2014: 104), 90 percent of all business failures are a consequence of incompetence and lack of relevant experience in the particular field. Appropriate management skills, especially in functional areas such as marketing and financial competence, can positively affect the performance of SMMEs in South Africa as it employs knowledge about the market conditions, competitive trends, customer profiles, pricing strategies and operational management (Cant and Wiid, 2013: 709).

As discussed, the SMME sector is confronted with numerous factors that have increased the morality rates of start-up businesses or limited the growth potential of existing enterprises. These factors have significant influences on the strategic decision-making process as it affects the availability of labour, consumer buying power, access to finance and the other internal factors described in the next section. The following section will discuss the governmental patronage towards SMMEs through the evolution of South Africa's SMMEs policy and the establishment of various agencies to provide the necessary support for SMME development.

3.8 Characteristics of the Decision Maker

The pre-eminence of attention conferred to external and internal variables influencing the strategic decision-making process has become a major focal point for researchers attempting to discover the factors responsible for a firm's success (Guerras-Martín, Madhok and Montoro-Sánchez, 2014: 71). Although some researchers argue that there is no certain way to make strategic decisions, it is agreed that the decisions taken are dependent on the internal and external variables (Anwar, 2015: 364). As described in the above section, the external environmental factors have a major influence on the strategic decision-making process. As a consequence, the internal environment, which are the variables principally controlled

by the business, also plays a pivotal role on the decisions formulated in small businesses for their successful existence (Olawale and Garwe, 2010: 731). The chapter previously highlighted a plethora of some of the internal factors that exercise influence over the strategic decision-making process. However, small businesses are challenged by other internal factors that influence the strategic decision-making process such as the characteristics of the decision maker (Bulog, 2016: 394). This section reviews the literature on the characteristics of the decision maker and the relationship with the strategic decision-making process.

Sibindi and Aren (2015: 581) remark that one of the major constraints associated with small business failure is the demographic characteristics of the owners such as the lack of qualifications, inappropriate experience and the approach to decision making. These managerial competencies have a direct impact on the performance of the business as the lack of education and training have the potential to reduce the owners-manager decision making capabilities that may contribute to a high failure rate in South Africa's small business sector (Fatoki and Asah, 2011: 173). The literature thus suggests that the educational attainments of the small business owner is directly related to the quality of strategic decisions formulated in the business.

Although there is extensive dialogue and indecision as to whether small business managerial skills are the consequence of nature or nurture, research has shown that education and training actually cultivate small business owners by acquiring the necessary skills and attributes to help their businesses grow (Chimucheka, 2014: 404). A high level of education is related to the enhanced ability to administer and analyse information, manage change more effectively and greater acceptance for uncertainty (Bulog: 2016: 395). Education and appropriate training are essential components in for managers and business leaders as it enhances a critical and analytical mind-set essential to the decisions pertaining to the survival of the business. In an earlier study, Papadakis (2006: 376) confirms the notion that a highly educated decision-maker has the propensity to seek and analyse information in more detail, thus occasioning more rational-comprehensive strategic decision-making.

On the other hand, the management of a small business in South Africa requires the owner to do all the work of the business including the administrative and managerial tasks thereby enabling the owner to develop the skills and know how without attending formal training (Mashau and Houghton, 2015: 599). This view suggests that the small business owners acquire the necessary decision-making skills required to operate the business during the formative years of incorporating and developing the actual business. To successfully manage and grow a small business transcend the formal training and educational attainments, as such, individuals must possess the ambition, goal orientation, creativity and diligence in order to advance their business interests (Van Scheers and Makhitha, 2016: 3). As such, besides the formal education and training suggested for enhanced decision-making skills, the literature points out that other factors influence the quality of the strategic decision-making process such as the owner's sense of motivation, vision and innovative tendencies.

Van Scheers and Makhitha (2016: 4) assert that the lack of functional and managerial skills by the owner are severe drawbacks to the success of small businesses in South Africa compounded by the fact that a lack finance to hire those with the requisite skills to perform the tasks that the owner cannot execute. The small business owner therefore faces the disadvantage of possessing the requisite competencies to engage in strategic decision-making as well as lack the financial means of employing the relevant skills to fill that gap. Cant (2016: 248) recognizes that the high failure rate among SMMEs in South Africa is due to poor strategic formulation skills, lack of finance and managerial inexperience which affects the decision making capabilities of the owner.

The extent of business owner's experience is a determinant in the relative rationality of the strategic decision undertaken, in that, a decision maker with substantial experience tends to assess the environmental opportunities and threats in further detail leading to a more rational approach to strategic formulation (Shepherd, Williams and Patzelt, 2015: 16). However, Zacca, Dayan and Elbanna (2017: 952) contend that the decision-making process among small business owners gravitates towards intuitive orientations rather than procedural rationality. In another study conducted by Vershinina, Barrett and McHardy (2017:169), the findings indicate that

small business owners showed a preference towards decision-making based on intuition and personal experiences. The issues of intuition compared to rational decision-making will be discussed further in chapter four. Therefore, the internal environment variables of qualification, experience and tendencies in the intuitive-rational continuum influence the rationality of the strategic decision-making process in terms of the extent of environmental analysis conducted and the provision of a structured plan to charter the way forward for the business.

The internal and external environment of South Africa, as previously discussed, posed a range of challenges to the strategic decision-making process of the SMMEs. Cognizant of these issues that are disturbing the SMME sector, the Government of South Africa has introduced a series of policies and support programmes aimed at assisting the development of the small business. The next section discusses such policies and programmes in further detail.

3.9 Summary

The small business sector plays a crucial role in national development through its contribution towards economic development, reduction of the employment rate and the potential to alleviate the disadvantaged communities from a condition of poverty. The importance of SMMEs to the developing countries warrants special attention to its sustainability and expansion through the creation of an enabling environment for growth and expansion of the sector. An analysis of the economic environment of South Africa signifies a decline in the overall competitiveness and ease of doing business due to low international demand for South African commodities, high unemployment rate and a deteriorating regulatory system relating to the activities of businesses. Although these forces could affect market access, financial capital and availability of labour, SMMEs can contribute towards national competitiveness through the enhancement of SMME efficiency in an empowering environment.

The literature denotes that the socio-cultural environment has a significant influence on strategic formulation among SMMEs. The demographic data indicates a number of challenges facing SMMEs, in particular, the high employment rate among the young population and high crime rates. While there has been an increase in the

number of SMMEs entering the economic landscape, the increased in crime has caused business owners to concentrate on more operations matters than strategic decisions relating to growth and competitiveness.

There are numerous challenges facing SMMEs in South Africa that are internal to the business. The literature describes some of these challenges as lack of access to finance, lack of access to skilled workers, lack of managerial capabilities and poor decision-making skills. One internal factor that affects the strategic formulation is the owner's characteristics. The literature shows that qualification, inappropriate experience and the approach to decision making are associated with the performance of the business. In order to address these internal and external challenges, the Government of South Africa implemented a number of policies and dedicated agencies to support the development of the SMME sector. Amidst the presence of such agencies and government programmes, the failure rate among SMMEs remains high. The success of SMMEs is dependent on the effectiveness of the strategic decision-making process which includes the ability of the owner to gather and analyse information to inform the decisions taken. Chapter four will discuss the notions of strategic decision-making among small and micro enterprises in the context of the internal and external environmental influences.

CHAPTER FOUR

THE STRATEGIC DECISION-MAKING PROCESS

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4.1 Introduction

The previous chapter indicated that inadequate strategic decision making has been one of the key factors associated with the high failure rate of SMMEs in South Africa (Van Scheers and Makhitha, 2016: 243). Despite the importance of strategic decision-making to the sustainability and growth of businesses, the process of strategic decision-making remains contested and imprecise. This chapter provides an overview of the nature of the strategic decision-making process among small and micro enterprises. For any organization, large or small, to effectively compete and grow, whether in dynamic or stable environmental conditions, strategic decisions must identify a future state for the enterprise to pursue in order to achieve that desired state (Tracy, 2015: 13). This ultimately means that business strategic decision-making is primarily linked to the competitive advantage of a business and the success or failure enjoyed subsequently. However, the strategic decision-making process encounters a range of different issues such as incomplete information, an assortment of influences internal and external to the business and the uncertainty of the outcome of the strategic decision (Lamb, Becker and Nunes, 2017: 76).

Consequently, the pattern and character of the decision-making process in strategy formation among small and micro businesses is an essential consideration for practitioners and academics alike due to the necessary role it plays in setting the goals, plans and results of a business. This chapter provides an understanding of the strategic decision-making concept which interrogates the theoretical approaches pertaining to strategic decision-making. The chapter further discusses the phases of the strategic decision-making process and finally highlights the phases involved in the various streams of the strategic decision-making process within small businesses.

4.2 Understanding Strategic Decision-Making in Business

Decision-making capabilities and processes serve an essential role in organisations, including small businesses. Researchers note dissimilar and often conflicting theoretical descriptions of strategic formulation offered in the literature over the last five decades (Havenvid, Holmen, Linné and Pedersen, 2017: 209). As the research into strategic decision formulation evolved over the decades, various researchers have interpreted and modelled decision formulation from distinctive perspectives. While the list of perspectives and the associated literature are exhaustive and impractical to reproduce in this current study, the main thinkers on strategic decision-making are presented in order to better appreciate the distinct modes of decision formulation. From the genesis of research into strategic decision formulation, as previously indicated, there has been the debate on whether strategy adopts a rational, formal deliberate process approach as advocated by the prescriptive school of thought or whether strategy is more informal and adaptive as it evolves through a series of patterns as advocated by the descriptive school of thought. These two approaches to strategic decision-making dominate the literature.

Although a significant amount of research has been conducted over the last forty years into understanding the theoretical framework of decision-making in the process of strategy development, a universal accord is still lacking (Mainardes, Ferreira and Raposo, 2014: 45; Odita and Bello, 2015: 61). Ronda-Pupo (2015: 161) notes that the development of a precise theoretical framework of decision-making process in strategic decision formulation has extended into fragmentation along many areas of its research interests. This has resulted in the inability to provide a uniform definition of the decision-making process

Chandler (1962: 13) was one of the initial management researchers who defined strategic decision-making as the identification of goals and objectives, the determination of a series of action required and the allocation of appropriate resources. In this definition, Chandler (1962) was of the view that there is no distinction between the notion of strategy and the decision process used to originate the strategy thus rendering the decision-making process as procedural rationality known as the prescriptive approach. Andrew (1971: 52) further proposed a concept

of strategic decision-making that is a declaration of intent thereby implying that the process is deliberate, systematic and formal. On the other hand, the descriptive school of thought argues that strategic decision formulation emerges as a result of trial and error during implementation, thus being more informal and cyclical in character rather than formal and procedural, even though there is still the element of environmental analysis and option development as crucial aspects of the formulation of strategic decisions (Roger, 1996: 68; Havenvid et al, 2017: 209). As such, the literature denotes that the main debate among decision-making theorists revolve around the applicability of the rational approach versus the intuitive approach to decision formulation.

Ansoff (1987: 501) was of the view that since the 1950s and 1960s, the various schools of thought on the concept of strategy and the process of decision formulation were devoted to “enriching their respective theories and to establishing their superiority over theories proposed by the other schools”. Although there is disharmony in the literature regarding a singular definition of strategic decision-making, the literature approves that strategic decision formulation relates to the important decisions that affect the direction of the business in its pursuit towards accomplishing its goals (Fontaine and Ahmad, 2013: 7; Phadnis, Caplice and Sheff, 2016: 25). Hence, the discussion in this study focuses on the nature and character of the decision-making process rather than the nature and type of decision taken and the related outcomes.

Contemporary academic research into understanding the nature and process of strategic decision-making has been categorized mainly into the rational approach and the descriptive approach where the latter employs the intuitive model of decision-making (Elbanna, 2006: 3; Malewska, 2015: 98). Table 4.1 below summarises these two main approaches to decision-making.

Table 4.1 Strategic Decision-Making Models

Model	Contributing Authors	Description
Rational Approach	Chandler (1962: 13); Andrews (1971: 52); Miles, Snow, Meyer and Coleman (1978: 548); Porter (1985: 1)	Strategic decision-making is an intentional procedural process of achieving predetermined goals.
Intuitive (Descriptive) Approach	Mintzberg (1978: 935); Mintzberg and Waters (1985: 257); Hambrick and Fredrickson (2001: 50); Hitt and Tyler (1991: 335); Dean and Sharfman (1996: 368); Helfat and Peteraf (2015: 833); Shepherd, Williams and Patzelt (2015: 16)	Strategic decision-making is an emergent and iterative process in a pattern of evolving decisions based on the intuitive orientations of the decision-maker guided by emotions, experiences and personal preferences.

Source: Author's own compilation

Each model in the table above presents a different perspective in the strategic decision-making process continuum. The rational model represents one extreme approach to decision-making whereas the intuitive model represents the other extreme used in decision-making. The intuitive approach to decision-making is often presented as an antithesis to the rational model or sometimes as a more realistic perspective of the way in which decisions are formulated. It is therefore essential to interrogate each model in order to better understand its applicability to decision formulation in small and micro enterprises.

4.2.1 The Rational decision-making model

The rational model of decision-making infers that organisations approach the formulation of decisions from a formal systems perspective which constitutes a rigorous and technical procedural design to intelligence gathering, environmental analysis and response to environmental conditions (Pina, 2007: 7). Seminal researchers such as Chandler (1962), Andrew (1971) and Miles, Snow, Meyer and Coleman (1978) describe the process of strategic decision formulation as intentional, rigid and procedural in character. The understanding of decision formulation from this perspective assumes a comprehensive approach that entails a step-by-step method that is deliberate in its nature. According to these authors, the process of strategy formulation involves the establishment of the organization's goals and

objectives, an environmental analysis of the business and the allocation of resources based on rational choices. In essence, the rational approach to decision-making is discriminating and logical in pursuing the goals of the organisation (Dean and Sharfman, 1993: 1070). As such, decision formulation, as a rational approach, supposes an analytical undertaking which assumes that environmental information can be acquired in order to inform the selection of options in a sequential and formal process.

Previous research conducted on the rationality of decision-making, including formal planning which is indicative of rational decision-making (Zacca, Dayan and Elbanna, 2017: 954), shows that SMMEs do not commonly engage in a formalised manner of strategic decision formulation (Robinson and Pearce, 1984: 129; Orser, Hogarth-Scott, and Riding, 2000: 44; Sandberg, Robinson and Pearce, 2001: 13; Cheng, Kadir and Bohari, 2014: 438). Cheng et al (2014: 439) contend that there are multiple benefits to SMMEs developing a more formalised approach to information gathering and analysis in order to charter a ratified course of action thus fostering a case for utilising the rational model among small enterprises. One of the main benefits of the rational approach is the equanimity of the firm's resources with environmental circumstances. Environmental information captured and analysed through systematic means equips SMMEs with a vital awareness of internal and external conditions in order to effectively manage heterogeneous uncertainties.

Sandberg et al (2001: 13) argue that a rational approach to small businesses strategic decisions provides a logical response to enhancing the firms' competitive position because it provides the diligently assembled information and procedural courses of action in order to achieve intended objectives. Rationality allows SMMEs to identify opportunities in the market and align the business activities to appropriately respond in a deliberate manner to the environmental conditions thereby ensuring a strategic fit between the business and the situational context. Hussain, Si, Xie, and Wang (2010: 642) comment that failure among SMMEs is partly due to the lack of rationality in their managerial decisions. Hence, there is merit in discussing the rationality of decision-making as it pertains to SMMEs sustainability and growth potential.

In the case of SMMEs in South Africa, the debate on formality and rationality in the decision-making process has been vigorous over the last ten years. Strategic decision-making conducted in South Africa concentrated on strategic planning in general (Odame, 2007), business strategy development (Laljit, 2006), strategic process in the pharmacy sector (Naidoo, 2006), strategic management and entrepreneurial orientation (Murimbika, 2011), strategic planning in the retail sector (Nkulu, 2012), strategic entrepreneurship and firm performance (Mohutsiwa, 2012), strategic planning and business performance (Sandada, Poole, and Dhurup, 2014). These studies offered beneficial awareness into the systems of a more formal and rational approach to decision-making and its influence on the performance of businesses but despite the valuable contribution of these studies, little is known about the character of the decision-making process among small and micro enterprises. Van Scheers and Makhitha (2016: 243) note that notwithstanding the importance of embracing a rational approach to decision formulation, SMMEs in South Africa are more oriented towards an informal decision-making mode. This may be the consequence of the lack of the requisite experience and resources necessary to conduct a more formalised approach to decision formulation thereby occasioning an informal and intuitive mode of decision-making.

However, there are other researchers who dispute the notion of a positive relationship between formal rationality in decision formulation and positive firm performance among SMMEs (Honig and Samuelsson, 2012: 367; Elbanna, 2006: 4; Heriot and Loughman, 2009: 15). Williams, Manley, Aaron and Daniel (2018: 35) remark that the research on the consequence of a formal approach to decision formulation on the performance of SMMEs remains inconclusive. Zacca, Dayan and Elbanna (2017: 954) further noted that a highly systematic rational approach to innovative decision formulation subdued the firm's creative progress. These studies indicate that SMMEs achieved growth and sustainability apart from the adoption of formal systems in their decision-making processes. Decisions among SMMEs tend to rely on the personal discernment and resolve flexibility of the SMME owners in their pursuit of sustainability and competitive advantage in the market. The notion and applicability of intuitive orientation in the decision-making process is therefore important

4.2.2 The intuitive decision-making model

Despite the inconclusive relationship between a formalised and rational approach to decision formulations and performance, SMMEs in South Africa tend to gravitate towards an approach that is informal rather than a formal mode due to lack of knowledge in applying a rational and formalised system (Sandada, Poole, and Dhurup, 2014: 665). In addition, a rational approach to decision formulation may not be applicable to businesses that lack the time and resource required to gather and analyse environmental information relevant to business decisions in a timely manner. Unlike large organisations with the finance and human capital availability, SMMEs lack those essential resources or possess limited access to such resource which restricts a formal rational approach to decision-making process (Haase and Franco, 2011: 1643). Consequently, SMMEs rely on experience, casual information sources and intuition in the decision-making process. As discussed before, SMMEs in South Africa face tremendous resource constraints which includes deficient market research, inadequate business skills and lack of access to funding resulting in unsystematic decisions based on imperfect information (Ayandibu et al , 2017:136; Gronum, Verreynne, and Kastle, 2012: 261). Lekhanya (2015: 412) further notes that the owners of SMMEs in South Africa seldom participate in rational planning and decision-making processes due to the lack of managerial skills combined with the inability to employ skilled personnel to provide the necessary business support for decision formulation. Due to such limitations, decision-making among SMMEs in South Africa is mainly the responsibility of the business owner and based on intuitive tendencies and deemed to be more informal in character (Cant, Wiid and Kallier, 2015: 622). Hence, the intuitive propensity of small business owners are dependent on the ability of the decision-maker, sources of information, attitude towards risks and the rapidity of the decision to be taken (Malewska, 2015: 101). These internal and external environmental factors therefore contribute towards the tendency of an intuitive orientation among small business owners rather than the adoption of an approach that is reinforced by architecture of procedural rationality as discussed further in the chapter.

The cognitive underpinning of managerial capabilities, referred to as intuitive decision-making process, is one of the models associated with the strategy decision formation (Dean and Sharfman, 1996: 368; Helfat and Peteraf, 2015: 833). This

model proposes that the alternative to procedural rationality is the subjugation of the decision-making process to the intuitive inferences of the decision maker driven by the cognitive complexities which consists of an array of personal belief constructs and social interpretations (Hitt and Tyler, 1991: 335; Meissner and Wulf, 2017: 432). The intuitive decision-making model is based on the process of decision formulation in which the decision is guided by the decision maker's knowledge, perception, emotional attachments and former experiences (Hitt and Tyler, 1991: 335; Shepherd, Williams and Patzelt, 2015: 16; Lamb, Becker and Nunes, 2017: 80). Intuitive decision-making refers to a non-sequential approach based on past experiences and "unconscious thought" to the gathering and interpretation of information from environmental influences which guides the courses of action (Sinclair, Ashkanasy and Chattopadhyay, 2010: 383).

According to the Cognitive Continuum Theory proposed by Hayes, Allinson, Hudson, and Keasey (2003: 274), intuitive orientation is positioned on one end of the spectrum whilst pure procedural rationality is positioned on the other end thereby signifying two extreme modes in the pattern of decision-making. Haynes et al (2003: 274) further propose that decision-makers infrequently adopt an unqualified rational approach or an absolute intuitive approach in the decision formulation process but rather assume a combination between the extremities of these two modes of procedural rationality and intuitive orientation. Although these approaches represent two extremes, Malewska (2015: 98) clarifies that intuitive decision-making is not an irrational approach but one that appeals more toward "personality traits, abilities, attitude to life and experience". Table 4.2 below summarises the characteristics of intuition in the decision-making process.

Table 4.2 Characteristics of Intuitive Decision-Making

• It is a cyclical process of thinking associated with the overall cognition of reality
• It is not the opposite of logic
• It is not irrational action
• It refers to the use of "deeper" knowledge resources collected over a lifetime
• Every person has intuitive potential (but at different levels)
• It is a capability that can be trained and developed
• It participates in any decision-making process

<ul style="list-style-type: none"> • It uses induction (the conclusion precedes the premises, the whole picture precedes getting to know its parts)
<ul style="list-style-type: none"> • It is a fast, sometimes even automatic process

Source: Malewska (2015: 99)

The intuitive pattern of strategic decision-making, as exemplified in the table above, has been associated with small businesses where there are fewer formal systems and less rigid mechanisms which influence the process of decision-making (Elbanna and Fadol, 2016: 647). The process of intuitive decision-making is thus adaptive and iterative in information gathering, option determination and incremental in identifying procedures for implementation. The decision-making process within small enterprises assumes a high element of informality and acclimatises with changing conditions. Other studies denote that the pattern of decision-making predominant in small and micro enterprises support the notions of cyclical, flexible, emergent, experiential and unsystematic characteristics consistent with intuitive decision-making mode (Jocumsen, 2004: 664; Mitchelmore and Rowley, 2013: 90). These studies indicate that there is a predominance of intuitive orientation in the decision-making process among small business owners as compared to the acquiescence of concentrated analytical rationality. Those studies further indicate that the iterative relationships and the intuitive tendencies of the business owners with the environmental forces dictate the assumed phases and the interrelationship of those phases that constitute the process of decision formulation which is more emergent rather than procedural.

The contextual factors are important consideration when determining the relevance of intuitive decision-making to SMMEs (Elbanna and Fadol, 2016: 655). In South Africa, as previously discussed, SMMEs face market and economic volatility and uncertainties due to the rapidity of changes which are usually beyond the control of the business owners. Some of these factors identified in the previous chapters are the intensity of competition, availability of skills, access to markets and access to funding. Research shows that high levels of uncertainty, ominous environmental factors and lack of external control reduce the extent of rationality in the decision-making process (Eisenhardt and Zbaracki, 1992: 21; Elbanna and Fadol, 2016: 646). In such circumstances of velocity and ambiguity, the relevance of intuitive decision-

making are characterised by three indicators which are reliance on judgement, reliance on experience and use of “gut feeling” (Khatri and Ng, 2000: 65). In situations where a decision is required promptly in the context of inadequate information and without precedence, the business owner relies on personal judgement. In the case of SMMEs in South Africa, the challenges of resources, poverty, unemployment and inequality continue to threaten the economic and social stability of the country resulting in small business owners using personal discernment rather than invest in formal market research and analysis (Masutha and Rogerson, 2014: S47; Cant and Wiid, 2013: 709). As such, small business owners in South Africa gravitate towards exercising personal perception in the decision-making process when confronted with environmental elements affecting their businesses rather than rely on the formal acquisition and procedural analysis of environmental information in which to inform the generation of options.

The experience of the decision-maker is another essential indicator of intuitive synthesis when provoked into formulating a decision in response to the environmental triggers. Elbanna (2006: 10) asserts that experience is based on the familiarity of previous problems or situations arising in the past and manner in which these issues were addressed that gives rise to contemporary intuitive synthesis when formulating decisions. Under conditions of environmental turbulence, which generates uncertainty and reduces information flow, business owners depend on their experiences and acquired knowledge in order to formulate decisions for the business (Zacca, Dayan and Elbanna, 2017: 954). Experience-based decisions are therefore established on the assumption that there are probabilistic expectancies in the contemporary decisions due to outcome histories in past conditions of a comparable nature.

The reliance on “gut feeling” has been described as “thinking without consciousness or knowledge without consciousness” which infers that the decision is based upon personal feelings or emotions (Khatri and Ng, 2000: 67; Malewska, 2015: 98). This aspect of intuitive propensity is subjected to emotional tendencies in dictating the formulation of decisions. The decision-maker, embracing this concept of “gut feeling”, places emphasis on personal instinct rather than the construction of mechanical programs of rationalisation in order to decipher environmental meaning

and methodically justify selected choices. A consequence of environmental dynamism and concentration of responsibility on the owners of SMMEs, there is an orientation towards making decisions based on those significant facets of intuitive orientation which are the SMME owners' reliance on personal judgement, past experiences and personal feelings. SMME owners therefore benefit from substantial autonomy in utilizing flexibility, discernment and experience in generating important decisions without the constraints of rigid formal procedures.

4.3 Phases within the Strategic Decision-Making Process

As discussed earlier in this chapter, the literature signifies two main approaches to decision formulation identified as the rational model and the intuitive model which form the two extremes of the rational-intuitive continuum. However, within each model there are distinct phases that define the process of decision-making. It is imperative to identify and describe each phase in order to better understand the process involved in formulating strategic decisions. The strategic decision-making process involves a series of steps, formal or informal, consisting of numerous interrelated factors, options and proceedings which generally form the progression of the decisions. The following sub-section considers the various steps contained in the decision-making process.

A discussion of the various research findings and thoughts on the phases involved in decision-making is important because it provides a meaningful understanding of the decision formulation with regards to the extent of procedural rationality or intuitive orientation in the context of small and micro enterprises. It will also provide the theoretical underpinnings for the analysis of the data in subsequent chapters. Table 4.3 below provides a synopsis of the phases identified by various theorists, in the process of strategic decision formulation.

Table 4.3 Phases of the Strategic Decision-Making Process

Mintzberg, Raisinghani and Theoret (1976: 266)	<ol style="list-style-type: none"> 1. Identification 2. Development 3. Selection
Ansoff (1987: 509)	<ol style="list-style-type: none"> 1. The recognition of the need for action 2. Deciding upon the action

	3. The implementation of the action
Dean and Sharman (1993: 599)	<ol style="list-style-type: none"> 1. Environment stimuli 2. Decision-maker's discretion 3. Course of Action
Papadakis and Barwise (1998: 283)	<ol style="list-style-type: none"> 1. Environment triggers 2. Analysis of triggers 3. Creative flexible solutions 4. Flexible implementation
Sykianakis (2012: 88)	<ol style="list-style-type: none"> 1. Recognition of stimuli 2. Consider alternative courses of action 3. Select appropriate responses 4. Action
Babafemi (2015: 45)	<ol style="list-style-type: none"> 1. Analysis 2. Choice 3. Implementation
Jocumsen (2004: 669)	<ol style="list-style-type: none"> 1. Decision initiation 2. Information gathering 3. Analysis 4. Final commitment
Liberman-Yaconi, Hooper and Hutchings (2010: 74)	<ol style="list-style-type: none"> 1. Gathering information 2. Interpretation of information 3. Generation of options

Source: Author's own compilation

The phases that constitute the strategic decision-making process, as proposed by these theorists in the above table, are similar in that the process generally consists of activities involved in the gathering of environmental intelligence, analysis, deciding on possible course of action and eventual implementation. Although the decision-making activities comprise the basic elements of analysis, choice and implementation, the sequencing and formality of these identified phases vary among authors in the literature. Therefore, the similarity of the process regarding environmental scanning and options generation, the nature and description of each phase in the decision-making process results in a variety of interpretations giving rise to rational-intuitive scale presented in the Cognitive Continuum Theory. The perspective of each of these theorists in the table is further elaborated below.

According to Mintzberg, Raisinghani and Theoret (1976: 250), the enterprise is often confronted with a gap in understanding the situation that requires a decision due to the scarcity of comprehensive information in volatile environments. The inability to capture complete situational information challenges the formulation of definite choices in order to present the means to an assured solution, hence, the strategic decision-making process is considered unique, complicated, and unstructured. As a consequence, understanding the phases involved in the strategic decision-making process becomes a complex matter due to the several interpretations and terminologies proposed by researchers over the decades. This sub-section will discuss the phases of the strategic decision-making process from the perspective of the earlier literature followed by a discussion of the works by contemporary researchers in the field.

Mintzberg et al (1976: 266) propose a three-phase model of the decision process with sub-routines that are dependent on the solutions accepted and internal-external interruptions involved. In the model, the three phases consist of identification, development and selection. In the first phase, identification can be further detailed by the routines of recognition and diagnosis of the stimuli. Such identification involves the scanning of the environmental, internal and external to the organisation, in order to determine the source or factor of influence on the business that necessitates a response. The recognition routine thus scans for threats and opportunities that induce decisional activities whereas diagnosis involves the analysis of the impact of such stimuli on the organization.

The second phase of development in Mintzberg et al (1976: 266) model consists of routines involving design and searching for the best solutions. The design routine consists of the design or modification of possible solutions whereas the search routine seeks to provide the best alternative. The third and final phase, selection consists of routines involving screen, evaluation-choice and authorization. Screen routine further narrows the alternative solutions to a few that are deemed feasible solutions. The evaluation routine examines the feasible alternative and choose the appropriate actions, whereas, the authorization routine is used by the owners-managers to sanction the selected action. This model presented by Mintzberg et al (1976) provides a comprehensive understanding of the various phases of decision-

making which highlights that the decision-making process is iterative rather than sequential resulting in a decision-making mode that is emergent. In the process of formulating decisions, these phases are not necessarily sequential as they may be cyclical and repetitive, and some of the routines may overlap a number of phases.

The phases of the decision-making identified in the Mintzberg et al (1976) model are consistent with the approach assumed in small business which adopts a flexible and emergent tendency towards decision formation (Mitchelmore and Rowley, 2013: 90). Thus, the process of strategic decision formulation in small business are consistent with the phases of identification of a trigger event, development and analysis of the information to decipher the best options and the selection of the best option generated conducted in a manner that is adaptive and iterative as compared to a rigid construction of formal sequential patterns found in the procedural rational model. It is noteworthy that the process described by Mintzberg et al (1976: 266) reflects a pattern of decision-making consistent with small enterprises in which there is also an overlap of the various phases and the process of formulating a decision consistent with the intuitive decision-making paradigm.

In another early attempt at defining the process in which strategic decision activity occurs, Ansoff (1987: 509) asserts that there are three sub-activities consisting of:

1. The recognition of the need for action,
2. The strategy formulation which is deciding upon the action
3. The implementation phase of the action.

Ansoff (1987: 510) also concurs that each of the three stages of the process, referred to as sensing, deciding and executing, is interdependent and is non-sequential because elements of each stage are portrayed throughout the strategic action hence deemed to be more parallel rather than serial. Such an iterative effect on the decision-making process corresponds to the pattern of decision formulation in the intuitive approach. Also, the model proposed by Ansoff (1978) is similar in concept to the three phases of identification, development and selection previously discussed by Mintzberg et al (1976). The similarities of those models, as can be deciphered by the other models in Table 4.3, are the elements of environmental

analysis, the evaluation of options and the eventual implementation of the selected actions with regards to the phases that constitute the decision-making process. The iterative tendency of the phases and its overlapping nature therefore signifies that the early models of Mintzberg et al (1976) and Ansoff (1987) demonstrate a pattern of decision-making that is more emergent-descriptive, rather than rational-prescriptive. Both models suggest that the decision-making process was iterative and concurrent which is the predominant decision formulating style of small businesses. Mitchelmore et al (2013: 90) concur that the phases of decision-making in small business has a repetitive nature and those phases occur simultaneously thereby leading to the flexibility and adaptive nature of strategy formulation described by these early writers.

Therefore, those early thoughts on the stages of strategic decision-making process share the common view that the process entails situational analysis taking into account the external and internal stimuli, choice based on the information and resources at hand and implementation by the decision maker. Such an approach shares some characteristics of a rational approach in terms of identifying distinct phases, however, the elements of flexibility and situational adaption signifies a more descriptive nature, as opposed to prescriptive, aligned to the intuitive orientation approach to decision making (Iaquinto, 2011: 6; Ahearne, Lam and Kraus, 2014: 69; Elbanna et al, 2016: 655). In situations where there are indeed elements of the procedural rationality as well as the responsiveness of intuitive propensities, the decision-making process tends to be integrative in its character.

In a study of fifty-seven strategic decisions in twenty-four companies, Dean and Sharman (1993: 599) contend that the sequence of the decision-making process is less rational under conditions of competitive intensity and environmental uncertainty even when the decisions were classified as having important consequences. According to this study, if management lack environmental awareness due to the inability to capture complete market information, which is the initial phase of an intended rational approach, and sees restricted strategic choices in deciding the course of action, then management cannot meaningfully proceed with a rational attempt at execution thereby implying that the procedural rationality is based on management's awareness of strategic options and dependent on environmental

conditions of velocity and change (Dean and Sharman, 1993: 599). Therefore, the relevance of rationality is limited to the extent to which management is capable of extracting information to inform the selection of choice in the best interest of the business.

The scope of structured rationality in the strategic decision-making process commences with the degree of mindfulness in the analysis of the internal and external environment followed by a methodical consideration of the feasibility of the choices available prior to the execution of activities. Hence, the magnitude of rationality is associated with the moderation of management in their response to the environmental stimuli. In the case of small businesses, the intensity and dynamism of environmental changes generates conditions of uncertainty which requires a decision-making mode that is adaptive and flexible (Karadag, 2015: 32). Small business owners are thus constantly existing in an environment where information changes thereby limited the application of analytical rationality has a preferred model of decision-making. As such, a descriptive that allows adaptation to contextual dynamics is coherent with small businesses.

An integrative model of strategic decisions was also proposed by Papadakis and Barwise (1998: 282). Their version of the integrative model includes a clear identification of the problem or objective but the way in which the objective is accomplished is not constrained by a narrow or time restricted definition of the problem. The decision-making process assumes a deliberate analysis of the environmental triggers but adapts a flexible approach to the manner in which the activities are executed in order to address the identified problem or opportunity. The features of the integrative model consist of intuition and creativity through diverse participation operating in a positive emotional climate of trust and minimum interpersonal conflict (Papadakis and Barwise, 1998: 283). The decision maker under these conditions exercises amorphous perception and instinct in guiding his/her decision processes. According to the analysis of the research of Dean and Sharman (1993) and Papadakis and Barwise (1998), their research has provided insight into the relationship between contextual factors and the extent of rationality in the strategic decision-making process qualifying the relevance of an integrative approach (Elbanna and Child, 2007: 563; Shepherd and Rudd, 2014: 341). These

authors contend that the decision makers tend to adopt an incremental approach to decision-making based on the contextual variables confronting the organization. The degree of the systematic decision-making process is therefore influenced by the situational context and the moderating effects of the decision maker. Although elements of rationality in terms of identifiable phases are noted in the integrative approach, the level of flexibility and an intuitive orientation to decision-making allows applicability of the integrative approach to the context of small businesses. Intuitive orientation, as opposed to analytical rationality, is highly associated with small business decision-making due to the reliance of such business owners on personal discernment and past experiences (Lieberman-Yaconi, Hooper and Hutchings, 2010: 74).

In a more contemporary study, Sykianakis (2012: 88) propose a similar model of the strategic decision-making process which commences with an internal or external stimulus that provokes a response from the decision makers. Recognition of the stimulus demands that the decision maker considers alternative courses of action and then selects the most appropriate response to the situation. The final phase is the action that follows the selected choice aimed at providing a solution to the situation encountered. This particular model tends to gravitate towards a more rational approach to decision making where the choice of the process is controlled by the organizational culture, power relations and the role of the leader (Sykianakis, 2012: 89). The strategic decision-making approach suggested here proposes greater legitimacy to the decision-making process due to the systematic gathering of information thereby providing an impression of methodical and judicious options which guide activities. The phases of recognition of the environmental stimuli, consideration of options and the selection of the best course of action are similar to the earlier models discussed. However, although the phases in the decision-making process are similar in terms of identifiable segments, the character and interrelationships of the phases are procedural and analytical and hence less attuned to flexibility and iteration as espoused by Mintzberg et al (1976: 250), Ansoff (1987: 510) and Papadakis and Barwise (1998: 283). The rigidity of the approach argued by Sykianakis (2012: 88) does not allow for concurrency and adaptation of the decision-making phases as required by and characteristic of small businesses.

Despite the similarity in the discernible phases of the process, the nature of the phases is distinct from the emergent mode distinctive of small businesses.

In another attempt at comprehending and portraying the strategic decision-making process, Babafemi (2015: 45) describes the analysis phase as articulating the firm's strategic intent and understanding its environment. The strategic choice phase involves information gathering, assessment and selection of the most appropriate strategy; and the strategic implementation phase is the establishment of a structured course of action geared towards realizing the strategy (Babafemi, 2015: 45). Similar to a number of decision-making models already discussed, this model also assumes a rational approach to decision-making by suggesting a methodical step-by-step attempt to the decision process. The argument for analytical rationality proposed by Babafemi (2015: 45) is that a deliberate and methodical approach to the process of strategic decision formulation results in improved performance although the need for flexibility is recommended to alter operational matters but not strategic decision. However, the study did not directly assess the strategic decision-making process of small businesses but rather focused on the implementation aspect of strategic planning. Also, a significant factor that hinders applying this model to small businesses is the dogmatism in preserving the initial strategic direction of the business which stands contrary to the emergent character of strategic intentions of small business owners (Mitchelmore et al, 2013: 90).

Despite the multiplicity of decision making process models that adorned the literature over the past five decades, the decision-making process remains imprecise (Ott, Eisenhardt and Bingham, 2017: 307). One of the key challenges facing strategic decision-making models is that what is deemed strategic in one industry may not be considered strategic in another (Elbanna, 2006: 1; Nooraie, 2012: 407). This implies that the decision makers and the decision-specific characteristics of what is strategic and what is not are potentially problematic to the formation of a process attempting to capture its reality. The assessment of environmental influences is a result of the subjective interpretation and perspective of the owner-manager. Decision makers within the organization and in different enterprises may identify and analyse the same internal and external stimuli in different ways thereby applying inconsistency to the application of a particular or standard model which is conflicting with the findings

of the other researches mentioned prior (Nooraie, 2012: 407). In supporting this view, decision making in an unspecific and unpredictable context cannot be related to set routes in a prior-decision-making process due to the level of uncertainty and inability to calculate a response (Reymen, Andries, Berends, Mauer, Stephan and Burg, 2015: 357). This signifies that the decision-making process does not necessarily follow a particular sequence or formality but can assume flexibility and environmental adaptability.

It stands to reason that a singular prescribed approach to the decision-making process is impractical due to the contextual changes and complexities that remain ill-defined. As such, Ott, Eisenhardt and Bingham (2017: 307) question the relevance of adopting a stream of activities that forge together to achieve a predetermined purpose given the contextual ambiguity and unpredictability of the firm. Therefore, a set model of the strategic decision-making process may not be feasible given the indistinctness of the contextual conditions and elusiveness of the decision choices. These researchers further suggest that the strategic decision-making process is an experiential process which forms strategy by action and not just by cognition (Ott, Eisenhardt and Bingham, 2017: 315). This approach contends that the strategic decision-making process is more descriptive in nature and hence suitable to environmental uncertainties where information is not readily forthcoming and the strategic decision choices are indeterminate.

The process of strategic decision-making indicates a framework consisting of similar phases of analysis, choice and implementation, although the nature and interrelationships of those phases differ between the various theorists. The literature above shows that the adopted decision-making process within the range of the rational-intuitive continuum is influenced by the situational context and the extent of flexibility and adaptability required by the business. However, most of the studies conducted on the strategic decision formulation process utilized large enterprises rather than assess the process from the perspectives of small businesses (Neugebauer, Figge and Hahn, 2016: 327). As such, the strategic decision-making process of small enterprises may not be reflective of the approach to decision adopted by large organizations because of its simple structures and flexible nature of

the decision phases. As a consequence, the following section discusses the concept of the strategic decision-making process from the perspective of small businesses.

4.4 Strategic Decision-Making Process in Small Businesses

The assortment of theories and approaches discussed in the previous section has altogether added to the comprehension of the strategic decision-making process in enterprises. However, while the strategic decision-making concept has received significant attention in the literature over the past decades, the research and debate have focused mainly on large firms and mature paradigms rather than small enterprises (Kraus, Harms and Schwarz, 2006: 335; Nooraie, 2012: 406). Research on decision making on small business will therefore add to the literature stock in the field as this sector is unique in many facets. Small businesses are distinct in many aspects compared to large businesses in terms of its configuration, influence and operations such as information availability, increased competitive intensity, less human resource skills and greater exposure to external volatility (Spithoven, Vanhaverbeke and Roijakkers, 2013: 540). As an in-depth study of the difference between small and large enterprises is beyond the scope of this thesis, this section focuses on the nature of the strategic decision-making process pertaining to small businesses only.

The main debate in the literature regarding the strategy process has been whether enterprises should adopt a more formal rational approach or a more informal emergent approach. Hence, the debate continues on whether the firm should engage in an extensively formal mode to strategy formulation or whether to gather the resources and “storm the castle” (Brinckmann, Grichnik and Kapsa, 2010: 25). This debate on the strategic decision-making modes by small businesses is relevant as the rational approach to strategy formulation is still heavily promoted by industry experts, consultants and business schools (Lilischkis, 2011: 33; Leitner, 2014: 355). The relevance of this discussion on strategy formulation in small firms pertains to the notion that the size of the firm does not diminish the intensity of strategic management significance thereby making the study of strategy in small businesses a pertinent quest (Skokan, Pawliczek and Piszczur, 2013: 58).

Jocumsen (2004: 669) exploratory research into the process of strategic decision-making in small enterprises reveals that intuitive decision-making propensities and subjectivity were prevalent in the approach towards decision formation. The study showed that the decision-making process was iterative and consisted of “decision initiation”, “information gathering”, “financial analysis/assessment” and “final commitment”. In another study of the decision-making process in small enterprises, Huang (2009: 93) notes that the process comprises “idea initiation, information search and analysis, financial analysis, internal factor consideration, and final decision making”. Both models argue that the process is iterative and concurrent due to the need for continuous information monitoring mechanism and revision of the process thereby lacking in any defined conformation in the approach. In a more recent study, (Lieberman-Yaconi, Hooper and Hutchings, 2010: 74) propose that effective decision-making in small firms is reliant on “searching and gathering information”, interpretation of opportunities and threats” and “generating options”. The phases and character of the decision-making process is similar to the three step phases suggested by Mintzberg et al (1976: 266) discussed earlier in the chapter. The findings of this study also disclose that the process of decision-making among small enterprises were informal, passive and iterative.

The steps indicated in the above literature pertaining to the decision-making process in the context of small businesses were simple and non-sequential contrary to the notions of the rational model. Based on the general steps involved in the decision-making process among small businesses outlined above, the following sub-sections examine each of the following steps:

1. The environmental stimuli
2. Information gathering
3. Interpretation of information
4. Option generation for implementation

4.4.1 The Environmental stimuli in Decision-Making in a Small Business Context

Strategy making in small businesses differ from strategy making in large businesses due to idiosyncratic environmental conditions. According to Ashraf, Hassan, Ghafoor and Aslam (2015: 86), there are three reasons that account for this difference which are increased environmental uncertainty faced by small business owners due to lack of information compared to large businesses, decision making in small firms is based on opportunities as they arise, and the strategies of small firms is based on the personality of the owners. The extent of environmental dynamism encountered by small businesses requires an approach suitable to the distinctive competencies and resource availability of these enterprises (Belas, Bartos, Habanik and Novak, 2014: 24)

A comparable conclusion is made by Karadag (2015: 32) who posits that small firms employ an emergent mode that is flexible and adaptive to strategic decision-making which permits faster responses to unanticipated difficulties due to the volatility of the environmental. Consequently, the frequency and velocity of environmental changes requires small business to respond accordingly in order to survive. Due to the uncertainty of the environmental stimuli, small business owners tend to gravitate towards decisions that are flexible and adaptive because of their relatively lesser market impact. Small businesses tend to assume a more informal emergent approach to strategy making because they lack the financial and political power to influence or control the environmental factors and changes to their context unlike large business that can effectively influence the environmental conditions (Charles, Ojera and David, 2015: 2).

4.4.2 Information Sources in Decision-Making in a Small Business Context

While there are many factors, internal and external, influencing the strategic decision-making process in small businesses, the role of the owner-manager is central to the gathering of intelligence for decision formation. Leitner (2014: 356) observes that information gathering tends to be more passive and informal in small enterprises and tends to be associated with the personality of the owner and their ability to respond quickly to environmental conditions creating an adaptive character

to how information is accumulated. Information gathering for decision making in large organizations is usually the responsibility of the senior executive team and strategic planning personnel charged with the responsibility to make important decisions in a structured setting, but in small businesses such activities are vested with the owner-manager in an informal context (Jansen, Curseu, Vermeulen, Geurts and Gibcus, 2011: 2). As such, large firms possess greater resource availability and systems in place to capture relevant information to inform the decisions. In small enterprises, the sources of information used in the decision-making process emanate from casual and informal means such as social media, familiar relationships within and external to the business such as customers, and personal discernments or feelings (Lieberman-Yaconi, Hooper and Hutchings, 2010: 73). On the basis of this informal approach to intelligence gathering, the reliability of information accuracy for decision making can be suspect (Gronum et al, 2012: 263).

In a conflicting view, Child and Hsieh (2014: 605) contend that small business owners adopt a more rational approach to strategy decision making based on knowledge intensity and in situations where a systematic approach to their ventures is required rather than the informal and casual mode asserted by other researchers. Irrespective of the formality of mode adopted in the information gathering phase, this step was seen as an initial approach to the decision-making process prior to analysing the information in order to determine appropriate responses.

4.4.3 Interpretation of Information in Decision-Making in a Small Business Context

Prior research into the topic of strategic decision formation in small businesses investigated the extent of formality compared to the extent of informality in strategic decision-making among the owners of the businesses. In one of the early studies of small business strategy processes, Bhide (1994: 150) posits that small business owners, as opposed to large companies, invest little time into information interpretation but has the propensity to rely on a series of decisions dependent upon the changing situational context. However, large firms tend to have departments and procedures dedicated to systematically analyse information whereas the small enterprises depend on the personal discernments of the owners to interpret

information which is usually done from the perspective of personal experiences and intuitive tendencies thus rendering the process of gathering and interpretation of information iterative and sometimes concurrent (Lieberman-Yaconi et al, 2010: 87; Cronje, Ferreira and van Antwerpen, 2017: 24).

Research conducted by Francioni, Musso and Cioppi (2015: 2240) indicate that strategic decision-making in small businesses tend to adopt a more rational approach to understanding the environmental influences and concocting relevant responses depending on their risk appetite and educational levels. Thus, the approach adopted in the interpretation of information is dependent on the business owners' propensity towards a number of factors. However, it is the basis upon which the options are generated for implementation.

4.4.4 Option Generation for Implementation in Decision-Making in a Small Business Context

As a response to environmental triggers, firms generate appropriate options in order to minimise a threat or maximise an opportunity. Gorondutse and Hilman (2017: 151) assert that option conceptualisation is the predominant way of a business securing competitive advantage in an intensely competitive market. The development of options relates to the "features, allocation system, quality of service, or delivery channels" offered by the business in order to improve its sustainability and market presence (Gorondutse et al, 2017: 151).

In small enterprises, option generation is not a predetermined or structured process. Shepherd, Williams and Patzelt (2015: 17) remark that decisions regarding options are influenced and shaped by the personal preferences and interpretation of the situation by the owner of the business which is ultimately associated with the informal nature of the information sources and casual approach to its interpretation. As such, the requirement for further information in order to better develop the most appropriate options can create an iterative style to the process.

The option generating process among small businesses consequently tends to be cyclical and concurrent thereby often causing overlaps between the phases of

information gathering, interpretation and option development (Johnson, Melin, and Whittington, 2003: 11; Liberman-Yaconi et al, 2010: 88). The development of options in the context of small business is hence an informal process characterised by a cyclical and concurrent approach based on the intuitive orientation of the business owners.

The literature is thus inconclusive on an agreed mode of the strategic decision-making process pertaining to small enterprises. The literature projects many definitions of strategy and modes of strategy making with each approach distinct in its configuration and emphasis, however, there is no accord on a single strategic decision-making approach that is more appropriate for every small enterprise (Charles, Ojera and David, 2015: 1; Hill and Jones, 2012: 7; Mainardes, Ferreira and Raposo, 2014: 45). The consequent debate between the formal rational mode and the informal emergent mode of strategy making continues in the literature to this day as practitioners and academics remain uncertain about the reality within the strategic decision-making process and how strategies occur in various context (Graham and Hede, 2016: 3).

Despite the ensuing debate on the exact nature and formality of the strategic decision-making process within small enterprises, the general approach discussed in this section and the previous section proposes that decision-making commences with some environmental stimuli that triggers an analysis of the situation confronting the enterprise. For small business owners, these situational factors could include the economic and regulatory environment, access to funding, intensity of competition, customer relations, access to markets, the structure of the firm, the availability of resources, staff skills, portfolio of products and the educational level of the decision maker. The extent of the owner's assessment of these factors will impact the scope of decision options available for due consideration which eventually determines the decisions on the firm's activities. The influence of various situational variables will have dissimilar impact on different small business as each of their circumstance differs (Elbanna, 2006: 1; Nooraie, 2012: 407). The owner's personal characteristics and educational levels are also influencing factors on the analysis and choices considered as appropriate responses to the environmental stimuli (Francioni et al, 2015: 2240). This study is an assessment of the strategic decision-

making process among small enterprises in order to understand and document the decision methods adopted by the owners.

4.5 Summary

Strategy plays an essential role in organizations of varying sizes as it is associated with the firm's competitive advantage and future sustainability. The importance of strategy to academics and practitioners has been articulated in the literature since the 1950s. However, the development of the concept of strategy was not without debate as different researchers interpreted and modelled strategy formulation from multiple perspectives. One of the importance issues that require clarification is the distinction between the various terms used to describe the process of formulating strategic decisions.

The main debate in the literature regarding strategic decision-making is whether the process assumes a prescriptive mode or a descriptive mode which includes the intuitive orientation approach to strategic decision-making. The prescriptive mode, of which strategic planning is included, proposes that strategic decision-making is a formal rational approach towards the decision-making process. In variance with this concept, the descriptive mode argues that the decision-making process takes an informal, flexible and adaptive approach thereby being more emergent and intuitive in its nature.

The phases of the strategic decision-making process revolve around whether the process embraces a formal rational approach as defined in the prescriptive school of thought or whether decision-making is a more informal and adaptive stream of decisions as conceptualized in the descriptive school of thought. At present, researchers remain divided on this issue as no definite consensus has been reached. However, the prevalent modes of the strategic decision-making process, whether prescriptive or descriptive, are characterised by the phases of analysis, choice and activities. However, these studies were mainly conducted in large organisations. The strategic decision-making process in small business has also given rise to a contentious debate on whether decision-making is rational and formal or whether small business owners adopt an informal flexible approach. Some researchers contend that a prescriptive approach is evident in circumstances of

knowledge-intensity of the owner and where a deliberate systematic approach to decision formulation is required. Other researchers argue that small businesses lack the environmental control, access to information and encounters greater environment uncertainty due to their size hence rendering formalities, such as strategic planning, as inappropriate. Consequently, small business owners tend to adopt an approach to strategic decision-making that allows flexibility and quick response to environmental conditions. The literature acknowledges that the environmental stimuli for decision-making in the context of small businesses are the economic and regulatory environment, access to funding, intensity of competition, customer relations, access to markets, the structure of the firm, the availability of resources, staff skills, portfolio of products and the educational level of the decision maker. As noted earlier, there is no consensus on the strategic decision-making process in small businesses.

CHAPTER FIVE

RESEARCH METHODOLOGY

CHAPTER FIVE

THE RESEARCH METHODOLOGY

5.1 Introduction

In an emerging economy such as South Africa where employment is significantly high and there are severe challenges to income distribution, SMME development is at the nucleus of the country's economic prosperity (Cant and Wiid, 2013: 707). The previous literature review chapters provided a detailed review of small business, the environmental contingencies and the strategic decision-making process. The purpose of the literature review section was to identify and understand the theoretical framework of the strategic decision-making process among small and micro enterprises which include the internal and external variables that influence the process. This is consistent with the aim of the study as it seeks to assess how strategic decision-making processes are formulated in small and micro enterprises in the services sector in South Africa. The research methodology is constructed on the basis of the research question and subsequent aim and objectives of the study.

The research methodology focuses on identifying and selecting an approach that is relevant to this study that can address the research question and generate knowledge about that specific phenomenon. In order to identify and select an appropriate approach in the conduction of this research, it is imperative to understand and evaluate the philosophical assumptions of research. This implies that the composition of the research question and the phenomenon that is subjected to assessment should reasonably determine the best research method to adopt because there are multiple ways by which the information required can be collected and interpreted (Gill and Johnson, 2010: 6).

According to Choy (2014: 99), the first aspect of understanding the philosophical assumption of the study is a deliberation on the complete system governing how the research will be conducted and how the data will be interpreted. Upon this determination, the identification of a suitable paradigm enables the research to leverage the appropriate techniques for gathering data, analysing data and

interpreting the results. Fundamental to the integrity of the research, the quality criterion is pivotal in ensuring that the research methodology maintains rigour and trustworthiness in order that the findings of the research are reckoned and appraised as convincing knowledge (Choy, 2014: 102).

This chapter reiterates the research problem and the research question, the aim and research objectives. The philosophy of research is then considered with further discussion on the various research paradigms. The chapter continues with an examination of the research strategy stemming from the paradigms which details the debate between the quantitative and the qualitative methodologies with a justification of the latter to this particular study. .

5.2 The Research Problem and Research Question

Chapter one highlighted that small business development and sustainability have been identified as important catalysts in confronting South Africa's socio-economic challenges. In the pursuit of small business development, there is a multiplicity of challenges including poor decision-making skills among the owners-managers of these enterprises. This study essentially assesses how strategic decision-making process is formulated in small and micro enterprises. The research therefore seeks to not only satisfy a major gap in the literature but provide a more meaningful understanding of the decision-making process to guide owners-manager and governmental agencies in rendering better support.

The research question generated from the problem articulated is:

What is the strategic decision-making process in small and micro enterprises in the services sector in South Africa and the contextual factors influencing the process?

5.3 The Aim and Objectives of the Research

The aim of the study is to assess how strategic decision-making process is formulated in small and micro enterprises in the services sector in South Africa

Research objectives

Based on the aim of the research, the following objectives are outlined:

Objective 1

To assess the key contextual factors affecting the decision-making process specific to small and micro enterprises in the services sector in South Africa

Objective 2

To assess the pattern of rationality and intuition in the strategic decision-making process of small and micro enterprises in the services sector in South Africa

Objective 3

To describe the strategic decision-making process used by small and micro enterprises in the services sector in South Africa

Objective 4

To construct a theoretical model of strategic decision formulation for possible future implementation

5.4 The Philosophy of Research

Philosophy is what an individual considers to be real and how knowledge can be acquired about that reality (Birks and Mills, 2015: 1). In the context of this particular study, the researcher seeks to assess the reality of the strategic decision-making process among small and micro enterprises. Birks (2014: 18) defines philosophy as a “view of the world encompassing the questions and mechanisms for finding answers that inform that view”. The researcher is of the opinion that in applying the philosophical approaches to the study, the results in the research paradigms expressed in the methodology, will attempt to answer the research question (Birks, 2014: 20). In other words, the philosophical background of the research develops the research approach through the methodology and is consistent with addressing the research objectives (Eriksson and Kovalainen, 2015: 13). The research methodology is critical to the effective execution of the research as it attempts to

provide the answers to what needs to be known. The methodology is thus the overall logic used in this study to guide the techniques employed for gathering data.

It should be noted that there is a significant difference in meaning between methodology and methods. Methodology refers to the principles and assumptions that govern human, social or natural study regarding the deployment of techniques, whereas, methods refers to those techniques and procedures used to conduct the research (McGregor and Murnane, 2010: 420). Therefore, the interaction of the researcher with a phenomenon under inquiry is to derive knowledge about the particular phenomenon by employing a set of methods detailed in a methodology. Taylor, Bogdan and DeVault (2016: 3) note that the research methodology denotes the manner in which the problem is considered and answers obtained. The problem identified in this research is to provide a more meaningful understanding of the decision-making process. This problem is more descriptive and therefore requires a methodology that uses exploratory research based on smaller sample sizes in order to provide a solution to the identified problem. Research methodology refers to the way in which the research is conducted in terms of gathering, organizing and interpreting data to derive a response to the given research question (Kothari, 2004: 7). On a similar note, Walter and Anderson (2013: 10) describe research methodology as the functional component in determining the appropriate questions to ask in the research, identifying the most fitting sample population, ascertaining when and how the data is gathered, selecting the way that the data is to be analysed and how the results should be interpreted. Given the importance of the methodology towards addressing a problem and gaining answers, the researcher must be conscious of the suitability of the research methodology selected since it impacts the data collection tools and the interpretation of the data gathered (Gill and Johnson, 2010: 6).

Based on the above definitions, research methodology is used in this study to describe how business research is conducted and the sequence of the activities that follow. As will be established later in the chapter, the main purpose of the research is to assess the strategic decision-making process of small and micro businesses which requires the understanding of a social phenomenon. In a business environment characterized by change, business research attempts to explain

phenomena which provides knowledge to business decision-makers in order to improve the decisions made (Hair, Celsi, Money, Samouel and Page, 2011: 5). The selected methodology must therefore be attuned to the aim of the research and the research paradigm in order to ensure legitimacy of the adopted research techniques and the interpretation. Research is based on the underlying philosophical assumptions articulated in the research paradigms.

5.4.1 Research Paradigms

A paradigm can be understood as an essential impression and definition of the subject under inquiry, ensuring the appropriate questions are solicited and the general guide that should be adopted in the interpretation of the results (Iacob, Popescu and Ristea, 2015: 250). According to McGregor and Murnane (2010: 420), a paradigm consists of the philosophical or beliefs about the world and methods and techniques used to conduct the research. In essence, a paradigm is a set of beliefs that provide particular logics of inquiry and guides the action of the researcher in investigating or assessing the subject of research. As indicated earlier, the research problem in this study requires an exploratory research response hence the selection of the paradigm must be appropriate to the purpose of the research.

While a review of the literature has indicated that numerous paradigms exist, the main paradigms are positivism, post-positivism, critical realism and interpretivism-constructivism (Guba and Lincoln, 1994: 112; Eriksson and Kovalainen, 2015: 18; Feilzer, 2010: 6; Wolgemuth, JErtil-Moody, Opsal, Cross, Kaanta, Dickmann and Colomer, 2015: 352). The underlying concepts that define the various paradigms sets the direction for the research and the effect on the research design in terms of employing a quantitative or a qualitative approach or a combination of both methods (Eriksson and Kovalainen, 2015: 12). Once the appropriate paradigm is determined for the study, a decision is made as to whether the research question is adequately addressed by the research paradigm and whether it induces the relevant research methods for data gathering, data analysis and data interpretation.

The table below provides a summary of the major paradigms that influence research.

Table 5.1 Research Paradigms

Paradigm	Description
Positivism	Knowledge of the world is obtained through applying the scientific methods to experiences and to the empirical world
Post-positivism	A reformed version of positivism, which also includes critique towards the basic assumptions of positivism.
Critical realism	Concerned with the ideas of the structure of the world
Interpretivism-constructionism	Background in hermeneutics and phenomenology; concerned with subjective and shared meanings

Source: Eriksson and Kovalainen, 2015: 18

The following subsections provide further discussions on each of the paradigm enlisted in the table above.

5.4.1.1 Positivism

The positivist approach encompasses the establishment of proposed hypotheses as descriptions of phenomena followed by experiments specifically designed to test the hypotheses (Mittwede, 2012: 25). The positivist paradigm, based on the verification of hypotheses, seeks to explain laws of cause-and-effect, patterns and generalizations using a natural scientific approach that relies on quantitative propositions that can be expressed in a statistical formula. The positivist paradigm consequently assumes that the observer and the object of observation are distinct, detached and non-interactive as per the rules of the natural scientists (Major, 2017: 173).

Based on the definitions described above, the positivist paradigm imposes an expectation that true knowledge can only be acquired through empirical evidence of objects that are quantitatively measurable and generalizable. This stands in direct contrast to the objectives of this particular study which attempts to understand the phenomena of the strategic decision-making process that is not suitable for quantitative measurement and numerical generalizability. The positivist paradigm, due to its adoption of empiricism and the dualistic relationship between the researcher and subject of research, is therefore the antithesis of phenomena that cannot be measured and analysed quantitatively through direct observation and empirical experimentation (Goduka, 2012: 127). Moreover, the positivist paradigm

has been criticized for ignoring the possibility of any metaphysical causal reality, meaning that the design of the research seeks to provide statistically generalizable facts but give insignificant value to people's thoughts, feelings and interpretations (Mittwede, 2012: 25; Phoenix, Osborne, Redshaw, Moran, Stahl-Timmins, Depledge, Fleming and Wheeler, 2013: 223). In order to gain a better understanding of the strategic decision-making process, the research is required to capture the thoughts, feelings and interpretations of the decision maker because it provides valuable insight into the processes adopted in formulating a decision. The positivist paradigm is also challenged on the argument that it fails to recognize the possible influence of the researcher in the process of designing the research, analysis of the data and the interpretation of the findings (Phoenix et al, 2013: 223). The role of the researcher in conducting this study is crucial because it allows the researcher the opportunity to be fully immersed in the phenomena of the decision-making process. Therefore, the positivist paradigm may not necessarily be deemed appropriate for this study.

5.4.1.2 Post-positivism

The advent of post-positivism was due to the rejection and dissatisfaction of many fundamental doctrines of the positivist paradigm (Phoenix et al, 2013: 223). Post-positivism, unlike positivism, accepts the notion that the findings of a scientific research can be subjected to error. The positivist paradigm consents to an objective reality that can be understood through scientific principles of causality, whereas the post-positivist paradigm recognizes that only partial understanding of an objective reality is permissible through empirical measurements which leads only to approximations of the reality but not full apprehension as it is subjected to falsification, that is, the scientific law is true until proven false (Guba & Lincoln, 1994: 110; Ponterotto, 2005: 129).

Guba and Lincoln (1994: 110) and Henderson (2011: 342) further believe that another central feature of post-positivism is the use of multiple methods to the collection of data. In order to better apprehend phenomena, post-positivism adopts a combination of quantitative and qualitative approaches to data gathering.

Positivism and post-positivism both put emphasis on the systematization of the research where the researcher and the subject of research is detached in order to ascertain reliability and validity of the research findings in the discovery of a single reality, which is a notion rejected by interpretivism (Hollifield and Coffey, 2006: 575; Thanh and Thanh, 2015: 25). This therefore concludes that post-positivism, like positivism, lacks applicability to the study of strategic decision-making because of the multiple realities from the perspective of each decision-maker in the small and micro enterprises.

5.4.1.3 Critical Theory Paradigm

Critical theory focuses on the historical and social context in order to understand social phenomena. In the seminal work of Guba and Lincoln (1994: 110), critical theory is described as social reality that is fashioned over time by political, economic, social, cultural and gender issues that solidified into structures that is now accepted as virtual reality. Lincoln, Lynham and Guba (2011: 99) confirm the notion that phenomena are moulded by contextual influences in a particular phase in a long continuous process with the purpose of critiquing and transforming social circumstances for emancipation and reinforcement. The aim of the critical theory paradigm transcends understanding phenomena, but rather aims to critique and transform society. According to Phillips and Lincoln (2017: 657), the capacity to reason is the highest potential of humanity that can be used to analyse and bring modification to the patterns of society as it currently exists in order to bring about emancipation and self-determination. Consequently, critical theory aims to accomplish the alleviation of human condition of oppression and achieve change for the better by providing an enhanced self-comprehension of the social agent desirous of societal transformation. These essential elements of critical theory go beyond the scope of this study in terms of the alleviation of oppression and self-comprehension. However, even though this study does not directly embark upon a critical theory paradigm, the findings of this study will be used to educate small businesses and supporting agencies on the decision-making processes of small business owners in order to improve its growth and sustainability. In so doing, there are societal and economic benefits to be derived from the results of this study.

Hence, the critical theory paradigm is not within the scope of the objectives of the study.

5.4.1.4 Interpretivist Paradigm

The interpretivist paradigm is postured in direct opposition to the positivist paradigm where the latter assumes that the rules of natural science are applicable to all aspects in the study of social science. Cibangu (2013: 200) note that the positivist paradigm is usually considered quantitative whereas the interpretivist paradigm is considered qualitative and therefore requires, as will be further discussed later in this chapter. The positivist purist argue that social phenomena should be examined as entities in the same manner as scientists treat physical occurrences based on a quantitative approach (Tuli, 2010: 98). Interpretivist purist argue otherwise stating that social reality is unlike physical phenomena due to its subjectivity, multiplicity and it is socially constructed hence requiring a qualitative approach to its study (Tuli, 2010: 98). Wahyuni (2012: 71) notes that interpretivists discard the notion of objectivity and of a single reality as articulated in positivism and post-positivism because the social world consists of experiences and subjective interpretations which is best known through interactions and dialogues with the participants. The acceptance of subjectivity is aligned to a research based on the assessment of strategic decision-making process because of the inherent nature of the various experiences and multiple perspectives emanating from the targeted sample population.

Interpretivism values subjectivity and opposes the idea that human behaviour and thinking can be studied from an objective rules-based perspective (Thanh and Thanh, 2015: 25). The study of decision-making is an assessment of a social phenomenon that recognizes the possibility of multiple realities as argued by the interpretivist paradigm. From an interpretivist worldview, social reality is subjective and varies between individuals because that reality is exclusively constructed by each person through their interaction with the world in a social context (Scotland, 2012: 11). In order to understand this social reality, it must be from the perspective of the persons participating in a historical and social context that impact people's lives.

The interpretivist paradigm includes the concept of phenomenology which is the study of direct experiences exclusive of the intrusion of prevailing preconceptions, and the concept of hermeneutics which is the study of acquiring concealed connotation from language (Chowdhury, 2014: 433; Scotland, 2012: 12). Interpretivist-phenomenology is one of the assumptions in the conduct of qualitative research as it consists of the researcher interpreting and describing the experiences and thoughts of persons about a phenomenon from the perspective of the participants (Allwood, 2012: 1418; Creswell, 2014: 14). According to Gentles, Charles, Ploeg and McKibbin (2015: 1773), assert that Interpretivist-phenomenology is accounted as a qualitative approach adopted by researchers who seek to obtain novel understandings of a person's or group of individuals' lived experiences from the perspective of those persons. Interpretivist-phenomenology is therefore relevant to research that provides meaningful understanding into a social phenomenon from a qualitative perspective. Such a social phenomenon is the assessment of the decision-making process because it relates to the personal experiences and perspectives of the individual decision makers.

The interpretivist paradigm dictates that the researcher depends on the perspectives of the participants being studied but being cognizant of the potential influence of the researcher's own history and experiences (Creswell, 2014: 8; Mackenzie and Knipe, 2006: 3). The interpretivist approach to research does not adopt rigid means of obtaining knowledge on their studies through pre-determined theories and mechanical experimentations. Therefore, the interpretivist paradigm does not commence with hypotheses, unlike the positivist paradigm, but instead rely on an inductive (grounded) approach being generated by data, not preceding it, to develop a theory or pattern of feelings, thinking, beliefs or actions (Chowdhury, 2014: 434; Mackenzie and Knipe, 2006: 3). This study assumes an inductive approach; hence, there are no proposed hypotheses that require testing. The research is therefore exploratory based on a qualitative approach to the gathering and interpretation of data. The research techniques appropriate to data gathering in the interpretivist paradigm include interviews, focus groups, observations and role-playing which generates qualitative data (Scotland, 2012: 12). These fact-finding techniques are open-ended and allows the participant to explain phenomena from their perspective

thereby providing better insight and understanding of the situation. According to Thanh and Thanh (2015: 25), a qualitative approach provides rich content that are required by the interpretivist researchers to gain a better understanding of the individual's relationship with the environment. The qualitative phenomenological approach is chosen for this study due to the relevance of recognizing the possibility of multiple realities, the allowance to engage with the participants to glean their perspectives on the decision-making process, and the use of particular data gathering techniques to capture and interpret the data. As a result, the qualitative phenomenological approach does not subscribe to the concept of an anticipated reality.

The qualitative phenomenological paradigm therefore discards the notion of foundationalism as a basis to knowledge, but instead accepts multiple realities developed by each individual which therefore challenges the validity of this approach and by extension this research which adopts this paradigm. The threat to validity in a qualitative phenomenological paradigm is due to the assumption that reality is multiple and individually constructed, hence repeatability is not assured, and there is no certainty that the researcher and the research participants will extract the same conclusions (Rolfe, 2006: 305; Humphrey, 2013: 8). Angen (2000: 384) notes that the problems of using specific criteria such as triangulation, peer review and member checking presuppose an anticipated objective reality which is contrary to the views of the interpretivist paradigm. These descriptions of the interpretivist paradigm indicate that the knowledge derived from this approach is restricted in its generalizability and transferability because the nature of the research is highly contextualized and consists of individual constructions of interpretations. Another criticism of the interpretivist paradigm is the researcher's subjective interpretations imposed on the findings of the research (Danby and Farrell, 2004: 41; Humphrey, 2013: 8).

To ensure the standards of quality research, the positivist paradigm uses the criteria of reliability which is the assurance of consistency of the research instrument, validity which safeguards accuracy of the research data and generalizability where the finding (Yilmaz, 2013: 318). However, the same standards used in a positivist paradigm, which adopts a quantitative methodology, may not be fully applicable to an interpretivist phenomenological paradigm which uses a qualitative approach

(Rolfe, 2006: 305; Humphrey, 2013: 8). Some researchers argue that the interpretivist phenomenological paradigm focuses on the meaning and interpretation of phenomena using a qualitative approach, hence it should be judged on its own terms (Yilmaz, 2013: 319). Yilmaz (2013: 319) further argues that contrary to the view that interpretivist phenomenological paradigm lacks rigour and trustworthiness, the concept of research quality and trustworthiness in interpretivist phenomenological paradigm is comparable to that found in the positivist quantitative approach although the jargon is different. Ponelis (2015: 538) contends that the interpretivist phenomenological paradigm embraces research standards that ensure the rigour and trustworthiness of the findings through the dependability on the quality of the data collection and analysis, credibility that ensures the participants perceptions are accurately reflected by the researcher and transferability where the possibility exists for the researcher to apply the findings of the research to a similar situation. These standards are adopted in this study to ensure that rigour and credibility are maintained.

5.4.2 Assumptions of the Various Research Paradigms

As stated earlier, the aim of the study is to assess how strategic decision-making process is formulated in small and micro enterprises in the services sector in South Africa. Therefore, this study aims to decipher the meaning and interpretation of a phenomenon which is the study of direct experiences, utilizing a qualitative methodology, as defined in the concept of phenomenology included in the interpretivist paradigm (Chowdhury, 2014: 433; Scotland, 2012: 12). The underlying philosophical assumptions of the various research paradigms are based on the major dimensions of ontology, epistemology and methodology which inform the research design (Yilmaz, 2013: 315). It should be noted that the ontological and epistemological assumptions of the research paradigms shape the research methodology (Mgqwashu, 2011: 26). This section discusses the implications of those assumptions of the research paradigm on the research methodology from the perspective of ontology and epistemology.

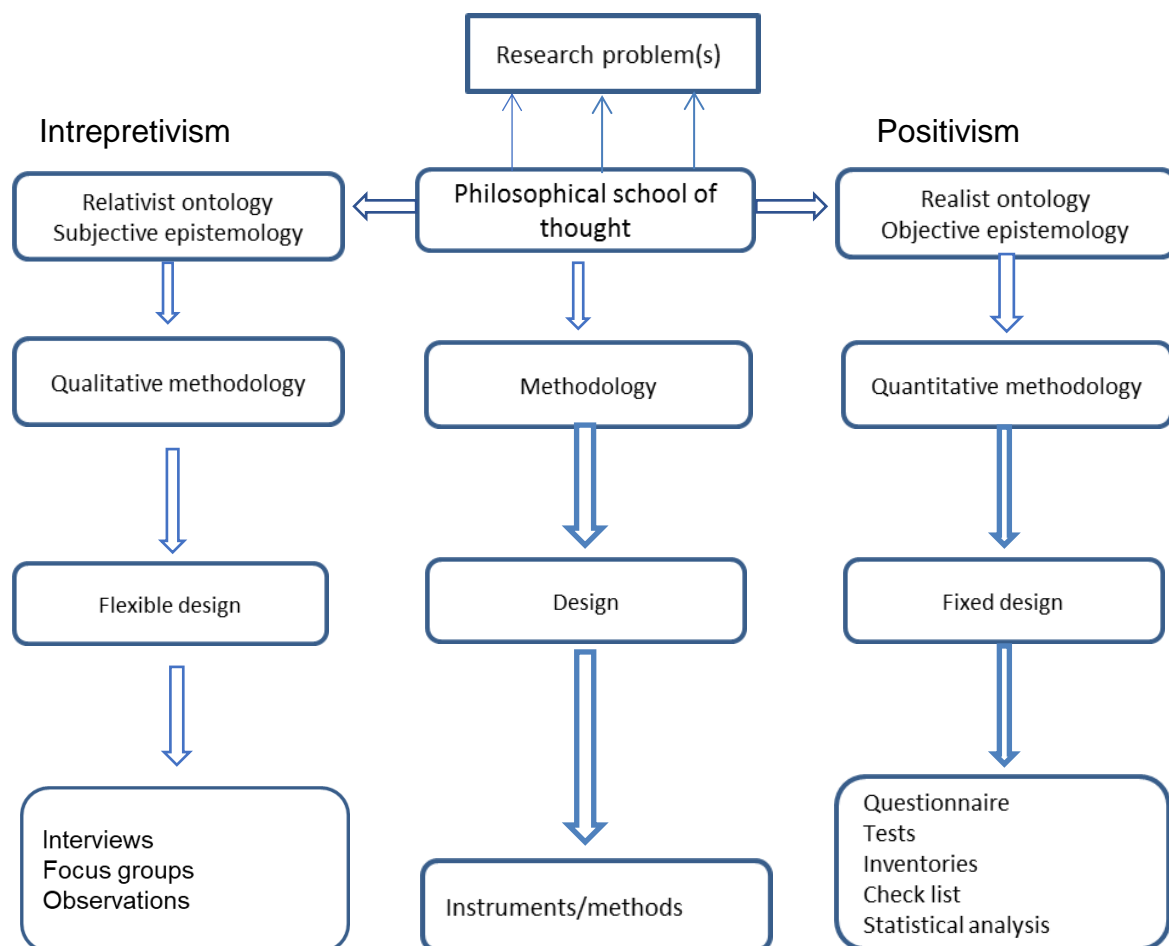
Uzun (2016: 960) notes that “research paradigms are differentiated from one another according to their perception of reality as objective or subjective, and their way of

producing knowledge, inductive or deductive". As a consequence, the research methods, whether the approach adopted is quantitative or qualitative, are in circumscribed correlation with ontology and epistemology (Scott, 2014: 31).

Uzun (2016: 959) defines ontology as the study of reality and the nature of that reality. Therefore, ontology is concerned with the nature of the social reality that is under investigation. The ontological perspective can adopt a realistic ontology which views the object of the research as a causal reality, that is cause-effect relationships, or alternatively the ontological perspective can adopt a relativistic ontological approach which accepts multiple realities (Duncan, Cloutier and Bailey, 2007: 296). Relativistic ontology identifies with a qualitative methodology consistent with the study of phenomena where meaning and interpretation of multiple realities are conventional (Duncan, Cloutier and Bailey, 2007: 297; Yilmaz, 2013: 315). This study therefore assumes the relativistic ontology within the interpretivist paradigm.

Epistemology is concerned with the nature of knowledge, and how knowledge is generated, understood and dispersed in terms of whether knowledge is objective or subjective (Uzun, 2016: 959). Objective or constructive epistemology asserts that meaningful reality exists distinct from the mind of the researcher, which means that the researcher is considered separate from the object of the research consistent with quantitative research (Kun and Brenner, 2015: 250). However, other researchers argue that the nature and generation of knowledge is governed by inconsistent principles because there are conflicting verdicts of what constitutes knowledge (Fassio and McKenna, 2015: 761). As such, subjective epistemology declares that knowledge is internally constructed and depends on the context; hence, the researcher cannot be separated from what is known (Mgqwashu, 2011: 26). Similarly, Tuli (2010: 102) contends that subjective epistemology underpins the qualitative methodology because it assumes that meaning is entrenched in the participants' experiences and this meaning is facilitated through the researcher's own discernments. In this study, the participants are required to reflect and make sense of their encounters and knowledge derived within their respective organisations and share these encounters with the researcher, who must derive meaning from these subjective interpretations without imposing biases on the gathered data.

The description of the research paradigms indicates that there are contending methodologies between the quantitative or qualitative approach to research on social phenomena based on the research assumptions of ontology and epistemology (Scott, 2014: 31; Tuli, 2010: 103). The figure below reveals how the research paradigms persuade the selection of an appropriate methodology and the research design. The figure uses interpretivism and positivism as the two main paradigms because they are considered diametrically contrasting concepts leaning towards qualitative approaches and quantitative approaches respectively (Cibangu, 2013: 200).



Source: Adapted from Tuli (2010: 104)

Figure 5.1: Foundation of Research

Figure 5.1 above shows that the research assumptions of ontology and epistemology impact the choice of either a qualitative or a quantitative methodology. The choice of

research methodology influences the design and eventually the data collection instruments employed in conducting the research. The positivist paradigm is influenced by realist ontology which opines the nature of reality as single and objective, and objective epistemology that promotes a dualistic relationship and impartiality between the researcher and the inquiry. Hence, a quantitative methodology is relevant to this philosophy of research as the design of the research is mechanical and systematic. In order to conduct research under this paradigm, researchers use questionnaires, test hypotheses, inventories and check list which are analysed using statistical techniques.

As Figure 5.1 further indicates, an interpretivist paradigm is based on the assumptions of relativist ontology which views the nature of reality as subjective and multi-faceted, and subjective epistemology that seeks to narrow the relationship between the researcher and the subject of the research. As such, a qualitative methodology used in this particular study is deemed appropriate as it prescribes a design where the researcher has less mechanical restrictions in conducting the research. Researchers under the interpretivist phenomenological paradigm utilize interview, focus group discussions and observation as the main research instruments as in the instance of this study. The analysis of the data findings tends to be based on non-numerical analysis procedures.

The next section discusses the quantitative and qualitative methodologies and the theoretical framework governing each.

5.5 The Research Strategy

The research methodology is dependent on the aim of the particular research and must be understood in its own context (Punch, 2014: 20). As discussed in the previous section, this research embarks on the study of a phenomenon by assessing the strategic decision-making processes in small and micro enterprises. The choice of an appropriate methodology in the study of phenomena is based on the philosophical assumptions of the research, as discussed above, which informs the research methods adopted to execute the research strategy (Di Gregorio and Davidson, 2008: 12; Creswell, 2014: 4). The research strategy consists of the plans

and procedures of the research in which the research methods are detailed in regards to the data collection, data analysis and interpretation of the findings.

The dominant methods for the conduct of research are quantitative, qualitative or a combination of both also known as the mixed methods (Barnham, 2015: 838). This section presents a more in-depth discussion of the research strategies and provides a justification for the selection of a particular research method relevant to the objectives of the current study.

5.5.1 Quantitative and Qualitative Methodologies

According to Punch (2014: 21), quantitative research has traditionally been associated with theory verification, as articulated in positivism, which is required when there is a need to confirm unverified theories. On the other hand, qualitative research has been more associated with theory generation that allows researchers to explore and investigate new problem areas where reality is socially constructed (Punch, 2014: 21). The assessment of strategic decision-making in this study seeks to understand and propose a theoretical model of the decision-making process thereby adopting an approach associated with theory generation rather than theory verification. As a result of this study assuming exploratory research, the qualitative method is deemed more relevant. Hence, the qualitative phenomenological paradigm provides the mechanisms to capture the explication from the individuals involved in the decision-making process.

Quantitative research methodology is dependent on the gathering of numerical data with the endeavour to function under the inference of objectivity (Johnson and Christensen, 2011: 36). This study does not utilize numerical data because the data derived from this research is subjective and experiential. Qualitative research as used in this study does not have a single, universally accepted method to conduct the study because the procedures and processes are dependent upon the researcher's relativistic assumption of the nature of reality (ontology), the subjective nature of knowledge and how it is acquired (epistemology), and the characteristics of the sample populations (Ritchie, Lewis, Nicholls and Ormston, 2014: 2).

This current sub-section considered the two general approaches for collecting and analysing data, that is the quantitative approach and the qualitative approach. The literature indicates that each approach differs in its philosophical underpinnings, in the purpose of conducting the particular research, in the approach adopted in the execution of the research, and in the role of the researcher. Therefore, the selection of any approach or combination is heavily dependent on the aim of the research. The following sub-section compares both approaches as a means of justifying the appropriateness of the qualitative approach over the quantitative approach in the conduct of this study.

5.5.2 Justification for Qualitative Research

Both the quantitative approach and the qualitative approach convey distinctive traits that are the subject of much discussion in the academic literature as demonstrated in the above section. The main point of such a discussion is the acknowledgement of the relative strengths and weaknesses of each approach and their underlying relevance to the aim of the research. The study of social phenomena centres at the core of this research thereby requiring a qualitative approach.

The table below considers the essence of the discussion articulated in the literature and thus provides a summary of the main characteristics of the quantitative research approach in comparison to the qualitative research approach.

Table 5.2 Quantitative and Qualitative Research Summarized

Quantitative Research	Qualitative Research
<p><i>Philosophical Assumptions</i></p> <ul style="list-style-type: none"> • Single, objective reality • Dualistic relationship between the researcher and the subject of research • Variables can be isolated, described and relationships measured • Research is objective and value-free 	<p><i>Philosophical Assumptions</i></p> <ul style="list-style-type: none"> • Multiple realities, socially constructed • Holistic nature between the researcher and the subject of research • Variables are interlinked, complicated and not easily measured in numerical terms • Research is subjective and value-laden

<p><i>Purpose of the Research</i></p> <ul style="list-style-type: none"> • Findings are generalizable and not bounded by context and time applicable to other populations • Describe, explain the predict data findings • Seek cause-and-effect relationships <p><i>Research Approach</i></p> <ul style="list-style-type: none"> • Predetermined hypotheses and theories before the data collection • Researcher is detached; uses formal instruments • Uses scientific experimentation and intervention to test statistical relationships • Deductive approach which designs a research strategy to test a hypothesis • Analysis of specific hypotheses to identify statistical relationships • Seeks consensus and predictability • Large sample population size selected through a random process • Significantly reliant on numerical data • The report is mainly statistical with correlations, comparisons of means, and statistical significance of findings <p><i>Role of the Researcher</i></p> <ul style="list-style-type: none"> • Detached and unbiased • The perspectives of the participants remain unknown 	<p><i>Purpose of the Research</i></p> <ul style="list-style-type: none"> • Findings are bounded by the social and historical context • Data findings are explored and constructed • Seek to understand reality from the perspective of the participants <p><i>Research Approach</i></p> <ul style="list-style-type: none"> • Hypotheses and theories determined after the data collection • Researcher is an integral instrument in the conduct of the research • Uses non-intervention approach to discover meaning • Inductive approach which generates new theories emerging from the data findings • Seek to understand patterns, features and themes • Seeks multiple realities and complexity • Small population size and non-random selection process • Significantly reliant on words, phrases • The report is mainly narrative with contextual description and direct quotations from research participants. <p><i>Role of the Researcher</i></p> <ul style="list-style-type: none"> • Researcher is personally involved • Seek the inner experiences/perspectives of the participants
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Source: Adapted from Johnson and Christensen (2011: 34); Yilmaz (2013: 314); Choy (2014: 101)

The table 5.2 above presents a comprehensive perspective of quantitative research as compared to qualitative research. The choice of a research approach should be on the basis of a judiciously considered rational that would validate the use of a selected methodology and the processes implemented for data collection and analysis (Fusch and Ness, 2015: 1409; Tuli, 2010: 101). Consequently, the

strengths or the weaknesses of each research approach are consigned to the aim of the particular study in order to accomplish relevance in the achievement of the purpose of the study because there is no universal design of research (Fusch and Ness, 2015: 1409). With regards to this study, qualitative research is a relevant approach to answering the research question about understanding the strategic decision-making process, and identifying the most appropriate research instruments for conducting such a study of a social phenomenon. A qualitative research approach provides the avenue to extract social realities from the participants regarding their perspectives on the process of strategic decision making.

Roberts (2014: 4) notes that qualitative research provides the processes and procedures by which researchers can better understand how people interpret their actions and beliefs in a particular context. Guided by the requirement to assess the meaning and interpretation of a phenomenon that is socially constructed, this study deems the qualitative approach essential in addressing the research question because it provides rich-data from the perspectives of the participants. As such, the qualitative research approach is based on the interpretivist phenomenological paradigm which ventures to understand social realities as it occurs (Poortman and Schildkamp, 2012: 1728). As the table above indicates, the philosophical assumption of multiple realities can be studied using a qualitative approach where the researcher seeks to comprehend patterns, features and themes of socially constructed realities. A qualitative approach was adopted for this study because it grants an in-depth perspective of the insider view of the participants thereby gaining greater insight into how the participants think, feel and act in the strategic decision-making process.

Qualitative researchers attempt to study human behaviour as it occurs naturally without intervention or rigid structures by the researcher (Fusch and Ness, 2015: 1409; Johnson and Christensen, 2011: 36). This is because the qualitative researcher takes an all-encompassing approach to the study of phenomena with the view that multiple realities exist in the study. However, qualitative research has been criticized for its subjectivism which argues that the findings are deemed unreliable; hence there is a need to ensure that the researcher is not sensational and sentimental in exploring and describing the hidden patterns of the participants'

experiences (Cibangu, 2013: 195). The issues of reliability in qualitative research as it applies to this study will be further addressed later on in this chapter.

One of the objectives of this particular study is to construct a theoretical model of strategic decision formulation based on the findings and analysis of the data. This study does not propose any pre-conceived hypotheses regarding the notion of strategic decision making among small and micro enterprises in the services sector. The purpose of the study is to allow the data findings to guide the development of a model reflective of the social realities gathered during the research. This is consistent with the research approach of the qualitative methodology where hypotheses and theories are proposed after the gathering and analysis of data and not prior as regarded in the qualitative approach (McCusker and Gunaydin, 2015: 539).

Fusch and Ness (2015: 1411) remark that there is an innate bias ongoing in social research on the part of the researcher as well as the participants. The reason for this inherent bias is because the researcher is personally involved as the data collection instrument and cannot detach from the process of data gathering. The issues of validity and reliability will be discussed later on in this chapter. However, in the attempt to strengthen the rigour and trustworthiness of qualitative research the more popular data gathering methods used in data capture for this particular research are interviews, focus group discussions and naturalistic observations (Tuli, 2010: 100; Fusch and Ness, 2015: 1409). This current study adopts all three data collection methods in order to collect multiple sources of data on the phenomenon of the strategic decision-making process being studied.

In summary of this section, the main research methodologies are quantitative, qualitative or a combination of both. The choice of research methodology is reliant on the aim of the research and the particular objectives of the study. In this study, the qualitative methodology is deemed to be relevant in addressing the aim and objectives of this research. The following section discusses in further detail the design of the research using a qualitative approach.

5.6 Sample Population and Sampling Techniques

The study population in the context of research refers to the aggregation of elements from which a sample is derived for the particular study (Etikan, Musa and Alkassim, 2016: 1). Accordingly, the study population for this study is the small and micro enterprises operating in the services sector in Gauteng, South Africa. According to SEDA (2016: 19), the total number of SMMEs are 2 251 821 of which 271 712 operate in the services sector. As noted in chapter two, almost 82 percent of these enterprises are categorized as small and micro (Masarira and Msweli, 2013: 1488). While it is ideal to include the entire population in the research, it is impractical for reasons such as size of the population, accessibility and data saturation (Marshall, Cardon, Poddar and Fontenot, 2013: 11; Etikan et al, 2016: 2). Therefore, the researcher determines a sample that is accurately representative of the study population.

5.6.1 Sampling Design

Sampling refers to the activities involved in choosing a representative portion of a study population with the aim of ascertaining the characteristics, composition or nature of the population as a whole (Gentles et al, 2015: 1772). The sample selected must be archetypal to eliminate any systematic bias in the data collected, hence, any conclusions made on the study population founded on the sample findings must be deemed applicable (Kline, 2017: 71).

The sample size and sample technique are crucial in ensuring that the selected sample is an accurate reflection of the population. However, the sample size and sampling techniques required for qualitative research paradigm is different from the sample size and techniques stipulated in quantitative studies. Asiamah, Mensah and Oteng-Abayie (2017: 1608) note that qualitative studies would use different protocols and criteria for selecting a sample size compared to a quantitative design because the goals and principles of each approach is dissimilar. Qualitative research attempts to gain rich (quality) data in order to understand and explain the nature of a phenomenon thereby requiring a relatively small sample from a large population (Asiamah et al, 2017: 1609). The purpose of qualitative research in social sciences is to understand and record human live experiences. As such, qualitative research

requires a sample size and a sampling technique which provides the researcher the opportunity to elicit accurate and useful data from which an interpretation can be drawn (Fusch and Ness, 2015: 1409). The appropriate identification of a sample of participants is central to the science and practice of accomplishing the rigour and trustworthiness of the research as it reinforces its validity and reliability (Kline, 2017: 71).

There are two major approaches to sampling techniques referred to as probability (random) and non-probability (non-random) sampling. Probability sampling is described as a technique where every unit of the study population has an equal probability of being selected, whereas non-probability sampling is where some units of the study population has no chance of being selected thereby eliminating equal probability of being included in the chosen sample (Olsen, Orr, Bell and Stuart, 2013: 109).

Probability sampling is appropriate for diminishing biases because a random selection of elements approximates the collective qualities of the study population (Abbott and McKinney, 2013: 105). The literature denotes that probability (random) sampling is categorized as simple random sampling, systematic random sampling, stratified random sampling and cluster sampling (Abbott and McKinney, 2013: 105).

Table 5.3 Categories of Probability Sampling

Probability sampling	Description
Simple random sampling	A technique whereby each object of the statistical population has an equal probability of being the sample chosen for the research. This technique allows the use of statistical methods to evaluate the sample results.
Systematic random sampling	The selection of a sample is based on simple random sampling techniques where the sample is selected from a random starting point and a fixed system of intermittent intervals (called the sampling interval). The sample is therefore selected from the random first sample and includes each unit selected at the subsequent sampling interval.
Stratified random sampling	The population is segmented in groups, called strata or subgroups. Each unit of the population is then assigned to one stratum. The research conducts a simple random sampling of each stratum. This technique

	provides a safeguard against the possibility of some units remaining unrepresented in the sample.
Cluster sampling	The population is segmented into currently existing groups, called clusters. The researcher then selects a group (cluster) from the study population. Only the selected clusters are sampled.

Source: Adapted from Abbott and McKinney (2013: 105); Blaxter, Hughes and Tight, 2010: 170 and O'Gorman and MacIntosh (2015: 161)

Non-probability sampling is relevant when the researcher seeks to collect data on social realities thus rendering random selection inconsequential (Etikan et al, 2015: 1). This means that subjective techniques are employed to determine which units are incorporated in the sample because the research is keen on identifying the elements that constitute the sample with the assumption that it is representative of the population. As a consequence, non-probability sampling does not provide all the units of the study population the equal opportunities of being chosen. Some of the main non-probability sampling techniques are convenience sampling, purposive sampling, snowball sampling and quota sampling (Blaxter et al, 2010: 170). The table below provides a description of each non-probability sampling technique.

Table 5.4 Categories of Non-Probability Sampling

Non-Probability sampling	Description
Convenience sampling	The sample is selected based on units' proximity, availability and accessibility. The participants' involvement in the research is determined by the convenience as a data source to the researcher. On the other hand, it may not be representative of the population as it is heavily based on convenience.
Purposive sampling	The researcher selects the sample based the distinct characteristics of the study population which will address the objectives of the research. The units of the research chosen as the sample are assumed to represent the population.
Snowball sampling	This technique allows participants to select other participants to participate in the research. The first step involves the researcher selecting the initial participant (s). Thereafter, the initial participant(s) then recruit others to participate. This technique opens the opportunity to access some participants who may not be easily accessible by the researcher. The drawback is that the sample consists of obtained participants that could render inferences difficult to make.

Quota sampling	The population is segmented in subgroups similar to the stratified random sampling technique. However, unlike the stratified random method that utilizes randomness in the selection process, quota sampling uses the researcher's judgement to select the participants from each subgroup. While it is an affordable sampling technique, the researcher must guard against bias
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Source: Adapted from Etikan et al (2015: 1); Blaxter et al (2010: 170) and O'Gorman and MacIntosh (2015: 162)

This current study aims to extract rich data in order to understand and describe a social phenomenon hence requiring a sampling technique appropriate to identifying a relevant approach to gaining this data. Etikan et al (2015: 2) argue that where qualitative research requires rich-data from persons or groups who are capable and knowledgeable about the topic of interest then purposive sampling is typically used due to the qualities of the research participant. As such, this study employs a purposive sampling approach. The researcher adopted the following criteria to guide the selection of appropriate individuals for selection (1) legally registered business; (2) classified as small or micro in accordance with South Africa National Small Business Act of 2004; (3) operate within Gauteng; and (4) within the category of the services sector.

Considering the aim of this research is a study of social reality, which is to assess the strategic decision-making process of small and micro enterprises. As discussed above, non-probability sampling technique was deemed appropriate to this research by virtue of the subjective techniques employed in selecting the participants for the research.

5.6.2 Criteria for the Selection of the Sample

The researcher used the database of the Riversand Incubator Hub, the Commonwealth Business Women Forum, the Women Entrepreneurs 300 and the Gauteng Enterprise Propeller to obtain a list of small and micro enterprises within the services sector operating in the Gauteng Province. These enterprises must be registered companies and satisfy the criteria of small and micro enterprises which are less than 50 employees, annual turnover less than R19 million and total gross assets less than R3 million. Another essential criterion is that each person identified

as part of the sample must own and manage the business. The final criterion for inclusion into the sample was that the business must be registered in Gauteng. A purposive sampling technique was used to select the participants based on these criteria herein described.

A list of approximately 200 businesses and contact details were compiled by the above-named business associations. A letter of Intent was sent to all companies on the list explaining the purpose of the study. There were almost 36 respondents indicating willingness to participate in the research. However, at least 6 of the respondents did not satisfy the criteria described above. As a result, the researcher contacted the 30 respondents who qualified in order to introduce himself and to establish an initial dialogue on the purpose of the research. The researcher visited each of the 30 qualified respondents to further explain the purpose and nature of the study and obtain a signed letter of consent. The letter of consent was signed by the owners of the businesses who were also participants in the various data gathering methods.

The researcher obtained 30 signed consent letters from the respondents willing to participate in the research, which are divided into the three data collection methods as indicated in the table below:

Table 5.5 Sample Population

Data collection Method	Number of Companies	Profile of Participants	Companies within the Services Sector
Semi-structured interviews	Ten(10) companies	Owners	<ol style="list-style-type: none"> 1. Project management 2. Innovation consultancy 3. Restaurant services and petrol service station 4. Legal services 5. Travel and events 6. Waste management services 7. Beauty services 8. Restaurant services 9. Interior design consultancy 10. Business and ICT consultancy

Four focus groups consisting of 5 members each	Twenty (20) companies	Owners	<p>Focus group 1</p> <ol style="list-style-type: none"> 1. Fashion design 2. Fashion design 3. IT and E-gaming 4. Fashion design 5. Fashion design <p>Focus group 2</p> <ol style="list-style-type: none"> 1. Cleaning services 2. Legal services 3. Landscaping services 4. Financial consultancy 5. Business consultancy <p>Focus group 3</p> <ol style="list-style-type: none"> 1. Restaurant services 2. Fashion design 3. Landscaping services 4. Project management 5. Landscaping services <p>Focus group 4</p> <ol style="list-style-type: none"> 1. Landscaping services 2. Landscaping services 3. Project management 4. Financial services 5. Restaurant services
Five companies selected for observation	Five (5) companies	Owners	<ol style="list-style-type: none"> 1. Waste management services 2. Restaurant services 3. Financial consultancy 4. Project management 5. Innovation consultancy

Source: Author's compilation

As the table above notes, the sample included a wide range of small and micro enterprises within the services sector. This provided a wider opportunity to understand the decision-making process of the services sector.

5.7 Design of the Research Method

The previous section discussed the philosophies governing research and the rationale for the sampling method selected, while this current section focuses on the design of the research methods relating to this specific study. Iacono, Brown and Holtham (2009: 39) describe a research method as an approach to inquiry which progresses from the fundamental concepts expounded in the philosophical assumptions to the design of the research and gathering of data. The research method comprises the tools, techniques and procedures used to collect and analyse data (Wahyuni, 2012: 72). The method therefore outlines the practical manner in which the research is conducted. The design of the research method is dependent on the research methodology adopted as discussed in the previous section. This study adopts a qualitative methodology consistent with the philosophical paradigm of interpretivism within the framework of phenomenology in its view of social realities. The selection of the research instruments is therefore required to be consistent with the qualitative research methodology to ensure that the data gathering techniques appropriately address the aims and objectives of the study (Tuli, 2010: 105).

5.7.1 Primary and Secondary Data

Researchers who are determined to study phenomena in the social sciences can choose to search for existing data relevant to the study or collect new data tailored to the aim of the research which is referred to as primary and secondary data collection methods respectively (Hox and Boeijs, 2005: 294). Primary data is original and unique data which has been collected directly by the researcher using data sources relevant to the requirement of the research (Farquhar, 2012: 68). This explanation implies that primary data adds to the current stock of social knowledge because it is collected in an original context for an original purpose. A significant advantage of using primary data sources is that the design of the research and the data collection techniques can be moulded to ensure that the research is judicious and the data gathered is applicable to addressing the specific aim of the study (Islam, Olsen and Ahmed, 2013: 759; Hox and Boeijs, 2005: 294).

Secondary data is data previously gathered by other researchers for purposes that are not directly associated with the current study which translates into the current

researcher having to locate secondary data sources that are relevant to the specific study and ensure that the data retrieved is at the quality required (Cronholm and Göbel, 2016: 159; Hox and Boeije, 2005: 296). Thus, the use of existing data gathered collected by the original researcher is used by another researcher to address a current purpose or test a new hypothesis.

Cronholm and Göbel (2016: 159) identifies the relative advantages and disadvantages of each data collection method which shows that primary data collection is more time consuming and expensive than secondary data collection but provides relevance and coherency that can be challenging to secondary data collections methods. On the other hand, secondary data is less time consuming to gather and less expensive for the researcher because it is readily available, however, it faces the challenge of identification, location and accessibility of appropriate data for the purpose of the new research (Dunn, Arslanian-Engoren, DeKoekkoek, Jadack and Scott, 2015: 1298).

5.7.1.1 Data Collection

Based on the relative merits of primary data compared to secondary data, this current study embarks on a primary data collection method. Primary data collection allows the researcher for this study to gather data from an original and unique source relevant to addressing the aim of this particular study.

Data collection for this study is concentrated on the strategic decision-making process among the owners of small and micro enterprises. In an attempt to strengthen the validity and reliability of the data gathering process, the data collection method consists of multiple methods to enable comparison of the data findings in order to attain a more thorough interpretation of the phenomenon and answer the research question (Wahyuni, 2012: 72). Primary data collection methods under a qualitative methodology consist of interviews, focus group discussions and observation (Tuli, 2010: 104). Following this recommendation, the data collection methods adopted for this study are semi-structured interviews, focus groups and observation. The development of each research instrument is discussed in the sub-sections below.

5.7.1.2 Pilot Testing

Once the semi-structured interview protocol, the focus group protocol and the observation protocol were designed, a pilot test was conducted to ensure clarity and completeness of the protocols. Three enterprises were selected for the pilot study based on the given criteria above. These enterprises fulfilled the criteria of small and micro enterprises in the services sector with offices in Gauteng. The participants were the owners of the various enterprises. Upon completion of the pilot study, the protocols were amended accordingly.

5.7.2 Interview design

Considering the aim of the study and the research problem articulated in chapter one, semi-structured interviews were employed as one of the data collection methods. According to Rowley (2012: 260), an interview is defined as a “face-to-face verbal exchange in which one person, the interviewer, attempts to acquire information from and gain an understanding of another person, the interviewee”. Interview, as a data collection method, is a common technique used in qualitative research because it creates an opportunity for the researcher to gather context-rich data and an insight into the participant’s perspectives on the phenomenon (Frels and Onwuegbuzie, 2013: 188). Interviews can consequently provide the researcher the option to probe the participant’s point of view on the phenomenon under investigation as the aim of qualitative research is to understand and document the participant’s perspectives. Aleandri and Russo (2015: 519) assert that interviews can yield rich sources of data on the participant’s opinion, aspirations, thought processes, experiences and where depth of meaning is important to gain insight and understanding. The intention of interviews in qualitative research is to acquire knowledge of the participants’ experiences and sense of their realities (Shohel, Jia, Jahan and Roy, 2015: 102). However, in order to capture such data from participants, the researcher must possess inter-personal skills, a skill to listen and the ability to establish relationship (Aleandri and Russo, 2015: 519).

Interviews are often categorized on the extent of their standardization. The spectrum of interview formats ranges from structured on one end of continuum to unstructured on the other end of the continuum with semi-structured interview fluctuating between

these two extremities (Rowley, 2012: 262). Structured interview consists of the same series of a predetermined schedule of questions with a restricted set of response categories asked by the interviewer in the same order to each interviewee (Doody and Noonan, 2013: 28). This type of interview does not subscribe to open-ended questions and limits variations in responses thereby enhancing the researcher's objectivity and neutrality (Rowley, 2012: 262). By this definition, it can be inferred that while such a highly standardized and systematic approach is time efficient and produces consistency of data, similar to the construct of a questionnaire, it does not allow the opportunity for the interviewer and the interviewee to elaborate, explore and discover ill-defined concepts or construct meaningful social realities (Doody and Noonan, 2013: 29). On the other hand, unstructured interview does not comprise of a predetermined schedule of questions and usually takes the format of an informal and open-ended conversation (Paine, 2015: 471; Rowley, 2012: 262). In unstructured interviews, the interviewer introduces a theme and encourages the interviewee to talk around that topic while the interviewer may adjust questions in accordance to the responses of the interviewee. Paine (2015: 471) notes that unstructured interview places significant emphasis on the researcher's interpretation of the interviewee's thoughts, feelings, expressions and experiences which has the potential of producing inconsistencies in the data findings.

In order to gain a balance between the structured and unstructured approaches to interview, semi-structured interview has appealed to some researchers. Shohel et al (2015: 102) describes semi-structured interviews as a method where the interviewer has devised a range of questions prior to the interview, but retains the facility to adjust the order of the questions based on the development of the interview process, add further questions to seek clarity, rephrase questions to help the interview understand its meaning or ignore questions considered inappropriate to an interviewee. Wahyuni (2012: 72) also notes that semi-structured interviews are a hybrid-type interview employed in qualitative research that uses a series of pre-determined themes and questions which offers an element of structure but maintains the flexibility to modify the questions in an appropriate manner in order to solicit data and meaning from the interviewee. The method of semi-structured interview affords the researcher the format to seek in-depth explanations or explore previously

unexpected themes that the participant may imply during the interview process. This notion is consistent with the interpretive research paradigm described earlier in the chapter that opines reality is socially constructed (Panhwar, Ansari and Shah, 2017: 255). Hence this method allows the researcher to obtain rich data on the conditions of the multiple realities from the viewpoint of the participant. In this study, semi-structured interview is deemed applicable because it focuses on the essence of the phenomenon under assessment.

For the above reasons, face to face semi-structured interviews were undertaken with the owners of the selected small and micro enterprises. The owners of these businesses were deemed the most appropriate to provide the insight, feelings and thinking processes of what actually occurs in the strategic decision-making process. The semi-structured interviews provided the opportunity for the researcher to determine the multiple perspectives of the factors influencing their firm's strategy and the process involved in formulating those decisions.

5.7.2.1 Interview Guide and Questions Construction

Preparation for the semi-structured interview commenced with Letter of Information sent via email to the prospective interviewees. Upon receiving a response from the prospective participants, the researcher consequently contacted each respondent and scheduled a visit to introduce himself and the topic of the research as recommended in the literature (Wahyuni, 2012: 74). During this introductory meeting in which the researcher introduced himself, the topic of the research and the university through which the research is being pursued was discussed. During the initial encounter, the potential participant was made aware of the benefits of such a research and confirmation of their willingness to participate in the study was sought that resulted in their signal of official approval by their signing of the Consent Form which informed them about the confidentiality of the interview and the protection of their anonymity. The next step was the initial design of the semi-structured interview guide and schedule of questions.

The semi-structured interview guide was designed to enable the researcher to administer the interview process in a systematic manner. Rowley (2012: 265)

recommends that the order of the questions should be on a phased basis to allow a methodical approach to asking the questions and ensure that all the questions posed are related to the research topic. Wahyuni (2012: 74) asserts that the schedule of questions should be developed in a way that categorizes the research questions into various sections in order to facilitate the main questions, the follow up questions, probes and general order. The various aspects of the interview guide were based on the themes that emerged from the literature review. The themes were based on the situational factors affecting the strategic decision-making process. Each theme consists of particular questions regarding the decision-making process of the owner. The semi-structured interview guide was divided into five parts where each part focuses on a particular theme during the interview.

Part A: The Business and the Owner

The schedule of questions in this section contains questions pertaining to the interviewee and the background of the business. Demographic questions relating to the interviewee are enclosed in this section of the guide as well as questions on the nature of the business. In this section, the researcher is attempting to gauge the educational, sectoral, geographical location and age profile of the strategic decision maker.

Part B: Strategic Decision Making and the Economic and Regulatory Environment

The schedule of questions in this section is dedicated to assessing decision-making in the context of the economic and regulatory environment of small and micro enterprises. The main purpose of this part of the schedule is to identify the types of decisions made and the economic/regulatory environmental influences on those important decisions. The researcher aims to understand the processes used by the decision maker

Part C: Strategic Decision Making and the Market/Customer Orientation

The schedule of questions in this section considers the strategic decision-making process in the context of the market and customer orientation. This part explores the process of strategy making as it relates to customer relations and market competition. This part of the schedule also includes questions on advertising and

product development in the context of the decisions made regarding environmental changes and uncertainties.

Part D: Strategic Decision Making and the Company Structure

The schedule of questions in this section assesses the strategic decision-making process in the context of the structure and procedures of the company. This part considers decision process as it relates to the staffing arrangements and the systems in place to manage the affairs of the firm.

Part E: Strategic Decision Making and Employees

The schedule of questions in this section considers the strategic decision-making process in the context of the employees. This part identifies decisions relating to skill development and staff participation in the decision-making process.

In accordance with the literature on the construction of the research questions, Rowley (2012: 262) notes that an interview schedule forms the basis for semi-structured interview that concentrates on about six to twelve suitable and carefully worded questions to be conveyed generally in an organized order. In following these recommendations, vigilant attention was given to the use of language that the interviewee would readily understand without compromising the concepts being assessed. Also, questions were examined to ensure that there were not structured to provoke “yes/no” responses, or too ambiguous, or intrusive in any manner, or leading and having implicit inferences. And finally, the key criterion in generating the schedule of questions was the assurance that the research questions were derived from the literature review that guided the content of the questions posed during the data collection interviews. The next section describes the actual collection of data using the semi-structured interview schedule.

5.7.2.2 Semi-Structured Interview Data Collection

Qualitative research, unlike the positivist quantitative approach, does not seek to establish generalization of the findings but rather it attempts to comprehend social realities from the perspective of the participants. Therefore, the number of interviewees required in qualitative research to reach saturation point is difficult to

quantify but is largely dependent on the size that will effectively allow the researcher to extract content rich data, understand the participant's view of reality and gather sufficient information to replicate the study (Fusch and Ness, 2015: 1409). There is no general rule or guideline to follow that signifies the appropriate sample size and the point at which the researcher reaches data saturation, which is data replication (Marshall, Cardon, Poddar and Fontenot, 2013: 11). However, in phenomenological studies, such as this particular research, some qualitative methodologists recommend between six to ten interviewees before reaching data saturation (Marshall, Cardon, Poddar and Fontenot, 2013: 13). Based on this recommendation, this current study interviewed the owners of ten companies as profiled in Table 5.5 Sample Population. The ten companies provided content rich data on all aspects of the interview schedule thereby ensuring that the data was collected in the identifiable themes therein. The locations for these interviews were mainly at the offices of the owners with the exception of three companies where the interviews occurred at a coffee shop close to the owners' businesses. Prior to the start of each interview, the researcher provided a copy of the interview schedule to the owners thereby allowing them the opportunity to familiarize themselves with the contents of the interview questions as well as identify any areas that they may deem inappropriate or uncomfortable to them. The researcher further assured each owner that they are under no obligation to answer any question that if they so determine because participation and the information disclosed by the owners were strictly voluntary. Each interview session took approximately one hour to one and a half hours. The researcher requested permission from each participant to record the interviews. On each occasion, the participants graciously agreed to be recorded. The interviews were recorded using a voice recorder which aided the interviewer to focus on asking the questions and providing clarity when needed. At the end of each interview, the researcher transcribed the contents of that interview from the voice recorder to a word document. Careful attention was paid to the transcription process in order to ensure that the contributions and language of the interviewee were transcribed verbatim thereby eliminating possibilities of misquotations or misjudgement during the analysis stage.

5.7.3 Focus Group Discussion

Focus group discussion is another popular qualitative data collection method that is used to extract the participants' understanding, beliefs, experiences and attitudes about a particular topic in the social sciences, although useful in other fields of study as well (Packer-Muti, 2010: 1025; Kite and Philayrath, 2017: 125). A focus group discussion is a semi-structured group interaction, moderated by an experienced facilitator located in a convenient setting with the purpose of gathering data on a specific topic (Packer-Muti, 2010: 1024; McLafferty, 2004: 187). This definition identifies three essential elements of a focus group which are the inclusion of a number of participants in a dialogue with the aim to collect data on a subject matter; interaction between the participants as a significant source of data; and the moderator is actively involved in generating the group's interaction in order to collect the data (Brockman, Nunez and Basu, 2010: 284). Hence, focus group discussion as a valuable data collection method is due to its ability to provide the opportunity for the researcher to assess how individuals interrelate in collective sense-making in terms of how their perspectives are developed, articulated, safeguarded and altered in the context of the dialogue and deliberation with other members of the group (Romm, 2015: 9).

As such, the focus group interviews are deemed appropriate to the current study as it allows the researcher the opportunity to capture data on the strategic decision-making process based on the dialogue and interrelations of participants within each group. The researcher decided on the use of focus group sessions as a source of cross verification to the semi-structured interviews. Focus groups, similar to semi-structured interviews, were considered a relevant technique used in this study to assess the social reality of strategic decision-making. The researcher was the moderator of the focus group session because of his many years of experience as a workshop facilitator in the areas of management and strategy. The estimated time of each focus group session was one hour.

However, the challenges encountered in focus groups are issues of dealing with sensitive topics that can result in participant's unwillingness to respond and difficulties in accessing geographical dispersed populations (Kite and Philayrath,

2017: 125). In order to address this concern, the questions used in the current study were scrutinized during the pilot study which indicated that there were no questions that were deemed potentially sensitive or offensive in any manner. Once these potential barriers are confronted and overcome, focus group interviews is deemed an effective research method used in this study for obtaining qualitative data about a participant's interaction, communication style and impact of a phenomenon about a certain topic regardless of the person's literacy background unlike other research methods that require reading and writing abilities (Constance and Rohaya, 2013: 391).

Although focus group discussions can be used in conjunction with other research methods such as interviews, or it can be conducted independently, it has relative merits over the interview method in that focus group discussion allows multiple participants to engage in dialogue at the same point in time thereby affording a number of benefits and hindrances attached to the use of this data collection method. Based on the discussion above, the relative advantages and disadvantages of focus group discussion are provided in the table below.

Table 5.6 Advantages and Disadvantages of Focus Groups

Advantages	Disadvantages
<ul style="list-style-type: none"> • Relatively inexpensive means of conducting research • Provides rich data • Encourages a forum for open discussion • Allows flexibility in the discussions and expressions of perspectives • Assessment of collective responses 	<ul style="list-style-type: none"> • The moderator's skill is essential in extracting the desired data • Without proper administration of the session, it can become unfocused • If the topic is sensitive, participants could be unwilling to engage • Some individual may not express their real thoughts in a group setting • Could be challenging to recruit participants

Source: Adapted from Kite and Philayrath (2017: 125) and Hines (2000: 9)

Table 5.6 indicates that the use of focus group techniques has a number of advantages pertinent to this study. The nature of this study is an assessment of the social realities of the strategic decision-making process thereby necessitating rich

data from the perspectives of the decision-makers. Focus groups therefore bequeath data appropriate to the assessment of such social realities in a manner that sanctions communal retorts in a cost-effective mode. In order to address the potential disadvantages, the focus group was not used independently but as part of the research triangulation together with semi-structured interviews and observation techniques as this provided a cross-verification to the other data collection techniques for purposes of comparison. Another significant challenge to qualitative research methods such as focus groups and interviews is the issue of validity to the research process of design, collection, analysis and interpretation (Onwuegbuzie and Leech, 2007: 233), which will be discussed later in this chapter. Given the relative merits and demerits of focus group discussions, Krueger and Casey (2002: 5) note that the focus group method is appropriate when the researcher aspires to understand how individuals interpret human experiences; understand how individuals think, feel or react to a concept, product or issue; pilot test an idea prior to development and launch; assess a program or process to find ways for improvement; and can be used in conjunction with other research instrument for triangulation. As indicated earlier, this research is a study of social reality in that it attempts to capture the experiences, thinking and perspectives of individuals involved in the strategic decision-making process. As such, the focus group technique is employed in this study in order to assess more open responses from the participants where the outcome has the potential of being unpredictable due to the open dialogue among the group members. Ensuing this dictum, the following subsection discusses the notion and design in the construction of the focus group schedule used in each session.

5.7.3.1. Focus Group Guide and Questions Construction

There are various types and versions of how to conduct focus groups found in the literature. Roberts-Lombard and Dube (2013: 389) comment that the literature does not suggest any authenticating confirmation of an exacting set of phases or procedures involved in conducting focus group discussions. The use of focus groups has been many and varied based on the diverse characteristics of the particular research thereby resulting in different versions and processes of conducting the focus group sessions (McLafferty, 2004: 188; Roberts-Lombard and

Dube, 2013: 389). Therefore, there is no single universal approach to follow in determining the processes involved in conducting a successful focus group discussion.

Mellinger and Chau (2010: 268) recommend a format and a detailed procedure for conducting focus group discussion which entails an eight-step process. This eight-step process ranges from developing the focus group questions, deciding on participants, focus group facilitation, ground rules, focus group procedures, analysis of results, reporting the results and administration response. Constance and Rohaya (2013: 391) suggest five steps consisting of obtaining consent from the potential participants, identify time and location for the group session, recruit a suitable and skilled facilitator, prepare a schedule of questions to guide the discussion and conduct the session ensuring that it is properly recorded. In an earlier study, McDaniel and Gates (2006:84) propose a four-step process involved in focus group discussion which comprises preparation to conduct the study, recruitment of potential participants, enlistment of a facilitator and establishing a schedule of questions to guide the dialogue. Similar to the processes outlined above by the various researchers, Traynor (2015: 45) condenses the approach into four process that are required for establishing and conducting a focus group discussion which consists of sampling and recruitment, preparation and introductions, moderation techniques, and recording and transcribing. Therefore, the process of conducting a focus group study requires a number of important stages spanning from the recruitments techniques, preconceived schedule of questions, a skilled moderator and proper recording and eventual transcription of the event.

On analysing the various processes forwarded by several authors, it was noted that the stages involved in conducting a focus group are very similar. The assortment of views on the processes involved in guiding a focus group discussion are actually similar in their general approach and their suggested framework. The main difference between the authors above is the level of condensation on some of the steps. The culmination of the objectives of the research, the findings of the literature and the relevance to the research paradigm resulted in the development of a guiding approach to conducting the focus group session. This study will adopt the guiding framework propose by Roberts-Lombard and Dube (2013: 391), as discussed above,

due to its systematic and detailed explanation of the process involved in focus group discussions. Although the steps in conducting a focus group discussion are unique to the specific researcher conducting the discussion, the general approach proposed by Roberts-Lombard and Dube (2013: 391) and used by this researcher is a comprehensive seven-step approach that entails the following:

Step One: The first step entailed identifying the objectives of the research. Thereafter, each stage of the focus group process was detailed and sub-objectives established to steer the execution of the focus group discussion. The aim and objectives of this research are well established prior to the selection of focus groups as a research tool as articulated at the beginning of the chapter. The aim and objectives of this research were the foundation on which the schedule of the focus group interview questions were based which were in conjunction with the revelation of themes derived from the literature review on the topic of strategic decision-making in SMMEs.

Step Two: The second step of the process involves the selection of a sampling method that is appropriate to the objectives of the research. The sampling method selected for this study was based on purposive sampling because it allowed the researcher to select participants fulfilling the criteria outlined earlier which qualified them for inclusion in the research. The criteria for selection of the participants for the focus group are the same criteria used for the semi-structured interviews as previously outlined which emphasised that each participant must be a registered company categorised as small or micro and operate within the services sector in Gauteng.

Step Three: The third step consists of the recruitment of participants and the selection of a location to conduct the focus group discussion. The selected participants must fulfil the criteria set in satisfying the objectives of the research as described in step two. The selection of the participants originated from a list of businesses associated with the databases of the Riversand Incubator Hub, the Commonwealth Business Women Forum, the Women Entrepreneurs 300 and the Gauteng Enterprise Propeller, as described previously. A total of twenty companies agreed to participate in the focus group sessions. According to Fusch and Ness

(2015: 1410), the number of participants in each group must be considered sufficiently large to capture different ideas and expressions but small enough to create an atmosphere of comfort to encourage the members to express themselves. The comfort of participants to actively contribute in the focus group was of paramount importance because the purpose of having the focus group was to elicit data from each participant. As such, a focus group consisting of five members representing their five companies is deemed to be sufficient for this particular research because it allows each member to fully participate without the intimidation of having a larger group involved.

Although there are no general rules to determine the number of focus groups, the researcher must consider when data gathering has become redundant which could be between a minimum of three and a maximum of twelve (McLafferty, 2004: 190). This study conducted four focus groups with five companies per group consequently totalling twenty companies in all. The aim of the focus group sessions was to ensure the capture of rich data in order to provide an in-depth understanding of the strategic decision-making process from the participants' perspectives. The four focus groups consisting of twenty companies provided sufficient data on the realities of their strategic decision-making process. Each of these companies satisfied the criteria outlined in order to conduct the focus group session, each group was invited to attend their respective session at a date and time given by the researcher. All members of each group were on time and ready to participate.

Step Four. The fourth step is the recruitment of a skilled moderator or the preparation of a person to effectively conduct the group session. As for this research, each focus group session was conducted by the researcher due to his experience of facilitating workshops and training sessions. Also, because the researcher conducted the focus group sessions without the use of an external moderator, the impression of confidentiality of the data shared by the participants was reinforced. Each focus group session was held in an independent board room arranged by the researcher located in Johannesburg. The choice of location for the focus group sessions was motivated by finding a place of convenient access for all members of the group thereby frontally addressing the potential hindrance of participants' access to the sessions. The focus group interview schedule followed the same themes and

structures as the semi-structured interview schedule. This was deliberately done to ensure harmonization in the data capture of the strategic decision-making process between the individual semi-structured interviews and the participants in the focus groups. The interview schedule utilized for the focus group was constructed around the major contextual elements affecting strategic decision-making as established in the literature. The schedule of the focus group interview is the same as the semi-structured interview schedule which was described previously.

A copy of the focus group interview schedule was given to each member of the participating group in order to familiarize themselves with the contents of the interview as well as identify any areas that may be deemed inappropriate or uncomfortable. The participants of the focus groups were reminded that they are under no obligation to answer any question deemed offensive, personal or confidential. For each question asked by the researcher, all members were given an equal opportunity to respond in a manner considered comfortable to the respondent. During the actual focus group session, no member was prompted or forced to participate but were all actively involved in making their contributions to each question raised during the engagement.

Step Five: The fifth step is the recording of the discussion which is usually done through audio recording or video recording. Prior to the commencement of the session, the researcher requested permission from each member in order to use a voice recorder during the group dialogue. The justification of the voice recorder was to copiously capture the contributions of each member as well as liberate the researcher to concentrate on moderating the group sessions for purposes of elicitation and directing the dialogues towards relevance. At the end of each focus group session, the contents of the voice recorder were meticulously transcribed into a word document. The transcription process ensured that the comments and contributions by each member were transcribed verbatim in order to eliminate any possibilities of misquotations or misunderstanding of what the participants attempted to express.

Step Six: The sixth step is the analysis of the data. The approach to data analysis is determined by the objectives of the research. The research adopts a thematic analysis approach to the analysis of the data as described in section 5.8.

Step Seven: The final step involves the interpretation and reporting of the findings of the focus group discussion. The full interpretation and reporting of the data findings are detailed in chapter six.

The focus group data gathering method was the second approach to the data collection within the framework of establishing triangulation of the research methods. The following section discusses the third and final method employed in the data gathering endeavour.

5.7.4 Observation method

Observation as a qualitative research method is considered a common data collection tool in both academic and commercial studies in the field of business (Basil, 2011: 246). The use of observation as a research method is based on the philosophical underpinnings about the nature of reality that expresses reality as a system of relations with multiple perspectives devoid of prior theoretical assumptions consistent with the interpretive paradigm rooted in the concept of phenomenology as a research methodology (Webster, Seymour, Daellenbach, 2010: 28). Observation is therefore used as a tool in qualitative research to allow the researcher to gather data on the nature of a phenomenon in its social settings (Zamani-Miandashti, Pezeshki-Rad and Pariab, 2014: 309). Observational research is therefore a significant contributor to the acquisition of research evidence of a social reality such as strategic decision-making thus rendering this data collection tool as an appropriate approach towards data capture.

The literature denotes that there are different approaches to observation as a research instrument. The relevance of each approach is reliant on a host of factors such as the risk associated with participating, research interest, the extent to which the participants will allow the researcher to participate and the level of comfort the

researcher has in participating (Zahle, 2012: 54). Table 5.7 below presents a definition of the different approaches to observational research.

Table 5.7 Types of Research Observation

Types of Research Observations	Description
Structured observation	Observational techniques follow explicit rules and procedures for observing and recording behaviour. This approach consists of predetermined criteria which guide the researcher in what to look for during the observation process, how to record what is being observed and the time period for observation. This approach is also called systematic observation.
Participant observation	The researcher is immersed in the social setting targeted for observation in order to understand the participant's perspectives and behaviour of their context.
Non-participant observation	The research assumes a detached and non-involved observation of occurrences in a social setting. This is the usual approach taken by structured observers.
Unstructured observation	Observational techniques do not use guided criteria or schedule in order to record behaviour. The researcher records behaviour and occurrences with the aim of producing a narrative account of the event.
Simple observation	The researcher assumes a role that is non-invasive and unnoticed by the participants under observation.
Contrived observation	The research intervenes and modifies the event in order to observe the effects of the alteration.

Source: Adapted from Bryman (2015: 270)

Considering the various approaches to observation outlined in Table 5.7, the more appropriate version of observation in the context of this research is based on the approach that allows an assessment a social phenomenon in a business context that seeks to understand how behaviour, decisions and actions occur. Accordingly, participant observation is able to capture themes and concepts of the participants and environmental influences because it allows the researcher to immerse into the social realities of the participants under observation (Newenham-Kahindi (2015: 394). Takyi (2015: 864) affirms that participant observation “allows the researcher to

study people in their native environment, thereby offering the opportunity to understand things from the perspective of the people being studied". Data gathered from observational methods provide an additional and unique perspective from findings reported from other methods of research such as interviews and focus groups in that the researcher is immersed in the social context in which the research is being conducted (Zhao and Ji, 2014: 1). As such, this study adopts the participant observation approach as it is relevant to the assessment of the strategic decision-making process among small and micro business owners because it grants the researcher the opportunity to observe the participants involved in the strategic decision-making process within the milieu of their businesses.

However, observation as a data collection tool has been challenged on account of the high expenditure it incurs and that it is time consuming, thus becoming a highly unpopular data gather method for academics (Lee and Broderick, 2007: 123). Although the approach requires time and facilities to convene, the current research worked with the time provided by each participating company. The importance of this approach was to allow the researcher to physically visit the businesses under observation and record the decision-making process while during their meetings. Lee et al (2007: 123) further note that the analysis of field notes and other data generated in observational research require trained academic who are familiar with this method to perform such an analysis. In order to unambiguously address this matter, the researcher designed an observation schedule as described in the next section which was used by the researcher and guided by the supervisors in conducting an exact analysis of the observational notes. Another criticism of the participant observational method is that the researcher may become too attached to the participants during the research process which can result in sympathy and lack of accurate recording of the observation findings. This particular challenge to participant observational research is due to the fact that the researcher is also a participant in the phenomenon which is the subject of the research (Takyi, 2015: 865). In order to minimise the possibility and impact of any potential bias, the researcher relied on the observation schedule to determine the framework in which the observations were conducted.

On the other hand, observation is an important qualitative research method in business studies, used in conjunction with semi-structured interviews, in order to gather data about social realities in a business context thereby providing triangulation of research methods (Majava, Leviakangas, Kinnunen, Kess and Foit, 2016: 30). Newenham-Kahindi (2015: 394) contends that in exploratory research executed in a business context and where a qualitative method is adopted, semi-structured interviews and participant observation is the most appropriate techniques employed in achieving the research objectives. Observation is therefore an essential tool used in this study in order to gain an in-depth understanding of business decisions (Newenham-Kahindi, 2015: 394). On the issue of the researcher's potential lack of objectivity or the quality of the field notes due to his involvement in the research, participant observation method used in this research is guided by the well-defined objectives of the research irrespective of any emotional attachment to the subject of the research (Iacono, Brown and Holtham (2009: 42).

5.7.4.1 Observation Guide

As with any research method employed, rigor in the process of executing the research is an essential component to ensure trustworthiness of the findings. Crosby, Salazar and DiClemente (2015: 260) recommend a four-step process for conducting observational research which addresses the issues of rigour in its execution. According to Crosby et al (2015: 260), it entails accessing an appropriate sample population; recruitment of participants in an effective and systematic manner; the potential participants must be properly assessed to ensure suitability for the research; and develop protocols to reduce the attrition rate.

While both Crosby et al (2015: 260) identify the need for assessing and recruitment potential participants, Zahle (2012: 54) further elaborates on the role of the researcher in observing and recording the findings in that the researcher should be present and interactive with the individuals subjected to the study in order to enhance the quality of data collected. For that reason, the current research uses the method suggested by Zahle (2012: 54) as follows:

Firstly, identify a sample population that could satisfy the purpose of the research. The researcher must carefully assess the potential sample population to ensure that they fit the right profile for inclusion in the study. For this particular study, the sample population selection technique is the same used in the sample selection for the semi-structured interviews and the focus groups so as to ensure consistency of the target sample population throughout the research. Therefore, the sample criteria remain those that qualify as small and micro enterprises operating in the services sector. The five companies selected for observations were chosen from those companies that participated in the semi-structured interviews and the focus groups. The selection of these companies allowed the researcher to assess the decision-making process in its natural environment and its social context. Also, the use of companies that previously participated in the semi-structured interviews and focus groups facilitated the opportunity to compare the findings of the observation method with the previous two methods employed for the same companies in order to ascertain whether the observed social reality reflected the findings of the interviews or focus groups.

Secondly, dependent on the social scientist approach to participation, he or she can be immersed in the process of the participants' social context to better understand their actions and interactions but remain non-disruptive and unobstructive to the social setting that is being observed regardless of the participation level. For this study, the researcher requested permission from the five selected companies to attend meetings where strategic issues were discussed and where such strategic decisions were made. The researcher attended the various meetings held by the selected companies. The agenda, discussions during the meeting and the eventual decision outcomes were not knowingly or directly influenced by the researcher. During the meetings, the researcher recorded the discussions and reviewed documents pertaining to the issues at hand but the researcher did not attempt to influence the decision-making process nor the eventual outcome of the decision.

Thirdly, the social researcher should observe the phenomenon in a broad sense to better understand what is actually taking place. The observational approach used in this research was based on taking notes of the matters raised for discussion at the meetings. More specifically, the researcher noted how persons acted and interacted

with each other and their environment in the process of making decisions. The researcher also noted the physical environment of the business such as office layout, record keeping and staff involvement in the business decisions at the appropriate level. However, an observation schedule was used to guide specific areas of assessment by the researcher. The observation schedule consists of themes derived from the literature review. The main areas in which observation occurred were:

Section A: Strategic decision making and the Economic and Regulatory Environment. In this section, the researcher took note of the extent to which the owners of the business gathered and analyse relevant information to assist with the decision-making process. The major decisions taken and the process adopted for making decisions were also recorded.

Section B: Strategic decision making and the market/customer orientation. The researcher noted the kind of information gathered and analysed regarding customers and the market conditions. The major decision outcomes were noted and the process used to make such decisions was chronicled.

Section C: Strategic decision making and the Company Structure. The researcher noted the type of information the owners sought and analysed regarding the structure of their organization. As before, the major decision outcomes and the process for making those decisions were documented by the researcher.

Section D: Strategic decision making and Employees. The researcher noted specific areas of discussion regarding resource utilization and improving the performance of the business. This area of observation also recorded the extent of employee participation in the discussions and the decision-making process. The researcher took this opportunity to examine written or documented records of the businesses pertaining to environmental analysis, feasibility studies, performance measurements and strategic plans.

Fourthly and finally according to Zahle (2012: 54), although this is less common, if the researcher is fully embedded in the social context of what is being observed, the

research can record their own experiences as a source of insight. The researcher in this study based the observations on the participants' decision-making process and physical evidence such as written documentation, layout of the office space and general infrastructure.

As noted before, rigor in the conduct of any research method is paramount to the issues of reliability and validity of the research. In order to strengthen the rigour in observational research, Iacono, Brown and Holtham (2009: 45) recommend that the facts generated during the observation phase should be presented as it is, include data triangulation techniques, and differentiate between personal reflections and factual findings.

The framework of data collection methods assumes a qualitative approach relevant to the purpose of this particular study. Such an approach to data collection indicates that the researcher does not depend on pre-conceived hypothesis but improvise upon learning based on being immersed as a key research instrument in the participants' social setting. However, the issue of quality in qualitative methods must be addressed in order to ensure that the data collection and the data analysis are trustworthy. The following section discusses these issues regarding the quality in qualitative research.

5.8 Data Analysis Process

The focus of this study is to assess the strategic decision-making process in small and micro enterprises. The research therefore seeks to understand and record the nature of a social phenomenon. As detailed in earlier in the chapter, the research methods entail the use of semi-structured interviews, focus group discussions and observation thereby requiring an appropriate approach towards data analysis. Due to the qualitative nature of the data, thematic analysis is employed to organize the data upon the unearthing of emergent themes. Thematic analysis is described as a technique used for the identification, analysis and reporting of themes or patterns within data and composing an interpretation of the data (Braun and Clarke, 2006: 79; Dickie, 2011: 1233).

Thematic analysis provides a guiding framework through a sequence of analysis that commences with becoming familiar with the data items; ascertaining key words and phrases; coding which consists of recognizing common links; and lastly understanding the taxonomies among the links (Dickie, 2011: 1233). Based on this description of the framework, thematic analysis focuses on the concept of themes that facilitates the researcher to concentrate on what is relevant to the objectives of the research and arrange and classify data accordingly. Such a process is relevant to the analysis of qualitative data as it affords an approach to the organization and categorization of the research data.

McIntosh, Martinez, Ty and McClain (2013: 270) note that the thematic analysis is used in interpretivist qualitative research to extract meaning and patterns in qualitative data based on identifying particular notions in each data item, categorization of each theme into sub-categories, and developing each of these sub-categories into an overall theme where the categories are organized and grouped together to provide meaning. In an earlier work, Braun and Clarke (2006: 86) recommend a step-by-step approach consisting of six phases of analysis similar to the general concept of the sequence of analysis discussed by Dickie (2011: 1233). Garza (2011: 45) also suggests the use of these six steps in conducting analysis of qualitative data. The six phases of analysis propose by Braun and Clarke (2006: 86), and later concurred by Garza (2011: 45), are detailed in the table below.

Table 5.8 Phases of Thematic Analysis

Phase	Description of the Process
1. Familiarizing yourself with the data:	Transcribing data (if necessary), reading and re-reading the data, noting down initial ideas.
2. Generating initial codes:	Coding interesting features of the data in a systematic fashion across the entire data set, collating data relevant to each code.
3. Searching for themes:	Collating codes into potential themes, gathering all data relevant to each potential theme.
4. Reviewing themes:	Checking if the themes work in relation to the coded extracts (level1) and the entire data set (level 2), generating a thematic 'map' of the analysis.
5. Defining and naming themes:	Ongoing analysis to refine the specifics of each theme, and the overall story the analysis tells, generating clear definitions and

	names for each theme.
6. Producing the report:	The final opportunity for analysis. Selection of vivid, compelling extract examples, final analysis of selected extracts, relating back of the analysis to the research question and literature, producing a scholarly report of the analysis.

Source: Adapted from Braun and Clarke (2006: 86)

Each phase identified in the table above will be explained in further detail in order to provide an account to the readers of this study an understanding of how the research findings were generated. This will strengthen the validity of the data findings as it offers a logical process of the data analysis. A detailed account of the sequence of analysis reinforces the credibility of the process as well as allows other users of the research to determine potential transferability since a description of the phases allows for comparison with current literature and other studies. The following paragraphs provide further description of the thematic analysis based on the works of Braun and Clarke (2006: 86), and Garza (2011: 45).

The First Phase: Familiarization with the Data

The initial phase entailed the researcher understanding all aspects of the data. To be fully immersed in understanding the data, the researcher was required to thoroughly review all the transcripts repeatedly and listening to the interviews or discussions that were captured electronically until there was a satiated acquaintance of the content. In this research, data was captured electronically and then transcribed into a Word document. The very process of transcribing data from an electronic form into a written form was a significant act of becoming familiar with the data. Having both electronic and written data allowed for comparison of the transcript against the electronic recording to preserve the quality of the data.

The Second Phase: Detecting Initial Themes

The second step in the sequence occurred when the researcher had effectively gained sufficient understanding of the data. Upon familiarization of the data, the researcher was able to identify initial themes (codes) or features in the study. The themes were generated from the literature review therefore the researcher

considered all the data items in order to ensure that all potential themes and features that may be of interest in the various parts of the records were taken into account.

In studies where there is a large compilation of qualitative data and a thematic analysis approach is required, the selected data analysis method must demonstrate the capability to comply with and satisfy the informational underpinnings of the study. A popular approach to extracting meanings from textual data is the use of content analysis. Wahyuni (2012: 76) describes content analysis as an essential aspect of thematic analysis which entails the establishment of clearly defined categories that sort patterns and themes with data in each identifiable category. In order to enrich the understanding, composition and analysis of the qualitative data, the study employs NVIVO software support to gain insight into the context around the words and phrases of the data. NVIVO is a qualitative software designed to support the storing, analysis, coding and visual representation of rich text files in the satisfaction of research requirements.

In this study, NVIVO was used to generate documents from the data gathered, edit the data appropriately, explore the data content, search for associations and data relationships, and create nodes of the discovered concepts within the data. Such techniques allowed the researcher to gather novel perspectives on emerging and noteworthy themes and sub-themes. Using the Nvivo software, coding of the data involved the extraction and categorisation of passages of text. This process consisted of sectioning the data and subsequently ascribing them into distinct groups. These categories are stored within the Nvivo database as nodes. The nodes contain all the quotes and extracts that relate to a particular theme. In order to discover relationships or emerging themes between the various nodes, Nvivo was again used to generate various visualisations as a way of demonstrating and exploring those relationships. In particular, the content analysis techniques involved exploration of word frequency, the context of words, words and phrases categorisation and the search for data similarities and differences. For this particular study, techniques used to formulate and validate the themes and sub-themes consist of Word Cloud, Tree Map, Cluster Analysis and Word Tree.

The background of the business and the owner was presented to provide a biographical understanding of the research participants. The major themes identified in this research are (1) strategic decision-making and the economic/regulatory environment; (2) strategic decision-making and the market/customer orientation; (3) strategic decision-making and the company structure; and (4) strategic decision-making and employee skills

The Third Phase: Identifying Themes

This phase commences when the data have been initially coded (initial themes identified) and organized thereby giving the research a broad array of different data categories spanning the data collection. The third phase involves reflecting on the different codes and areas of possible combinations of the codes that may form a predominant theme. Based on the themes generated from the literature review, the four themes highlighted in the second phase remained the prominent themes for this study.

The Fourth Phase: Reassessing the Themes

The fourth phase begins after the themes are identified and collated, including any modification of those themes. This phase considered the extent of data evidence to support a previously considered theme or whether a theme may require further separation into more than one theme. Level one of this phase consisted of developing codes based on whether a coherent pattern emerges. The configuration that emerged should offer implications of a data pattern even though each aspect of the themes should be distinguishable. Level two identified and analysed the various activities within each emerging category which was then further investigated for themes and patterns to ascertain the extent the themes operate with respect to the data gathered. For this study, each theme was further divided into sub-themes that emerged as a result of the NVIVO content analysis.

The Fifth Phase: Interpreting the Data Findings

The researcher attempted to understand each theme individually and the overall notion that transpired from the process of analysis. This was done by the researcher revisiting each theme which was then arranged into an intelligible and internally

harmonious account of an overarching impression. This phase required the researcher to consider each commonality in relation to the others so that the overall scope of the data findings and its meaning can be accurately understood. In order to interpret the data findings, each theme that constituted the overall idea was named and defined in order to assist any reader of the research in appreciating and following the interpretation.

In this study, the researcher conducted the assessment of the strategic decision-making process of each theme using the framework of decision-making characteristics described in Chapter Four. The researcher further synthesised the analysis in order to identify the commonalities of the strategic decision-making process.

The Sixth Phase: Producing the Report

The purpose of this stage was the production of a report that comprehensively captures the interpretation of the study in a manner that supports the validity and reliability of the study. This was achieved by the level of evidence documented in the write-up through extracts of the data as an indication of the themes that emerged during the analysis. An important aspect of the report was the link between the analysis and interpretation to the research question that demonstrated the effectiveness of the study in addressing the purpose of the research. In this study, the write-up of the analysis is presented in Chapter Six Analysis and Discussion. The write-up meticulously ensured that the analysis and findings of the study were compliant in answering the research question.

In conclusion, this study uses qualitative research methods which necessitate a systematic and logical approach to data analysis to strengthen the validity and reliability of the research findings and analysis. The thematic analysis method is deemed an appropriate approach to such an analysis because it is consistent with interpretivist paradigm (Garza, 2011: 45). The thematic analysis method configures a framework to guide the identification of themes, analysis, interpretation and reporting of the data findings.

5.9 Quality in Qualitative Research

The previous section discussed the qualitative methods adopted in this study to assess the strategic decision-making process. The data collection techniques examined in the last sub-section are semi-structured interviews, focus group discussion and observational research. These data collection methods, due to its qualitative nature, are criticized for its prospective lack of quality in the data findings. The qualitative research methods have been challenged on the issues of validity and reliability which demands that qualitative research methods establish a high level of rigour acceptable to the academic community (Goffin, Raja, Claes, Szwejcowski and Martinez, 2012: 805). Welch and Piekari (2017: 714) assert that although a single set of criteria is unavailable to determine qualitative research quality, the academic community necessitates rigour and appropriateness for qualitative research to be accepted. Other researchers argue that contrary to the perception that qualitative research lacks rigour and quality elements, there are criteria frameworks used to evaluate the quality of quantitative research (Riege, 2003: 85; Goffin et al, 2012: 805). Thus, in order to address the issue of quality in this study, the researcher ensured that the quality mechanisms described below were applied to each stage of the study.

The quality of quantitative research is determined by its validity, reliability and generalizability but which are not usually applied to qualitative research according to Choy (2014: 100). However, even though the quality evaluation vernaculars used in quantitative language may not always be the same jargons used in qualitative research language, the terminologies used to communicate these research evaluation criteria in qualitative research render similar meanings to the concepts of validity, reliability and generalizability (Yilmaz, 2013: 318). Some of the other terms used in the context of qualitative research are objectivity and confirmability to describe construct validity; credibility and authenticity in reference to internal validity; transferability instead of external validity; and dependability to describe reliability (Guba and Lincoln, 1994: 113; Yilmaz, 2013: 318; Riege, 2003: 83; Goffin et al., 2013: 806; Teusner, 2016: 87). These popular terms in the qualitative literature signify the same sentiments as the measurement of quality terms found in the quantitative literature. Therefore, this study uses the terms interchangeably as those

qualitative researchers. On the criteria for evaluating methodological rigour in qualitative research, the following sections will describe the various quality measures.

5.9.1 Validity

Validity in qualitative research focuses on the level to which the data gathered is a truthful expression of the phenomenon being studied (Teusner, 2016: 87). Validity seeks to provide the assurance that the research will actually assess what it intends to measure which is further amplified as confirmability, credibility and transferability. In the context of this research, validity is the assurance that the data elicited from the participants are truly reflective of their comments and thoughts as captured through the data gathering exercise. The literature indicates that validity can be further categorized into construct validity, internal validity and external validity (Goffin et al., 2013: 806). It should be noted that other terms are used in preference to this trinity of validity concepts since qualitative researchers may favour their own vocabulary to convey the same meaning (Yilmaz, 2013: 318). This section discusses the different aspects of validity from the perspective of qualitative research.

5.9.1.1 Confirmability / Construct Validity

Social science researchers face the challenge of having to measure and report on a phenomenon that are not always measurable in a quantitative sense and therefore relies on qualitative measurements. In order to achieve confirmability, qualitative researchers recommend three approaches. Firstly, the conduct a pilot study to determine the adequacy of the research design when compared to the theoretical rationales of the study; secondly the use of data or methodological triangulation using various data sources in order to signify a planned approach to the collection of data; and thirdly, the establishment of lines of evidence in the data gathering aspect of the research (Terpstra, Kuijlen and Sijtsma, 2014: 2721; Riege, 2003: 82).

The first step in establishing confirmability for this study was the use of a pilot study. The pilot study is a small-scale methodological test to ascertain whether the methods employed are applicable in practice, as required in confirmability, as it can identify obscurities, detect any additions or omissions, and clarify any jargons or wording of

the questions (Noor, 2008: 1603; Kim, 2011: 191). The pilot study included three owners of their respective companies who participated in the semi-structured interview in order to clarify the contextual information of the research instruments and make the adjustments where necessary. The pilot study was able to identify areas that required additional questions and the reconstruction of questions in order to extract more appropriate data.

Another aspect of confirmability used in the study was the adoption methodological triangulation to establish data assurance through an organized approach. Methodological data triangulation correlates data from multiple data gathering methods and is useful in enhancing the confirmability of the data collection process (Fusch and Ness, 2015: 1411). In this study, the methodological triangulation approach involves the utilisation of semi-structured interviews, focus group discussions and observation data collection tools as described in earlier in the chapter. As consequence of data triangulation as a means of confirmability, the data captured from each source was compared and contrasted in order to provide a comprehensive understanding of the strategic decision-making phenomenon as described in Chapter Six Analysis and Discussion.

5.9.1.2 Credibility / Internal Validity

In qualitative research, the internal results of the study referred to as credibility, is the extent to which the research findings were substantiated by other expert researchers or by the participants as means of indicating that the study was conducted credibly (Riege, 2003: 82). Yilmaz (2013: 319) concurs that credibility refers to internal coherency of the findings where the descriptions are context-rich and meaningful, and the concepts assessed are systematically related.

In order to fortify the credibility of the research, the researcher compared the research findings to the theoretical concepts of the literature in the effort to determine similarities in themes and concepts of the strategic decision-making process. The researcher also ensured a logical process of the data analysis phase by constructing an analysis framework using a thematic analysis approach which

seeks to recognise the themes that emerge from the data which facilitated the arrangement and classification of data accordingly.

5.9.1.3 Transferability / External Validity

External validity, referred to as transferability in qualitative research, is attained if the research findings of the study are applicable to an alternative context (Yilmaz, 2013: 320). Similarly, Polit and Beck (2010: 1453) note that transferability is connected to the use of the research results applied to an essentially different population or context.

Determining transferability in qualitative research requires the provision of detailed descriptions about the sampling design and sampling techniques; deep detailed accounts of the research findings; and whether the research findings are consistent with, associated to or acquiescing to the theory on the subject matter (Poortman and Schildkamp, 2012: 1736). This current study embarks on a detailed record of each research method, its findings and data analysis. The sample design and techniques used are thoroughly documented in this chapter thereby enabling any other researcher the opportunity to apply a similar approach to another setting. The findings of the research will be matched against the theory to determine the level of accord.

5.9.2 Dependability / Reliability

Dependability in qualitative study, or reliability in quantitative study, refers to the expectation that the procedures or techniques used in the research can be replicated by another researcher and achieve the same results (Poortman and Schildkamp, 2012: 1732). This means that a well-defined outline of the entire research process permits the assessment of consistency and repeatability in the research methodology and the interpretation of the findings.

The study attempts to establish a high level of dependability to provide any reader of this research the assurance of rigour and replicability of the research process. The researcher retained documentation of the data collection instruments, the data transcripts and the procedure used to analyse the data gathered. The data analysis

segment is transparent in the sense that all collected data were via electronic recording, transcripts and standardized observation sheets. Such detailed coverage and documentation of the research design and data analysis process herein serves to augment the consistency and reliability of the research design and of the findings.

5.9.3 Issue of Ethics in Qualitative Research

5.9.3.1 Ethical considerations

Ethics in research is an important element in the conduct of any study in order to distinguish between procedures that are deemed acceptable to those regarded as unacceptable (Sobottka, 2016: 119). In the context of research, ethics is in reference to the adoption of right or wrong tenets and guidelines in the quest for knowledge (Aluwihare-Samaranayake, 2012: 65). Ethical qualitative research is established for the main purpose of protecting the researcher and the participants from deceit, manipulation, potential hurt, enhance integrity of the research and ensure the university's regulations and professional codes of conduct are adhered to (Aluwihare-Samaranayake, 2012: 65). Ethics in research, in this instance qualitative research, thus sets a principled framework to guide the conduct of the research and to guide the participants and the data findings from harm or misrepresentation.

Mero-Jaffe (2011: 241) asserts that the ethical guidelines in the conduct of qualitative research consist of preventing the consideration of participants as automatons; ensure that participants' well-being are safeguarded from physical, character or emotional harm; confirm written consent from each participant; guarantee confidentiality and anonymity to protect privacy; and employ principles of justice, impartiality and fairness in the entire research methodology.

The researcher proceeded with immense caution and precise measures to circumvent the potential creation of ethical issues. The researcher adhered to the general principles of Durban University of Technology (DUT) Ethics Policy which outlines the conventional principles and practices presiding over research encompassing human participants. All the key conditions of DUT Ethics Policy relating to the potential benefit by society, maintenance of the dignity of participants, voluntary informed consent by participants, confidentiality of information supplied by

research participants and anonymity of respondents, independence and impartiality of the researcher, were precisely complied with. In so doing, the participants were notified about the purpose and nature of the research via a detailed Letter of Information emailed to each potential participant. The researcher thereafter visited each participant to discuss the purpose and potential impact of the research to small business development as a whole and their businesses specifically. A copy of the consent form was sent to each potential participant prior to meeting thereby allowing them the opportunity to read and understand the purpose of signing the consent form. At the point of meeting, the researcher reemphasised that all identifies and data captured during the data collection exercise would be protected from public access and that the data will be used for academic purposes only. The participants signed the consent form and agreed to participate in the research as a result of such assurances. The well-being of the participants was safe-guarded as the data collection methods were scheduled at physically secured locations. No participant is subjected to any physical harm or test in this study.

5.9.3.2 Anonymity and Confidentiality

Anonymity and confidentiality are essential elements of this study in order to protect the participants' personal and business identity from the researcher and any other third party. Prior to conducting the data gathering exercise, the participants were given the assurance that confidentiality and anonymity will not be compromised thereby protecting their privacy in every manner. In order to establish anonymity, the actual names of the participants and their businesses will remain indistinctive for the reason of shielding their identities and details. As such, the researcher will use codes rather than names to identify the participants. The study therefore uses codes rather than the actual names of persons and companies. The participants were also given the assurance that their involvement in the data collection process was voluntary and conducted without financial incentives, unwarranted influence or coercion. Also, participants were given the liberty to refrain from answering any questions deemed private or inappropriate. Each participant was advised that they could exit the data collection exercise at any point.

Confidentiality is understood in relation to the protection of the data gathered from access by and influence of any external entity. The issue of confidentiality was of paramount importance in the acquisition of the participants' confidence and inclination towards unequivocally contributing during the data gathering exercises. The researcher ensured that study codes on data documents were applied and the data collected were secured from access by any external entity. The transcripts of the data were provided to the Supervisor at DUT in order to secure same for a period of five years and usable by the Supervisor and researcher for academic purposes only.

5.10 Summary

This particular study adopts an interpretivist paradigm rooted in a phenomenological perspective on the nature of social reality. This perspective is considered relativist ontologically and subjective epistemologically appropriate to the study as the research embraces the notion of multiple realities thereby rejecting the concept of foundationalism as a basis to knowledge. From a relativistic ontological viewpoint, this study assumes that reality is subjective and multiple. Epistemologically, the researcher has reduced any perceived social distance between himself and the participants through social interaction in the form of dialogue and information sharing regarding the nature and purpose of the study. This enabled the development of an appropriate research methodology based on a qualitative approach which is consistent with the interpretivist phenomenological research paradigm and relevant to the assessment of the strategic decision-making process among small and micro enterprises.

The research strategy is based on methodological triangulation consisting of semi-structured interviews, focus group discussions and observation methods. The participants selected for each data collection method are the owners of the businesses. Such data collection methods provide context-rich data that allow the researcher to understand and document the strategic decision-making process from the perspective of the participant. These data collection methods are deemed appropriate to qualitative studies. However, issues of validity, reliability and ethics pertaining to qualitative research were addressed in order to provide the readers of

this study the assurance of credibility, confirmability, transferability and dependability in the data gathering process and the analysis of the data.

The data gathered were analysed through a technique referred to as thematic analysis. This technique provides a sequence of activities required to guide the proper analysis of qualitative data. The thematic analysis is a six phase of analysis process that provides a detailed and guided step by step approach to identifying themes, analysing the content of the data, generating an interpretation and producing a final report at the end.

CHAPTER SIX

ANALYSIS AND DISCUSSIONS

CHAPTER SIX

QUALITATIVE ANALYSIS AND DISCUSSION

6.1 Introduction

This chapter presents the results and discusses the findings obtained from the qualitative components of this study. The main aim of this study is an assessment of the strategic decision-making process among small and micro enterprises. In order to effectively understand the strategic decision-making process (SDMP), the study assumed a qualitative approach to data collection and analysis. The research methodology developed in this study provides an analysis and discussion of the data gathered through semi-structured interviews, focus group sessions and observation techniques.

The purpose of this chapter is to display, explicate, encapsulate and interpret the data collected during the research. The data gathering instruments were constructed on the basis of the literature review. The emerging notions of the literature review formulated the questions conceived in the semi structured interviews and the focus group sessions. The design of the observation sessions was also fashioned on the basis of the literature review. The design of the research instruments ensured that research triangulation was utilised which increased the data validity and reliability. The chapter commences with a discussion of the major themes and sub-themes discovered in the content analysis. These themes are identified into autonomous sections in order to assess the data and present the discussions. Each theme and sub-theme is discussed from the perspective of the strategic decision-making process ascertained in the literature review. A summary of the analysis is provided, thereafter..

6.2 The Sample

As discussed in Chapter Five, the sample consisted of ten semi-structured interviews, four focus groups and five observations. In total, there were thirty participating small and micro enterprises.

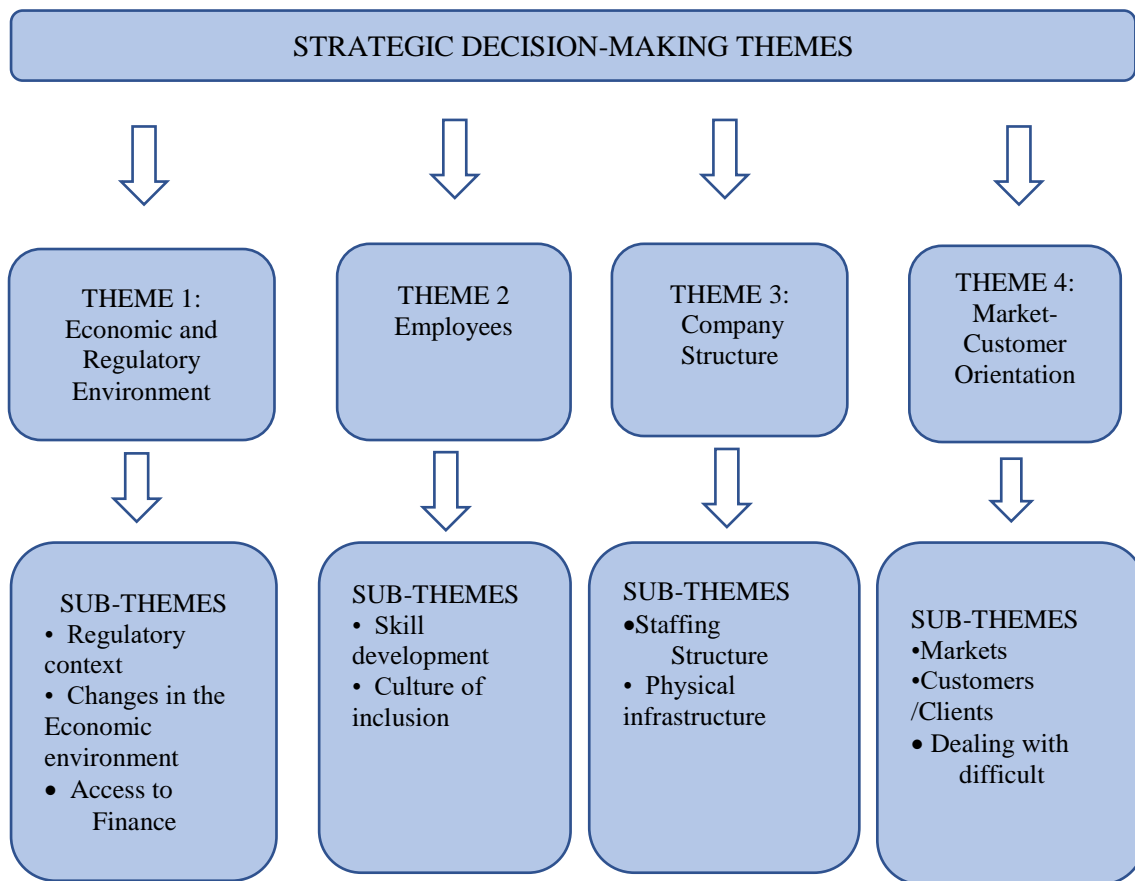
6.3 Research question, Themes and Sub-themes

In order to provide a more profound understanding of the strategic decision-making process in small and micro enterprises in South Africa, the following research question was proffered:

What is the strategic decision-making process in small and micro enterprises in the services sector in South Africa and the contextual factors influencing the process?

This question explored the strategic decision-making process of small and micro enterprises and assessed the key contextual factors affecting the decision-making process specific to small and micro enterprises in the services sector. The research question was used to provide a description of the current strategic decision-making process of such enterprises.

The analysis of the data signified that a number of situational contexts existed which were internal and external to the businesses that exercised significant influence on the character of the decision formulation process. The chapter therefore analyses and discusses the process of strategic decision-making within the context of the circumstances that engender and shape the adopted strategy formulation approach. The themes and sub-themes generated below form the main points of analysis is discussion are summarised in Figure 6.1.



Source: Author's compilation

Figure 6.1 Major Themes and Sub-Themes

As the above diagram depicts, the strategic decision-making process (SDMP) is assessed from the perspectives of these four themes. Each theme will be discussed in detail in the following section.

Theme one - SDMP in relation to the Economic and Regulatory Environment

The economic and regulatory environment is a major theme emerging from the literature review and notes the impact of external environmental factors on the growth and sustainability of the small business sector. This theme was informed by three primary sub-themes:

Sub theme one: Regulatory context

Sub them two: Changes in the economic environment

Sub-theme three: Accessing Finance

Theme two - SDMP in relation to the employees

The strategic decision-making process in relation to the employees also emerged as a primary theme. This theme is at the core of human capital decision-making and played a fundamental role in the success of small and micro enterprises. The literature review disclosed that the human capital performs an essential role in the success of small and micro enterprises. The employee theme was informed by two sub-themes:

Sub-theme one: Skill development

Sub-theme two: Culture of inclusion

Theme Three - SDMP in relation to the company structure

Decisions in relation to the company hierarchical structure and physical infrastructure became another primary theme due to its importance in defining how the business operates. This theme was informed by the following sub-themes:

Sub-theme one: Staffing Structure

Sub-theme two: Physical infrastructure

Theme four - SDMP in relation to the Market-Customer Orientation

The theme of Market and Customer orientation was by far the largest theme of the study. This is a logical argument as the markets and customers are possibly the largest determinants of strategic decision-making for business success. This theme was divided into three main sub-themes:

Sub-theme one: Markets

Sub-theme two: Customers/Clients

Sub-theme three: Dealing with difficult clients

6.4 Analysis and Discussion of the Themes

The analysis process of the rich text required data categorisation, recognition of patterns and interpretation of the data from the perspective of the strategic decision-making process within the various contexts of each theme. This section provides an analysis and discussion of the various themes generated from this process.

6.4.1 Theme One: Economic and Regulatory Environment

The economic and regulatory emerged as a major theme in the data narratives. The respondents acknowledged particular contingency factors emanating from the economic and regulatory environment with significant influence on the strategic decision-making process. The respondents were asked to describe their decision-making process as it relates to the issue of taxation and the regulatory environment. The questions asked in this section are presented below.

- a. *Please describe the decisions you make when it comes to taxation on the business.*
- b. *Please describe decision making as it relates to Government regulations on SMMEs and your business in particular.*
- c. *Please describe decision making as it relates to changes in the economy and the market in which the business operates.*
- d. *Please describe decision making as it relates to access and managing finance.*
 - *Is finance shared between yourself and your partner?*
 - *Where do you access finance from?*
- e. *Please describe decision making as it relates to improving the profitability of the business.*

The data analysis showed that the strategic decision-making process in the context of the regulatory environment and economic conditions constituted factors such as taxation, compliance, economic change and access to finance. The data narratives demonstrated that this theme was informed by three main sub-themes:

Sub-theme one Regulatory context: The regulatory context became an important subtheme as it capitalised on the legal and regulatory aspects that featured in the strategic decision-making process. It covered two critical areas of taxation and Government regulations

Sub theme two Changes in the Economy: The economic environment and strategic decision-making in relation to such, was another external environmental factor with substantial impact on businesses. This sub-theme assessed the decision-making relating to economic changes and the maintenance of profitability.

Sub-theme three Accessing finance: Access to finance was a significant area of decision-making that affected the growth and sustainability of the business. This sub-theme assessed the decision-making process relating to the sources of finance.

6.4.1.1 Sub-Theme One: SDMP in the Regulatory Environment

The data gathered in the context of the regulatory environment is analysed and discussed in this section. The responses to the strategic decision-making process relating to the regulatory context is presented in Table 6.1 and Table 6.2.

Table 6.1: Semi-Structured Interview Samples of the SDMP in the regulatory context

<i>"We are aware of the regulatory environment, South Africa in particular and as it relates to BEE...We have outsourced a financial manager".</i>	Respondent 1
<i>"I make the analysis myself that's why I stopped trading as a law firm because it was very compliant heavy"</i>	Respondent 4
<i>"Another way we monitor it is through industry bodies like the Institute of Waste Management of South Africa...to determine what needs to change in the business. Our licences run on an annual basis."</i>	Respondent 6
<i>"I do all the bookkeeping but with the help of a friend who is an accountant"</i>	Respondent 7
<i>"I didn't want to dump this information onto someone else before I know exactly what happened here"</i>	Respondent 8
<i>"I have someone who helps me but I am learning as we go along"</i>	Respondent 9

The semi-structured interview samples provided in the table above speaks to the respondents' perspectives on the strategic decision-making process in terms of the regulatory environment. Table 6.2 below presents a sample of responses from the focus group sessions on the participants' perspectives on decision-making process in the same environmental context.

Table 6.2: Focus Group Samples of the SDMP in the regulatory context

<i>The participants were basically clueless when it comes to taxation but depended on external consultants. Most of the business owners indicated a willingness to understand the regulatory environment, including tax but admitted that they still require expert assistance.</i>	Focus Group 1
<i>The participants indicated that deadline dates and changes in regulations were regularly monitored such as taxation, fee increases in NCR. They also indicated reliance on external accounts and tax experts rather than self knowledge.</i>	Focus Group 2
<i>Participants indicated that even if there are changes or no changes it is important to know because that is how you get your business in order like changing VAT. Some also stated that they have learnt to do the regulatory compliance on their own but is comfortable with outsourcing this skill.</i>	Focus Group 3
<i>Some participants admitted that regulatory compliance is definitely not their strong point Others stated that they keep themselves well informed, for example in project consultancy they have to know of changes in building codes and environmental regulations. One business owner said that they hired someone who does the accounting and prepare the taxes as the best option for the business.</i>	Focus Group 4

Almost every respondent in the semi-structured interview indicated that they are aware of the regulatory environment and that they try to do their bookkeeping by themselves or get assistance from someone that knows how. Respondents from the focus groups also agreed with the semi-structured interviews about the awareness of the regulatory factors but also indicated further that they did not have much knowledge on tax or how to do tax for the business. Most of respondents, in both the semi-structured interviews and focus groups, did not understand the numeric of tax and some were just too specialised in their own areas of expertise and did not seem to have an interest in taxation. Despite the apparent ignorance regarding knowledge on tax, the respondents acknowledged the importance of understanding this particular environment by stating that small business owners must be aware of issues like taxation. One of the semi-structured interview respondents noted that knowing the regulatory factors was an important aspect of running their business. Similar sentiments were also expressed by the focus groups where the owners confirmed the importance of knowing about taxation due to the importance of

understanding various facets of their business even though they admitted little knowledge in the area of taxation and regulatory compliance..

The analysis indicated that the semi-structured interview respondents were therefore proactive and mindful of the importance in understanding the effect of the regulatory environment upon their businesses. A fair number of semi-structured interview respondents admitted limited knowledge about the regulatory environment, especially taxation, however those in the focus group admitted a keen indication of willingness to know despite being weak with numbers.

Therefore, this deliberate approach informed the nature of decisions taken on monitoring and interpreting the regulatory and taxation environment. Notwithstanding the semi-structured interviews and focus groups respondents having limited working knowledge in the area of business taxation, they asserted that being aware and monitoring the regulatory environment as part of their decision-making process were considered essential. Respondents approach to the regulatory information gathering undertaking seemed structured and systematic thereby implying that the monitoring process of the decision formulation was intentional. This planned and defined approach can be inferred through the respondents' statements in both the semi-structured interviews and focus groups which were populated with phrases such as "We are aware", "we monitor" and "We have to monitor" the different aspects of the regulatory environment.

A systematic approach to the analysis of the regulatory environment as an essential aspect of the strategic decision-making process is confirmed by Epifanova, Romanenko, Mosienko, Skvortsova and Kupchinskiy, (2015: 140) who argue that the regulatory environment, including taxation, directly influences the small business sector and therefore requires owners to be aware of its implications in their businesses as demonstrated by the respondents. The justification for assuming a deliberate approach to monitoring and understanding the environment can be abridged by one focus group respondent who asserted that "we have to know and pay" which implies that rules and procedures are imposed on the business owners to ensure compliance.

As demonstrated by the respondents, these regulations must be adhered to in order to do business. The data analysis also indicated that the source of information relating to the regulatory environment was also well-informed. The interview respondents revealed that examples of the sources of regulatory information utilised by the respondents were BEE and waste pollution regulation. Further information sources such as VAT and the National Credit Regulators (NCR) were noted in the focus groups. These channels of information are formal means of deriving information about any these regulations. The disposition towards understanding the regulatory environmental stimulus shows a high impetus to make decisions based on methodical situational analysis and understanding as confirmed by Epifanova et al (2015: 140).

The data analysis denotes that upon acquiring the relevant knowledge about the regulatory requirement, the respondents sought the best options in order to comply with such legal requirements given their resource constraints. One semi-structured interview respondent approach to interpreting the regulatory environment was a deliberately considered approach to ensure compliance as claimed that “we are aware of the regulatory environment”. This carefully contemplated approach was intimately interrelated to the generation of the option to recruit and in-house financial manager. The focus group participants likewise asserted that the interpretation of the regulatory environment was an intentional attempt that simultaneously comprised workable action possibilities such as hiring skilled employees or outsourcing the requisite knowledge. Therefore, most respondents acknowledged their limitations in performing taxation but sought options or alternatives in implementing the decision to ensure taxation and regulatory compliance that were interlinked to a planned approach to understanding the regulations. Most respondents were willing to solicit the services of a “consultant”, or “have someone to assist” or “have someone who helps me” as evident in the focus groups. Fewer respondents opted for doing the analysis by themselves or complying with the regulations themselves such as where the owner annually “go back” to renew regulatory licences as confirmed by the semi-structured interview respondents and the focus group participants. In summation of the options selected in the decision-making process, the available choices geared toward activating compliance were (1) own efforts; (2) outsourcing; (3) assistance from friends; and (4) hired staff.

The implication on the decision-making process in this context is that the respondents, in both semi-structured interviews and focus groups, were intentionally exploring various options in which to effectively implement an action protocol concerning taxation and regulatory requirements in their businesses. The responses derived from both data collection techniques implied that the selected options determined the way forward for the businesses and how they go about implementing the necessary steps to ensure regulatory compliance whether through internal resources or external resources. However, the data narratives indicated that the process was cyclical in that the respondents engaged in this process on a recurring basis. As one semi-structured interview respondent acknowledged that they are continuously monitoring the regulatory environment for changes. The typical responses in the focus group indicated that the respondents were constantly engaged in keeping abreast of changes in the environment in order to satisfy the necessary requirements. For example, in one of the focus groups, the respondents stated that they kept themselves well-informed and kept monitoring changes to the regulations in order to inform the appropriate responses by the business.

In perspective of the process involved in the formulation of decision in this particular context, Wolf and Floyd (2013: 1759) confirm that the process of strategic decision-making consists of an analysis of the environment, procedures for generating and evaluating possible options and the implementation of the decision. The approach to strategic decision-making as evidenced by the data implied that the respondents adopted a process of purposeful and rational regulatory analysis as an initial procedure in strategy formation. This synchronises with the assertions of Epifanova et al (2015: 140) in that business owners must understand the regulatory environment due to its direct impact on the affairs of the firms. However, the process was not always strictly formalised even though most of the respondents assumed an intentional approach to such a regulatory environmental scanning. The research analysis also indicated that the monitoring and interpretation of the environment, though sometimes done casually, utilized formal sources of information in order to assess the firms' obligations. However, the process was deemed to be iterative due to the need for constant monitoring of changes and requirements to the regulatory regime. The selection of options informed by the analysis of the environment was

another crucial step in the strategic decision-making process. Charest, Bouffard and Zajmovic (2016: 532) contend that a deliberate strategic decision-making process entails the search for new possibilities and the generation of options which enable firms to implement the requisite actions in order to realise its initial ambitions. In following such a procedure with regard to strategy formation, the research findings show that the respondents were not lacking in their quest towards ascertaining the best courses of action in the interest of regulatory compliance, thus indicating that the strategic decision-making process in the context of the regulatory environment encompassed a conscientious analysis of situational factors as well as the formulation of options which guided the configuration of appropriate actions.

6.4.1.2 Sub-Theme Two: Changes in the Economy

Changes in the economic environment were important factors in the strategic decision-making process of small and micro enterprises as emerged in the analysis of the data narratives.

The research analysis indicated that the economic factors of the environment performed a major role in the strategic decision-making process from the perspective of influencing the business through external stimuli that factored into how the business responds. This notion concurs with Rudenko, Zaitseva, Larionova, Chudnovskiy and Vinogradova (2015: 231) who opine that the small business services sector is impacted by the external economic conditions pertaining to the uncertainty of the economy, availability of financial resource, sufficiency of demand for services and the business owners risk appetite. Strategic decision-making in relation to the changes in the economy is considered in this sub-theme. Table 6.5 and Table 6.6 provide the narratives generated from the data analysis conveying the approach to decision-making by the semi-structured interviews and focus groups.

Table 6.3: Semi-Structured Interview samples of the SDMP in the context of Changes in the Economy

<i>"We have access to almost four hundred and fifty data bases ...We do analyse"</i>	Respondent 1
<i>"Also use my own creative ability and intuition...It's my business partner or our actual associates or service providers who we also consult to get their input and opinion"</i>	Respondent 2
<i>"You see, when you are in this business long enough, you can tell when the economy changes by just looking at the buying habits"</i> <i>"As the economy changes, it depends, I try to reduce labour or working hours like in December when business is slow"</i>	Respondent 3
<i>"I have a general idea [about the economy] because it affects the decisions I make very much"</i> <i>"Our only escape is innovation and our innovation is selling green to our customers."</i>	Respondent 6
<i>"I am trying to see what the changes are and what it relates to."</i>	Respondent 7
<i>"I have to always be in the know about the economy...That's why I talk to my customers or follow the news."</i>	Respondent 9
<i>"I try my best to pay attention to economic changes or anticipate economic changes"</i>	Respondent 8
<i>"For me, this is stable because I am not as affected by the changes in the economy"</i>	Respondent 10

The table above provides a sample of responses gathered from the semi-structured interview stage of the data collection initiative. The table below presents excerpts of responses gathered from the focus group sessions.

Table 6.4: Focus Group samples of the SDMP in the context of Changes in the Economy

<i>Participants indicated that they observe economic trends and changes based on informal information from customers, sales trends and the media. They stated that there is no formal information gathering or analysis of the economy but uses general "awareness" about the economy. A few of the participants said that understanding economic changes relates to having a general sense of what is happening.</i>	Focus Group 1
<i>Participants acknowledged the importance of analysing the economy and anticipating change because of the potential impact the economy can have on their businesses. Information gathering was also based on news reports,</i>	Focus Group 2

<i>sales trends and feedback from customers and other businesses. A few participants stated that they adapt accordingly based on how they feel towards changes by just knowing what to do. This information informed the services offered in terms of pricing and expansion in some cases. The options were derived on the basis on what the owners anticipated in the economy derived from “what we think is best”.</i>	
<i>Some of these participants stated that they don’t really look at the changes but know when people have less money because they don’t come as often. Participants indicated that sometimes it’s about being able to tell when things are going good or bad. The participants also confirmed that they don’t go about finding out about economic changes but everyone should know when any change is going to come to the industry. Sometimes information can be derived from sources such as following the newspapers or listening to experts or even using own own knowledge. The owners use this information to decide on what are the best options for the business such as what markets to target or what products to offer.</i>	Focus Group 3
<i>The participants acknowledged that changes in the industry, such as construction, are good indicators of economic changes. The general consensus was they business owners were Most owners stated that they are constantly trying to understand the industry and trying to find new revenue but experience was also an important factor in knowing the economy and what to do in the event of economic changes</i>	Focus Group 4

The semi-structured interview respondents confirmed the importance of understanding the changes in the economic environment. The significance of economic environmental awareness was also evident in the expressions of the participants in the focus groups who affirmed that the economy is analysed because “any change is important”. According to Cowling, Liu, Ledger and Zhang (2015: 499), the changes in the macro-economic environment of small firms have a direct impact on their sustainability due to their level of vulnerability thereby requiring a thorough analysis of such conditionality by the business owners. Consistent with this contention, the data narratives show that the respondents accepted the need to analyse such changes in the context of the potential influence it can have on their businesses and decision-making capacities. One semi-structured interview respondent admitted that the economic environment is monitored because it directly affects the services offered by their business. Another semi-structured interview respondent correspondingly remarked that they must always be “be in the know”

about changes in the economy. Most of the focus group participants expressed the importance of understanding the economy and any related changes. However, most of the respondents profoundly depended on personal intuition as the preferred approach in order to shape the process of decision-making. This is also evidenced in the semi-structured interviews by the regular use phrases such as “To us this means”, “What are we going to do” and “I am trying to see” the changes and interpret what it means to the business. The dependency on personal discernment on the changes to the economy was on the basis of personal anecdotal indicators by most of the focus groups participants demonstrated in the reliance on personal feelings about knowing when the economy changes or use of personal judgement to interpret economic conditions.

Therefore, the approach towards understanding the economic climate was dependent on intuition and personal appraisal. As a result of such reliance on personal intuition, decision rationality was commonly lacking as respondents were more predisposed towards personal inferences and response flexibility. As one focus group exclaimed that small business must continuously query what decisions are to be taken in terms of what to do. Another semi-structured interview respondent explicitly disclosed that their approach to decision formulation in the context of economic change is based on personal “creative ability and intuition” thereby eradicating the notion of procedural rationality in the decision-making process.

Zacca, Dayan and Elbanna (2017: 955) contend that the decision-making process of small businesses is consequential to intuitive tendencies that are subjected to personal discretions as opposed to a more formal analytical approach that involves an impersonal rationality to planning. The data analysis confirms that the general approach by the respondents towards decision-making in the context of changes in the economic factors assumed an unsystematic and casual character in contrast to a more formal and structured decision-making pattern. However, there was one semi-interview respondent who adopted a more rational approach to strategic decision-making in times of economic changes by devised analysis of “almost four hundred and fifty data bases” in order to “identify funding priorities” so that the business can follow a pre-determined direction.

The data further indicates that the respondents' approach to the strategic decision-making intuitive-rational continuum influenced the manner in which the economic conditions were monitored and interpreted. The approach to monitoring and understanding the economic environment was not dissimilar to the overarching intuitive approach adopted by most of the respondents in the semi-structured interviews and focus groups. The data narratives of both the semi-structured interviews and focus groups indicate that respondents were aware that there are implications for their businesses due to changes in the economy that requires a level of monitoring and interpretation. One semi-structured interview respondent noted that the understanding the economic factors was essential because it is substantial to the decisions made. There was, however, one semi-structured interview respondent that expressed that the business is "not as affected by changes in the economy". This particular semi-structured interview respondent, who was the only respondent to express such sentiments, did not see the need to monitor or keep abreast of economic changes. In contrast, the focus group participants overwhelmingly saw the importance of knowing the changes in the economy despite assuming a passive approach to economic environmental analysis. During a meeting in Observation 1 attended by the researcher, the owner indicated to his team at a meeting that he was currently engaged in a "study" of the green economy and land reform in South Africa. The owner further noted the importance of this economic information to his business ventures.

Notwithstanding the majority of respondents being aware that there are changes in the economy with potential business impact, the approach towards understanding such changes were deemed imperturbable and inconsequential. Some semi-structured interview respondents approached the analysis of the environment with an implicit casual and subjective character as per example, "I try my best" to be informed of changes in the economy. Other focus group respondents based their interpretation of the environment on anecdotal evidence such as when people have less money they don't come as often, and intuitive tendencies based on personal judgement and experience. These sentiments seem to imply that an absence of an orderly method towards analysing and understanding the economic environment was characteristic of this aspect of the decision-making process. Zacca et al (2017: 951) declare that the quality of the strategic decisions among small businesses can be

affected by those owners who favour a highly informal or unsystematic attempt to environmental analysis from the perspective of information reliability and comprehensibility.

The sources of information gathered by respondents was another essential aspect of the strategic decision-making process perceived in the data capture. The sources of information were integral in informing the decisions taken by the respondents. The semi-structured interview respondents specified that their sources of information for decision-making purposes were based on buying observations, conversations with customers or working colleagues. A similar approach was also evident among the focus group participants who relied on external sources such as “newspapers” or “listening to experts”. Other external sources for the focus groups were relationships with customers, , and another was based on changes in their particular industry that signifies changes in the economy. Therefore, information sources emanated from both internal and external sources but advocated channels that were mainly informal and unstructured. Consequently, the respondents did attempt to acquire requisite information on the economic environmental conditions, but the information source for decision-making assumed characteristics of informality and casually.

The strategic options available for implementation featured prominently by all respondents in both the focus groups and semi-structured interviews. The data indicate that the conditions of the economy and the associated impact on the businesses are critical factors in the generation of viable strategic options for sustainability in the decision-making process. A variety of strategy choices formed part of the decision-making process. As data narratives show, the formation of options was a strategic response to the changes in the economy. One such semi-structured interview response to economic changes was to use such conditions to seek new “opportunities”. Another semi-structured interview respondent’s reaction to addressing the issue of strategic options within the decision-making process explored changes in labour hours as a cost-saving initiative. The participants of the focus groups contemplated services change and even changing the target market and finding new sources of revenue. A corresponding approach was indicated by a semi-structured interview respondent who also relied on offering a new service by “selling green” service concepts to their customer base. As such, the options

generated explored new market opportunities, internal efficiencies, new product possibilities and niche marketing targets. These options were based on the personal inferences and values of the business owners rather than the generation of options on the basis on critical analysis for optimisation.

To put the options generated into perspective, Salavou (2015:82) argues that the strategic options available to firms as a response to environmental conditions are the creation of a new service, developing customer loyalty, seeking new markets, identifying target customers through niche marketing or adjust pricing. Lai, Saridakis, Blackburn and Johnstone (2016: 117) similarly note that any economic change is a significant influential factor in empowering and also inhibiting the strategic decision options available to small business. According to Lai et al (2016: 117), small businesses occupy greater flexibility in their internal operations thereby possessing the ability to introduce cost-saving initiatives due to lesser regulatory requirements on their operations, although such small firms may not have the tractability to further reduce cost if they already function at minimum cost capacity.

As a result of scanning the economic environmental factors in order to understand the economic changes, the respondents used that awareness to guide the selection of possible actions to be taken as presented in the tables above. This implies a link between the respondents' analysis of the economic indicators and the potential options available in the decision process. However, the narratives also suggest that the process of decision-making was repetitive and the information gathering and option generation aspects of the decision formulation were concurrent from the perspective that the process was recurring and simultaneous rather than assuming a sequence order. An example of this is noted in the focus group remark that there was a need to keep analysing the "ups and downs" of the economy. Another focus group similarly commented there was a continual attempt at understanding the dynamics of the industry. One focus group further stated that the services offered by the business modifies as a result of changes in the economy. These narratives indicate that business owners were constantly engaged in reassessing the economic environment while simultaneously regenerating strategic choices for environmental relevance and hence sustainability. However, the analysis and selection of appropriate options for implementation were heavily dependent on the owners'

judgement, feelings and experience. The data shows that the decision choices made by the owners emerged in the absence of any systematic choices.

6.4.1.3 Sub-Theme Three: Accessing Finance

Another one of the key economic effects that impacted the strategic decision-making process were issues relating to finance. Access to and managing finance was a key part of the decisions made by the respondents. This is mainly due to finance being a significant challenge to SMMEs in South Africa. George, Khayesi and Haas (2016: 384) confirms that in the South African context, restricted financial resource access affects the strategic decisions regarding market expansion, firm efficacy and sustainability. Table 6.5 and Table 6.6 below present the data narratives of the decision-making process in the context of finance.

Table 6.5 Semi-Structured Interview samples of the SDMP in the Context of Accessing Finance

<i>"Finance is shared between the partners. We finance from ourselves."</i>	Respondent 2
<i>"I funded this alone and the help of my parents as well."</i>	Respondent 7
<i>"I didn't want funding from family, friends or fools because that would mean having a debt. My best option then was to provide it on my own."</i>	Respondent 8
<i>"I kept reinvesting into the business. The decision was simple. The scale of my business was limited to the funding I had available. I did only what I can do with the funds I had. This prevented me from having a risk burden especially when the business was new."</i>	Respondent 9

The table above provides the data narratives of the semi-structured interview pertaining to financial issues affecting the business owners. Table 6.6, as seen below, presents the data narratives of the focus groups on decisions relating to finance.

Table 6.6 Focus Group samples of the SDMP in the Context of Accessing Finance

<i>The participants were generally opposed to loans and sought other informal means of finance such as fund raising events or borrowing from close family. Not one participant were in favour of taking a loan because of the risk and the discomfort in oweing a bank.</i>	Focus Group 1
<i>Participants confirmed that there are difficulties for small businesses because of</i>	Focus Group 1

<i>the paper work involved and the risks in having the burden of a loan. On a personal level, they were also opposed to taking loans because no one wanted to be in debt.</i>	
<i>Loans were considered risky. The participants preferred reinvesting revenue into the business rather than apply for a loan. A few participants said that they were refused loans by some lending agencies therefore they sought financing from family members.</i>	Focus Group 2
<i>Start-up capital for the businesses came from personal sources such as savings, family and a few friends. Participants found these informal sources were more accessible than facing a financial institution. Also, a number of participants said that borrowing from close associates was less risky because the owners can plead for extra time if repayment is not possible when due.</i>	Focus Group 3
<i>Personal savings and reinvestment of profits were the dominant sources of funding for these participants. Some claimed that a percentage of monthly income was “put aside” in order to reinvest in the business.</i>	Focus Group 4

According to the data narratives in both the semi-structured interviews and focus groups, the decision-making process regarding sources of finance showed that the analysis of funds availability, consideration options to access funds and the associated implementation activities in order to access finance were based on personal discernment and sentiments rather than formal financial appraisal. Similar sentiments were expressed by the owner in Observation 3 who indicated during a management meeting that the business needed further finance but he “doesn’t believe in loans”. The semi-structured interview narratives indicated that the respondents “don’t like loans” which corresponds to the general comments from the focus group participants who explained that funding from any source external to themselves would translate into debt. The decisions therefore involved a consideration of the source of funds and its associated implications such as official loans from lending institutions, informal loans from personal relations and the possibility of self-finance. However, the narratives suggest that the respondents’ intuitive tendencies towards interpreting the context of finance were simultaneously accompanied by the option decisions on accessing finance. For example, one focus group concurrently associated the personal feelings of not liking loans with the option of fund raising events in order to acquire the requisite finance for the business start-up. Another focus group correspondingly asserted that the preferred option was to

use personal funds to start the business as a consequence of not liking loans because it is like somebody else owning the business.

The financing options most preferred by the semi-structured interview respondents were self-financing evidenced by “I used my money”, “I funded this alone and the help of my parents as well”, and “shared between the partners”. Some focus group respondents remarked that they reinvested in the business as the key financing decision options. In the case of Observation 3, the owner expressed the need to find new clients as a response to the business’ financial needs. These findings concur with Fatoki (2014a: 2) in that small and micro enterprises viability are dependent on the decisions made regarding the adequacy of financial access with those decision options based on external sources of finance such as venture capital, banks and government support agencies or self-funding.

The options for managing finance derived from the narratives show that respondents overwhelmingly abstained from loans as a source of funding due to the perceived high risks associated with such a venture and the disinclination of formal lending institutions to grant financial capitalization to small business entities. As one focus group contended that no loans were sought because of the voluminous paper work required combined with a risk-adverse perspective. This view was common among the participants in the focus group sessions. Similar observances on the low risk appetite pertaining to external loans and the reluctance of banks to provide loans to small enterprises due to lack of collateral security, in addition to the intuitive tendencies such as feelings of discouragement, were also noted by Fatoki (2014a: 4) in a recent survey conducted in the Gauteng Province. Rambe and Mpiti (2017: 103) affirm that the process of decision-making with regards to accessing and managing finance shows that small businesses in South Africa mainly gravitate towards funding decisions like personal savings, borrowing from close associates and accessing finance from co-ethnics. Rambe et al (2017: 103) further assert that small businesses in the services sector pursue a more informal and subjective approach towards business growth decisions such as accessing and managing finance. Therefore, the strategic decision-making process of the respondents in the context of accessing and managing finance was characterised by the owners’

intuition towards external financing and a concurrent decision options regarding informal financial sources.

6.4.2 Theme Two: Strategic Decision-making in the Context of Employees

Decision-making in relation to employees became another primary theme due to the importance placed in the human resource element within the firms. This is not unanticipated as the literature denotes that employees are at the core of an organisations' strategies and thus perform a fundamental role in organisational success (Ali, Dahie and Ali, 2016: 31). The respondents were asked to describe their decision-making process as it relates to the context of employees. The questions asked in this section are presented below.

- a. Please describe decision making as it relates to improving your skills*
- b. Please describe decision making as it relates to assessing and improving staff skills*
- c. Please describe the decisions made to create a culture of inclusion (participation) of staff in your innovative decision making (if any).*

According to the data narratives, the responses signalled a high intensity for up skilling, improvement, ideas and sharing in the decision-making process.

Based on the study, two prominent sub-themes emerged:

Sub-theme One Skills development: An organisation cannot attain success unless there is employees' skills development. Hence, this became a key sub-theme. The attributes of skills development included the improvement of owners' skills in addition to assessing and improving staff skills.

Sub-theme Two Culture of inclusion: Another emerging theme in the data was the prevalence of a culture of inclusion. Most of the respondents addressed this issue as being prominent in their businesses.

6.4.2.1 Sub-Theme One: SDMP in the context of Skills development

The issue of skill development featured prominently in the data narratives as a significant area of focus for strategic decision-making. The findings indicate that the business owners acknowledged the importance of self-development as well as staff development as a critical success factor in leading their businesses successfully.

The data narratives on the recognition for skills development from the perspective of the interview respondents are presented in Table 6.7 below.

Table 6.7: Semi-Structured Interview sample of the SDMP in the Context of Skills Development

<i>"I am consistently assessing my skills and I set benchmarks for myself"</i> <i>"We engage with the institute of business where we have a strong relationship"</i>	Respondent 1
<i>"It is a personal decision that is based on my personal values and vision"</i> <i>"We have our evaluation feedback mechanisms in place so we are getting qualitative and quantitative feedback on the performance of our consultants and facilitators."</i>	Respondent 2
<i>"You know in terms of the productivity. If they are falling short in productivity or not optimizing their time. If I find that my staff is falling short, then it's about mentoring them and teaching them."</i>	Respondent 3
<i>"Talking to my staff and finding out what they think. But my clients also give me feedback. I haven't taken them on a course but every project we review together."</i>	Respondent 9
<i>"I do a lot of inhouse training. Sometimes by me and sometimes I bring experts from the outside in a particular area."</i>	Respondent 10

Excerpts of the data narratives of the focus group participants relating to the recognition of skills development are presented in Table 6.8 below.

Table 6.8: Focus Group sample of the SDMP in the Context of the Recognition for Skills Development

<i>Most participants identified self-assessment as the main source of recognition for skill development. Relating to workers, the business owners said that their workers are familiar with their expected quality of delivery although this is mostly informal, hence they observe what the workers to in order to determine where development is required. The owners indicated that employee skills are</i>	Focus Group 1
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<i>monitored by their performance. The options for skill development were informal means such as on the job training. The owners stated that the businesses were too small for formal training because of lack of funds and time.</i>	
<i>One of the participant stated that self-development is done through attending conferences but this depended on how he felt. Most of the participants identified observation of employees as the main form of determining where skills are lacking. Training is usually on the job in an informal manner based on the observation and judgement of the owners.</i>	Focus Group 2
<i>In some cases, the employees job descriptions were used to help monitor performance from the perspective that the owner is aware of what the employee were supposed to do. The owner said that they then observe and decide where the employees need to develop.</i>	Focus Group 3
<i>Observation was the key method of deciding what skills the staff are required to enhance. The business owners revealed that this is not a formal procedure but is based on their personal judgement.</i>	Focus Group 4

The respondents acknowledged the importance of self-improvement and the up skilling of staff as major stimuli for decision-making relating to skills development. Almost all the respondents, in both semi-structured interviews and focus groups narratives, perceived the need to conduct self-assessment in order to identify areas that require improvement. The motivation for decisions relating to self-development is established on the need to acquire specific skills in order to manage the business. Relating to self-development, one semi-structured interview respondent signalled that it is a “personal decision” and that such a decision is on the basis of “personal values and vision.” Another semi-structured interview respondent was consistently assessing their own skills and establishing their own benchmarks. Similar sentiments were expressed by most of the focus group respondents who signified that the decision for self-development was based on self-assessment as the main basis for determining the need for self-improvement. Consequently, the level of decision intuitive-rationality spectrum was based on intuition and personal judgement rather than an objectively measured systems used to perform such an assessment of self-developmental needs. The pattern of decision the intuition-rational continuum therefore is inclined towards the intuitive decision-making as opposed to procedural decision rationality.

A corresponding pattern to decision-making intuitive orientation was also observed in the responses relating to the employees' skills development. The majority of respondents based their decisions on their personal opinion and anecdotal evidence of the employees' performance and skills gap. Some of the focus group responses were on the basis of observing the performance of the workers as the main system upon which decisions are taken regarding the need for employee development. The semi-structured interview respondents, on the other hand, relied on observing productivity and communication with staff. The approach to decision-making signals an informal and unstructured approach that emerges as the process of employee appraisal unfolds. Thus, the source of information that ignited the decision-making process was based upon the intuitiveness of the respondents to the varying intensity of work related efficiency. However, there was one semi-structured interview respondent who attempted to formalise the source of information by using an evaluation system to monitor employees which contrasted with the other respondents. Observation 1 also inculcated an official feedback mechanism to monitor employees' performance in order to determine shortages in skills and operations. This was not common among the other respondents who depended on intuitive tendencies to ascertain areas for improvement in staff skills. The information gathered and pondered intuitively in the strategic decision-making process is not uncommon to managers of firms because it is an inherent propensity for decision-makers to use of personal discernment when perusing and scrutinizing information quickly (Malewska, 2015: 99). This therefore deems the source of information to be highly informal and unstructured in character. However, the minority of respondents had formal feedback mechanisms in place to receive feedback on employees' performance, but the majority of businesses employed a more informal manner of staff skill evaluation which informed the process of strategic decision-making in this context.

Although the data narratives presented above were informal and based upon intuitive inference, it was certain that the owners made diligent attempts to conduct performance evaluation exercises which informed the development and training needs. Ek and Mukuru (2013: 81) emphasize that staff should have the requisite competencies required for job but there must be an operative performance management system that guides the developmental decision and choices. The

approach to interpreting the skills requirements adopted by the majority of respondents were characterised by a cyclical process of information gathering and informal processing in terms of their methods of staff skill assessments. Although two businesses had a formal and sequential performance management system that allowed for a more measured approach to monitoring of staff performance. Irrespective of the informal and intuitive nature of the decision-making process regarding self and staff-developmental needs, the evaluation of skills within the business was a prerequisite to the pertinent developmental needs that would ensure that the business functions in an efficient and professional manner. In sharing a comparable perspective, Kurtessis, Eisenberger, Ford, Buffardi, Stewart and Adis (2017: 1857) recommend that the decision-making process in relation to skills development of staff should be intrinsically associated to the specific needs of the employees including self-enhancement.

Even though the method was at most times informal, the owners of the businesses were able to properly identify the best options available for self-development and staff development. Identifying specific areas for self-improvement and staff development resulted in a number of options considered. The data findings show that the respondents were aware of the specific skills required and also exhibited the willingness to subject themselves to the learning process. Onkila (2015: 228) remarks that staff educational development is an effective tool in ensuring that the employees' skills set is consistent with the strategic intent of the organisation. Such an approach to align training to the specific needs of the business was confirmed by a focus group participant who remarked that learning a new software was associated with implementation and usage in the business. Further substantiation of skills development linked to business objectives was observed in Observation 1 where all training needs were based on identifiable areas that will directly improve the efficiency of the business. It was also observed in this particular company that the training of staff was conducted on-the-job led by the supervisors. The semi-structured interview respondents generated options for implementation using an informal manner as well such as personalised "in-house training" and learning from each other. One focus group admitted that there is no formal training programme although a few participants did identify conferences as a choice for learning. The approaches to option generation also signified that training options were an ongoing

element that rendered the approach iterative. However, there were some attempts by the minority of business to introduce a structured or semi-structured approach option to staff-development. In Observation 4, the owner of the business identified dates in which a “chartered marketer” would be coming to conduct training for all member of staff in the area of “interpersonal” skills. Similarly, one semi-structured interview respondent “engage with the institute of business” in order to provide specific training programmes for staff. However, the majority of respondents, as evident in the various data collection methods, adopted an approach towards option generation that possessed informal and iterative characteristics towards staff development.

Commenting on staff development in small enterprises, Alonderiene (2010: 263) opine that formal employee development programmes are inadequate in these businesses due to restricted times and resources. Alonderience (2010: 267) also note that the preferred modes of staff development among small enterprises are related to various forms of in-house training such as on-the-job, working with colleagues and direct interventions by supervisors which tend to be mostly informal.

6.4.2.2 Sub-Theme Two: SDMP in the Context of a Organisational Culture of Inclusion

The culture of inclusion within the businesses emerged as another key factor that influenced the decision-making process. Based on the data analysis, the issue of inclusion in the strategic decision-making process emerged as a sub-theme with the context of employees. According to Breevaart, Bakker, Demerouti and van den Heuvel (2015: 755), the quality of the employer-employee relationship, referred to as the “leader-member exchange”, is integral to the high performance of the business because it includes the prospect for employees to contribute to the decision-making process. The research findings on this area of decision-making in the context of employees are presented in the Table 6.9 and Table 6.10 below.

Table 6.9: Semi-Structured Interview samples of the SDMP in the Context of a Culture of Inclusion

<i>"My husband and staff always. He's my bouncing board especially if it's finance related. I have regular meeting with staff to share ideas and find the best way forward."</i>	Respondent 3
<i>"A lot of decisions, if I can put it that way, eighty to ninety percent of them, we meet as a team in our weekly management meeting."</i>	Respondent 6
<i>"I have my weekly meetings where we discuss everything that is going on."</i>	Respondent 10

The semi-structured interview samples provided in the table above speaks to the respondents' perspectives on the culture of inclusion. Table 6.10 below presents a sample of responses from the focus group sessions.

Table 6.10: Focus Group samples of the SDMP in the Context of an Organisational Culture of Inclusion

<i>One participant admitted that they don't really consult with anyone. However, the majority of participants seek the employees input on transactional matters but the important decisions such as marketing strategies or expansions were done by the owner without the inclusion of staff.</i>	Focus Group 1
<i>Most owners confirmed an open door policy where staff can share ideas but the major decisions such as restructuring, accessing finance and advertising were done by the owners.</i>	Focus Group 2
<i>During meetings, staff are encouraged to share ideas and opinions. However, the owners admitted that many issues affecting the business are not brought to the attention of staff because the owners tend to decide on those matters personally.</i>	Focus Group 3
<i>Some business encourage staff to share ideas such as new recipes or services to clients. However, the final decision on all matters remained the responsibility of the owners.</i>	Focus Group 4

The decision to stimulate a culture of inclusion was practiced by most of the semi-structured interview respondents in their businesses. The common factors of team decisions included (1) sharing in the managerial decision-making; and (2) staff participating in ideas. All the semi-structured interview respondents' businesses explicitly asserted that staff shared in the decision-making process in the business. The sentiments of the focus group participants also shared the common notion of inclusion in the strategic decision-making process. This is evident with comments

relating to having an open-door policy, giving staff the freedom to express their views at meetings and encouraging the notion of “partners in the shop”. On the other hand, there was one focus group respondent that stated that there is no consultation with staff. Despite stating that staff are consulted, the focus groups revealed that the consultation with staff was restricted to transactional matters whereas the important decisions pertaining to product development, expansions of the business or pricing strategies were made by the owners. The observation sessions confirmed the full participation of staff at their meetings among all business observed saved one. It was noticed that the staff in Observation 2 did not participate in the meetings with the owner. The meeting was chaired by the owner who informed staff of the issues and the way forward without consulting or engaging with the employees. However, as stated before, the majority of respondents embraced a culture of inclusion in the decision-making process.

The focus group respondents conveyed that staff were encouraged to bring ideas to the table and discuss them with management. The semi-structured interview narratives signified that sometimes even the owners required critique from staff on their ideas and work output which helps the owners to improve on the decision made which is usually held weekly. The incorporation of a decentralised approach to the decision-making process within the business harnesses the simultaneous compendium of ideas consequently leading to increased affinity and accord of the strategic decisions adopted by the employees (Jiang and Liu, 2015: 131).

Another point to note was that most business held regular meetings with staff to ensure that everyone has input in an arranged setting. Ideas are shared during these meetings and problems discussed. This specifies that the majority of respondents adopted a decision-making process that included staff in the analytical stages of the decisions as well as in generating options to take the business forward. As one semi-structured interview respondent claimed that eighty to ninety percent of strategic decisions were made as a team. Jiang et al (2015: 131) further comment that participative decision-making within the business intensifies the impression of equity due to the transparent exchange of information. In order to enhance the autonomy to participate in the decision-making process, some respondents had an open-door policy to provide any staff with the liberty to discuss work related matters.

There are two factors implied here: (1) staff are intimately involved in the decision-making process to a large extent; and (2) mechanisms are established to ensure staff inclusion such as scheduled meetings and open-door policy. The process of staff participation in the decision-making process seems iterative as the respondents indicated that ideas and decisions have a recurrent flow between the respondents and employees as evident by a focus group respondent to “bounce ideas too”. As a result, the research analysis indicate that the strategic decision-making process constitute active participation and information exchange between the owners and the employees in an iterative manner.

6.4.3 Theme Three: SDMP in the context of the Company Structure

Decision-making in relation to the company structure became a primary theme due to its importance in defining how the business operates. The respondents were asked to describe their decision-making process as it relates to the context of the company's structure. The questions asked in this section are presented below.

- a. What decisions do you take in determining the structure and staffing of the business?*
- b. Please describe the decisions you make to determine or improve the physical infrastructure of the business*
- c. Please describe the decisions made in relation to development of systems to manage the affairs of the firm and the effective utilization of resources*
- d. Please describe the decisions made to improve the operating performance of the business (improve productivity).*

Decision-making in relation to structure regarding the general administration and staffing structure was informed by the operations, availability of skills, the physical infrastructure of the business and the use of resources and productivity. Two prominent sub-themes emerged are:

Sub-theme one: Organisational structure

Sub-theme two: Physical infrastructure of the business

6.4.3.1 Sub-Theme One: SDMP in the context of the Organisational structure

Work and service delivery requirement was an essential catalyst to the operational and staffing structure. The data narratives show that the delivery of service was the key stimulus in influencing the decision-making process in configuring the organisational structure. This was therefore informed by a number of factors, including scheduling of work, issues of quality and volumes of work, when it came to decision-making on work service requirements relating to structure as presented in Table 6.11 and Table 6.12 below.

Table 6.11: Semi-structured Interview samples of the SDMP in the Context of the Organisational Structure

<i>"What kind of skills and hierarchy, chain of command, do we need to make sure that we consistently deliver a high-quality service at a good efficiency rate."</i>	Respondent 1
<i>"If I need something urgently I would just outsource it for that period."</i>	Respondent 2
<i>"I wouldn't hire anybody that I don't need because that is an additional cost. Staff is taken on a business need basis and that is based on the quantity of work."</i>	Respondent 5
<i>"I just look at the workload and the timeframe which we agree with the client and the amount of job that has to be done. With each job happening, I can't be there all the time so I have site supervisors who work but supervise the workmen."</i>	Respondent 8

The table above presents samples of the data narrative of the semi-structured interview respondents pertaining to the decision-making process in the context of the organisational structure. Table 6.12 provides the focus group samples of such decision-making.

Table 6.12: Focus Group samples of the SDMP in the Context of the Organisational Structure

<i>The participants stated that little systematic thought was placed on the structure of the organisation outside of being practical such as the work flows of staff. The business hierarchy was on the basis of how the business grew and what was needed at each stage of growth.</i>	Focus Group 1
<i>Most of the owners said that simplicity and practicality were the main motivators for deciding on the structure. The owners claimed that a flat structure was better because they preferred being involved in all aspects of the business. Most of the owners admitted that little or no thought was invested into the</i>	Focus Group 2

<i>structure prior to the start of the business. The structure is determined on a needs basis.</i>	
<i>Participants stated that staff decisions regarding staffing would mean first understanding the work requirements. The magnitude of the account would determine how many workers are needed</i>	Focus Group 3
<i>Some participants identified an organisation structure before the business started but confirmed flexibility depending on the growth of the business and availability of funds to hire staff.</i>	Focus Group 4

The focus group participants based their decisions on the organisational structure on the evolution of the business size and activities as they emerged rather than on preconceived notions. They had a vision of what the business should look like, even when they had no staff and/or capacity. This implies that from the onset, the owners of this particular business operated with deliberate intention towards the eventual structure the business would assume. On the other hand, during Observation 2 in another business, the owner of this business raised the issue of staffing arrangements for a new branch of the business. The staffing decisions were based on the personal thoughts and anticipations of the owner thus rendering the decision highly intuitive. The particular owner further mentioned that such decisions are “instinctive”. The personal intuitive decision approach was also evident in the focus groups where the owners placed little or no thought which implies personal discernment in the decision process.

For most of the interview respondents, the information sources of the organisational structural decisions were based on current assessments of the business needs. Another semi-structured interview respondent asserted that the information source for the structural assessment emanated from the number of employees and skills set required for the business at that moment of time. This implies that the source of information was not only informal but also cyclical because it requires an ongoing process on retrieving this information. One of the semi-structured interview respondents based their operational and staffing structure decisions on timeframes information from the perspective that jobs needed to be completed on time and hence the necessary resources and staffing would be structured accordingly. In another remark by a semi-structured interview respondent, staffing structure decision was based purely on information relating to servicing clients well. The obvious

commonality to the sources of information was evident in the focus groups as participants based their decisions on informal sources such as service levels and work requirements. As the focus group respondents commented, the company's structures are based on the number of accounts acquired thereby depicting fluidity and iterative characteristics in the sources and decisions regarding structure.

The approach towards understanding and interpreting the contingency factors affecting the decisions on organisational structure differed between the respondents. A few of the respondents attempted to introduce a rational objective assessment of their business structural framework through premeditated concepts of the staffing requirements and formal organisational charts. For example, one semi-structured interview respondent formulated a chain of command accompanied by predetermined skills-set pertinent to each level. However, the majority of respondents in both semi-structured interviews and focus groups assumed an approach that was more dynamic and flexible which were associated with the rapidity of changes affecting the structure. One semi-structured interview respondent maintained full staff flexibility due to the model of outsourcing staff as is needed. Therefore, this signified a cyclical and flexible approach to decision-making regarding staff structure because of the staff periodic recruitment on the basis of necessity. It was noted in Observation 5, during a discussion on upcoming projects, the owners suggested temporary hire to fill those skills gap, however, the skills requirements changed with each project thereby shifting the structure as projects emerged. The process in formulating the structural strategy was lacking in administrative potency, limited specialist skills and an inadequacy of formal policies and procedures in most of the data collected. As such, the organisational structure was predominantly ill-defined and adaptable in order to meet the changing expectations of the business. This is not uncommon in small businesses due to the lack of managerial competencies which directly affects the intensity of firm's structural formalities and procedures (Kayadibi, Polat and Fidan, 2013: 399).

Cosh, Fu and Hughes (2012: 302) opine that there is deficiency of structure in small firms due to an absence of instituted procedures and administrative experience thus resulting in indistinctness and indecision of roles and responsibilities. In addressing this decision-making paradox underscored above, Meijaard, Brand and Mosselman

(2005: 83) argue that in the organisational configuration of small firms, there is an “unconscious emerging development”. As such, the research analysis suggest that the majority of respondents were indeterminate in their structural intentions and strategic options, and there was an undefined evolutionary element to the firms’ structure.

In terms of the options for the organisational hierarchy, the narratives signify that most of the respondents did not follow a very hierarchical model with many levels and instead used an option model which constitute the owner and few employees at the operative level. One focus group remarked, the decision options for the business were simple and practical. The observations conducted at each business place confirms that the organisational structure was flat and characterised by uncomplicated functionalities whereby there were few hierarchical levels in operation. For instance, Observation 3 conducted at a financial consultancy firm noticed a round table in the conference room which removed the notion on rank. Even though there was no documented organisational chart presented during this particular observation, all staff members were aware of each other’s role and responsibility. The office layout was an open plan and everyone was accountable to the owner. According to Sinha, Singh, Thakka, Shah and Sharma (2017: 713), small enterprises assume these simple structures as an outcome of the informality associated with the management of the various functions and the typical interrelating of roles and responsibilities of the employees.

The decision-making process in the context of the organisational structure indicates that the respondents primarily examined their business model with a sense of adaptability and iteration that induced the adopted configuration. The data narratives further indicated that following the staffing information gathering, the decision-making process involved the identification of options that met the needs of the business which consisted of notions of the business functionalities, project details and quality service delivery. However, the information gathering stage and the option generation were concurrent and directly interrelated. Overall, the decision-making process in the context of structure assumed an informal flexible approach to strategic decision-making but was lacked in elements of policies and procedures.

6.4.3.2 Sub-Theme Two: SDMP in the Context of Physical infrastructure

Physical infrastructure was part of the decision-making process for overall structure of the business. The key informants of the physical infrastructure decisions were based on the functionality and public image which inspired the physical work space. Table 6.13 below presents the interview data narrations of the strategic decision-making in the context of the enterprises' physical infrastructure.

Table 6.13: Semi-Structured Interview samples of the SDMP in the Context of physical infrastructure

<i>"There is no analysis that happens there so we don't have a strategy yet because we are a small environment. I know there are theories and some science to it but at this stage we haven't applied any. We thought about what's practical like we need a board room space."</i>	Respondent 1
<i>"When my clients come in they must feel that sense of beauty in here. It's all about creating a sense of beauty in not just how they look but what they feel when they walk in."</i>	Respondent 7
<i>"We make sure that the look and feel of the shop is quite good. It makes sure that when you are in the shop, you get a sense that the amount that you pay is equal to the environment, the quality of the coffee and everything you get in the shop. We have to set it up in that way so that you don't feel like are short changed."</i>	Respondent 8
<i>"So, the office is actually very simple and practical with desks and chairs for basic work."</i>	Respondent 10

Samples of the focus groups narratives on the decision-making process in the context of the physical infrastructure are presented below.

Table 6.14: Focus Group samples of the SDMP in the Context of Physical Infrastructure

<i>The participants said that knowing the customers and the services offered determined the layout of the business. For example, one participant said the layout designed for the comfort like those who play and those who wait at the business</i>	Focus Group 1
<i>Floor mapping like who sits next to who is very important for workflows according to the participants. It is divided based on functionalities like paralegals sit together and IT will sit together. The entire office is based on a</i>	Focus Group 2

<i>design to optimize efficiency in that way</i>	
<i>The participants noted that this is very important to us because when a client comes to our office he needs to see a particular look. He needs to see an orderly looking office with nice furniture and well-dressed staff</i>	Focus Group 3
<i>The physical layout and seating arrangements of staff were also dependent on practicality for the easy sharing of information, space availability and communication.</i>	Focus Group 3

The pattern of decision-making in this context was also very simple and based on the personal intuition of what they assumed the business need for functionality. One interview respondent admitted that while there might be a systematic approach to an office design, their approach was motivated by obvious pragmatism. This is further evidenced in Observation 2 where the owner's decisions physical design of the business was based on personal impulse of what the business should "look and feel" like. Most of the focus group respondents shared similar sentiments about decisions relating to the physical infrastructure because of the importance to the business thereby implying the intuitive orientation of the decision-making process. Therefore, it is evident from the narratives that the pattern of decision-making adopted in this context was mainly impelled by the respondents' intuition.

The source of information in the context of deciding on the physical infrastructure was based on anecdotal evidence gathered by the business owners. Observation 3 approached the issue of information sources upon anticipated client's expectations of "how a consultancy office should be". Majority of the focus group respondents implied that their decisions on physical space was driven by notions of productivity as a critical information source. The decision-making processes for the focus group businesses were stimulated by the need for a simple and practical approach to physical space in order to enhance such operational efficiency. One focus group relied on clients' feedback as an information source in the design and layout of the business. For the sites/customer-based businesses, for example the cleaning companies, physical office space was not very important, because most of their work was done at the clients' premises hence the information source was deemed informal but relevant to the decision. Other focus group respondents indicated that they first considered the need for easy communication and uninterrupted workflow based on their distinct business model. Observational visits to the various offices

demonstrated the information basis for decisions regarding the layout of the office. For example, the office space at Observation 1 was an open floor plan that allowed ease of communication among staff and facilitated the sharing of ideas. The owner admitted that staff engagement was a significant consideration for the particular layout. The sources of information based on informal channels and retrieved in casual respects as opposed to formal systematised approaches to information sources to influence decisions regarding the physical infrastructure.

The general responses from all the respondents implied the importance of understanding the physical design of the business in order to ensure heightened levels of productivity and achieve the targeted atmospheric impressions. The result of interpreting the nature of their operations led to the contemplation of premises that had to be simple and practical and more towards ensuring that their materials and equipment was properly stored and secure. Given the importance placed on this particular decision, there were some elements of proactive or deliberate attempts by the majority respondents to the design and layout of the office space. At Observation 5, project managers were purposely placed next to each other in order to allow collaboration on projects. A similar approach to design was done by a focus group participant who designed the layout on the basis on specialist skills in order to generate synergy among staff. However, one semi-structured interview respondent approach to understanding and interpreting the infrastructural context was based on “no analysis” which implies a more casual and informal approach to decision-making.

Most of the designs which appealed to atmospheric impressions were based on anecdotal evidence rather than objective analysis in the context of interpreting the information. A semi-structured interview respondent indicated that the conceptual framework for the atmospheric impressions were based on personal values about giving customers value for money. Such a causal approach was also adopted by focus group participants that interpreted customers’ expectations based on knowing the customers. Therefore, the general approach was casual as it was based on those informal channels of information as no respondent indicated the use or advice of design experts or professional consultants in the decision-making process within this context. The responses also implied that the informal assessment of these

contingency factors was concurrent to the selection of options relating to the design of the office space. It is evident from the narratives that the interpretation of the situational contexts of atmospheric impressions, workflow efficiencies and customers' anticipations was simultaneous with choices of business configuration.

The data narrations signify that there was some consistency with regard to the decision-making process on the options generated. The decision options emerged from the adoption of strategic intentions, although not formally articulated, of what the businesses want to portray and offer to the clientele. Ariffin, Bibon and Abdullah (2017: 91) remark that the decision-making process regarding the physical design and layout of a business in the service sector should be fastidiously patterned in order to precisely reflect the strategic intent of the business. The data narrations show that some of the options generated were specifically fashioned to fulfil the strategic intentions envisioned by the respondents but the majority of options had an incremental emergence based on contemporary conditions.

Some of the options identified by the respondents related to creating a service orientated layout as so it could serve their service opportunities and enhance productivity as well. Based on such an environmental condition, the respondents saw the necessity to ensure that the physical space was designed in order to portray the image of the business. Physical spaced needed to be aligned to the branding of the business which implies a strategic coordination between analysing the rhythm of the market to the choices selected for implementation. One semi-structured interview respondent explained that the business needed to entail beauty, character and creativity because that is what the market expects. Ultimately, it needed to reflect what the business had to offer. The decision-making option of the physical space was also targeted to entice customers to visit the business therefore synchronising the respondents' intentions to the strategic options. According to Maroofi (2016: 6), the process of decision-making regarding the physical layout of the office space commences with an analysis of the firm's routines, inter-functionality of staff, communication necessities and areas of specialisation. Therefore, strategic decision-making process presented in the data narratives has considered, albeit informally and intuitively, these situational factors in seeking the best option for its physical layout. As a result of such a situational context, Otterbring, Pareigis,

Wästlund, Makrygiannis and Lindström (2018: 332) suggest that small businesses prudently consider the impact of such a physical layout, whether in the form of cellular offices versus open plans, on the firm's productivity. Popescu, Deaconu and Popescu (2015: 647) contend that small enterprises decisions relating to the chain of command and the physical design of the business are more inclined towards centralization around the business owner's personal discernments and the adoption of a simple operational structure due to the informal characteristics of the business.

6.4.4 Theme Four: Market-Customer Orientation

The theme of Market and Customer orientation was by far the largest theme of the study. This is a logical argument as the markets and customers are possibly the largest determinants of decision-making for business success. Seilov (2015: 73) assert that close relational proximity to the market and customers are important facets in distinguishing small businesses from the large business sector. The respondents were asked to describe their decision-making process as it relates to the market and customer orientation. The questions asked in this section are presented below.

- a. Please describe what decisions you make as far as improving customer relations.*
- b. Please describe decision making as it relates to competition and improving your market presence.*
- c. Please describe decision making as it relates to determining what products or services you offer to the market.*
- d. Please describe decision making as it relates to the creation of new products or services to grow the business*
- e. Please describe how you go about deciding your customers' preferences.*
- f. Please describe the decisions you make in a turbulent or uncertain environment with regard to any threats or opportunities.*
- g. Please describe decision making when it comes to marketing/advertising your services business.*

h. What decisions do you take when you deal with difficult clients?

An analysis of the content of the data reveals the following sub-themes in relation to strategic decision-making in the context of the market-customer orientation.

Sub-theme One: Markets

Sub-theme Two: Customers/Clients

Sub-theme Three: Dealing with difficult clients

6.4.4.1 Sub-Theme One: SDMP in the context of the Market

The global and local markets are significant determinants to almost any business. Therefore, decision-making in this regard is crucial and should take various dynamics into the account. The key important decisions relating to the market and marketing are presented in Table 6.15 and Table 6.16.

Table 6.15: Semi-Structured Interview samples of the SDMP in the context of the Market

<i>"Really network far and wide to have our ears on the ground to a lot of conversations and relationships in the markets."</i>	Respondent 1
<i>"We don't follow rules. It is about our creative energies."</i> <i>"That kind of decision comes from the client."</i> <i>"It is almost intrinsic where we don't follow the step by step methodology, the creativity and innovation becomes part of our DNA."</i>	Respondent 2
<i>"I think social media determines what we do. There are lots of bloggers in Johannesburg. So we follow the trends that they set."</i>	Respondent 3
<i>"I don't know if I've ever been that deliberate about it. It just occurred to me that this is something that people might need or it comes about out of a client's relationship. You realise that you keep getting asked for this. So, that's something you need to develop."</i>	Respondent 4
<i>"It is word of mouth that is the best. We realized, based on our experience, that word of mouth works best for us."</i> <i>"It's usually by discussions that happen, like, without planning...it cannot always be formal. You can learn about what's going on in the industry be it at a friend's party. It can be anywhere with anyone."</i> <i>"It's not about reinventing the wheel. It's about re-position to see how the travel industry can be revolutionized"</i>	Respondent 5

<i>"Our services must meet international standards and South African standards but must be better than what others offer."</i>	Respondent 6
<i>"So, I am always looking at different marketing opportunities to minimize any turbulence I might have to face." "Sometimes clients would request a certain service that you don't have. Then, I look into that. I'm like maybe I could offer that."</i>	Respondent 7
<i>"You have to be very aware. Maybe drive around and see what people do and what people don't do."</i>	Respondent 8
<i>"What the customer thinks and wants is central to this type of business. This positions us to tailor make our services to their liking. But, it's about learning and trusting yourself in business."</i>	Respondent 9

The table above provides samples of semi-structured interview narratives relating to the decision-making patterns. Table 6.16 presents samples of the focus group narratives with regard to the decision-making patterns.

Table 6.16: Focus Group samples of the SDMP in the context of the Market

<i>Participants admitted that not much deliberate thoughts are put into devising marketing plans. Some even said that no marketing was done because of lack of skills. Some owners determine the conditions of the market based on trends in sales and customer buying patterns. All owners admitted the need to know the competitors in order to compete in terms of prices and quality. One business owner said that these sources are not formal but based on everyday observance and just simple understanding the market. Other owners adjusted prices based on competitors' prices and feedback from customers. Some owners said that their decisions are based on faith and trusting in a higher Being.</i>	Focus Group 1
<i>A few participants said that they don't advertise their businesses but depend on word of mouth in order to grow sales and determine what the market wants. Focus on giving each client special attention was a popular marketing tools used by the owners. One owner went admitted to visiting competitors businesses to determine what services they offer in order to offer better services.</i>	Focus Group 2
<i>The majority of businesses admitted to the lack of a formal method of gathering and analysing competitors. Casually scanning social media was a popular method of knowing what the competitors are doing and what customers want.</i>	Focus Group 3
<i>The business owners depend on customer feedback through close customer relations as the most important factor in getting information on the market and competitors offerings. This information is used to decide what service to offer</i>	Focus Group 4

<i>and prices to set. The owners emphasized the value of experience in dealing with customers and knowing what to expect.</i>	
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According to the research analysis, the respondents in both the semi-structured interviews and focus groups relied heavily on personal intuition in order to guide the decision-making process in the context of the market and marketing strategies. For example, one semi-structured interview respondent was explicit in the indication that “We don’t follow rules” because market decisions are “about our creative energies”. Another semi-structured interview respondent based their decision on past experience and what was “realized”. It was therefore common among the semi-structured interview respondents to rely on “trusting yourself in business”. An intuitive approach to decision-making was also noted in Observation 3 during a staff meeting that discussed new financial services for clients. The owner urged staff to use their “creative faculties” in order to suggest new ideas and opportunities. In other cases, the focus group respondents expressed dependence on feelings, personal thoughts and past experience. Most of the respondents indicated that the strategic decisions were not based on complete market information but rather based on intuitive tendencies and experience.

Knowing the market environment was a critical factor as described above. However, the source of information in the process of market environmental analysis is also an essential element in the decision-making process of these respondents. The data narratives for both the semi-structured interviews and focus groups show that having long term and loyal relationships with clients gave the business an opportunity to properly orient itself with the client’s needs and expectations. As such, the informal client relationships and social relationships were important stimuli and sources of information in the environmental awareness aspect of the decision-making process. One such semi-structured interview respondent depended on networking relationships as a source of information that influenced the decision-making process. For another semi-structured interview respondent, social media “determines what we do”. It was also noted by the focus group participants that trends remained a key factor in the generation of possible information in an attempt to influence the product and service offerings as well as looking at competitors by monitoring their market offerings. As such, the sources of information used in decision-making were informal

and generally depended on social relationships and the personal skills of the owner in gathering market environmental intelligence. As in the case of Observation 3, staff was reminded of the importance of engaging and listening to customers in order to identify opportunities and understand trends. This suggests that the main sources of information were informal and retrieved casually based on social relationships as opposed to the use of formal research mechanisms as the means of market data capture.

The intuitive and experiential pattern of strategic decision-making and the informal sources of information also influenced the way in which the respondents monitored and interpreted the market. The responses gathered in the data narratives indicate that uncertain market environments create both threats and opportunities that function as stimuli for the decision-making options. The decision-making process demonstrated in the above tables placed significant emphasis on the need to understand the market and its associated forces as a result of the environmental stimuli in order to generate market responses through the generation of options. As a response to such impetuses, decision-making was hence based on interpretation of market changes as a simple but critical activity. As evidenced by the comments, a focus group respondent does not follow trend but instead relied on the relational proximity to customers thereby rendering interpretation based on anecdotal evidence through casual means. This approach to market environmental interpretation entailed being aware of information availability at any time whether through premeditated formal means or through informal channels. Understanding and interpreting the market “cannot always be formal” because learning can be at “parties” and knowledge can be exchanged “anywhere with anyone” according to a semi-structured interview respondent. As with Observation 5, an innovation consultancy firm, the analysis of the market and marketing potentials involved a group of consultants offering various interpretation possibilities of trend analysis and “trend extrapolations” on the basis of intuitive anticipations of future buying habits. The subjective and unstructured approach to interpretation can be seen from the above narratives. This is supported by the perspective of a semi-structured interview respondent whose approach to information interpretation was fluid and subjective even though there was the admittance of the importance of monitoring the market environment by “driving around and see”. Nevertheless, even though the

interpretation approach lacks obvious order, semi-structured interview respondents can gain valuable insight about what's happening in the industry.

It was evident from the data narratives that the process of gathering and interpreting environmental market information from the varying sources was also iterative. For example, one semi-structured interview respondent was “always looking at different marketing opportunities” which involved in a recurrent monitoring of the market in order to inform their strategic decisions. This was also inferred by the focus group respondents who mentioned that market information gathering is not a preconceived sequential rationale by stating that the information source for the decision-making process was based on continuous discussions with clients that informed the options generated. One semi-structured interview respondent further affirmed that market analysis stage of the strategic decision-making process is more passive than deliberate because the interpretation process is “without planning”. Other focus group respondents based their market interpretation and option generation on continuously monitoring competitors' businesses thereby indicating a fluid approach a decision formulation approach is very cyclical in nature. Hence, based on the research analysis, the market interpretation approach is unstructured and usually emerges as a result of social-client relationships and other means of informal sources. The fashion in which the market environment is monitored and construed is non-sequential and usually involves an iterative style in its approach towards information gathering and interpretation.

However, having reasonable knowledge of client expectations and the market dynamics is beneficial to both the client and the business as this would define the standard of service delivery and generate the means of competitive differentiation. The narratives show that the decision-making process consisted of attempts to establish gaps in the market which allow for a better provision of services and satisfaction of customer needs. Zehir, Can and Karaboga (2015:361) contend that in the process of attempting to satisfy these market-customer gaps, the decision-making process entails high innovation proficiencies in the translation of its strategic options into efficaciously responding to the changes in the market environment. The exploration of viable options in order to differentiate the firm's services from the major competitors is fundamental to the firm's quest for customer loyalty and market

sustainability (Zehir, Can and Karaboga, 2015: 360). These factors were essential factors considered by the owners when considering the best options for the business.

The data narratives, both semi-structured interviews and focus groups, show that all the respondents were endeavouring to ensure that their businesses were offering more than their competitors in order to attract and retain customers. Therefore, the decision-making process in this context explored a variety of options that impacted the subsequent actions based on the external competitive environmental conditions. One focus group respondent identified a niche market option that became the focus of his strategy by focusing on a few customers. However, this particular respondent shows a limited response and ill-defined avenues to exploring the strategic options of his business given the fact that the business is heavily dependent on only few customers.

A semi-structured interview respondent acknowledged that option generation encompasses “innovation and creativity” in formulating new service offerings for client consumption. Such option generating creativity in new service formulation was also adopted by a focus group participant who expressed the need to “offer things they don’t”. One semi-structured interview respondent stated that the process for option formation did not seek innovation as a possibility but rather relied on repositioning the same product in the same market. On the other hand, other semi-structured interview respondents were willing to incrementally adjust with the market changes due the change being typical. For example, one semi-structured interview respondent explored decision options such as new service development based on discussions with the clients. Besides market penetration and service development options, other forms of strategic options were also explored. One focus group based their strategic option what competitors are doing then try to produce distinguishable features by offering something different. Observation 4 admonished staff to constantly seek “new avenues” to “offer services that exceed” clients’ expectations.

The strategic options of niche marketing, product re-positioning, product improvement, product development and differentiated features were some of the key differentiated factors discussed by the respondents. Gao and Hafsi (2018: 3)

recommend that firms seeking to gain a competitive advantage should explore various sources of differentiation which includes features of a product, channels of distribution and customization of the product to meet the needs of the user.

However, the concept of generating options in the decision-making process was also informal, amorphous and loosely iterative in development. As one focus group confirms such as approach because there is the need to always monitor the market and keep abreast of the latest information because they “have to go with the changes. A semi-structured interview respondent admits that a sequential rational approach is extraneous to their notion of option development as the preferred method for decision-making was more iterative rather than step by step. The development of options was also reactive as opposed to a deliberate purposefully measured choice in which to guide the firm. This was evident as one respondent mentioned that some services are based on the request of clients as opposed to objective market analysis.

Overall, the data narratives in this particular context imply the option generation followed convention models of identifying and exploiting differentiated strategies in the services offered in order to gain competitive advantage. However, the process involved in developing these options was less defined and reactive. This implies that the respondents adopted flaccid techniques towards decision-making that characterised the market environmental analysis and the preferred source of market information.

6.4.3.2 Sub-Theme Two: SDMP in the context of the Customers/Clients

The second major sub-theme under markets examined a number of factors identified by the respondents relating to customer relations. Hence customers and clients were possibly the most integral part of business success.

In order to continuously hold the customers’ support, customer relations were an important component of the strategic decision-making process. The following factors informed good customer relations according to the respondents.

Table 6.17: Semi-Structured Interview samples of the SDMP in the context of Customer/Clients

<i>"So, I feel that well, it very important to understand what people's values are, what speaks to them and keep feeding into that."</i>	Respondent 4
<i>"It's about building relationships first. It is a key element for the value proposition that I have is that the business needs to build relationships with other business or individuals because that would be the key factor for the success of running the business."</i>	Respondent 5
<i>"I realized that lots of my clients like it when I am here"</i>	Respondent 6
<i>"What the customer thinks and wants is central to this type of business. Then positions us to tailor make our services to their liking."</i>	Respondent 9
<i>"For me personally, building that relationship and finding out if everything is fine. Building that relationship is building assurance so the client knows you are reliable and you are there."</i>	Respondent 10

The table above provides samples of semi-structured interview narratives relating to the decision-making process. Table 6.18 presents samples of the focus group narratives with regard to the decision-making process.

Table 6.18: Focus Group samples of the SDMP in the context of Customer/Clients

<i>Most of the owners stated that each client that comes to us expect individual attention. It's like no other problem in the world exist except their problem, their issues. They wouldn't always tell you this but you have to be keen. The owners said that they know us, they trust us so we try to maintain it. There's this trust relationship. You know, in this kind of business, it's about your personal touch. Determining what customers want is based on this relationship.</i>	Focus Group 2
<i>The business owners do not have formal mechanism, such as a customer feedback box, to capture customers information but depend on relationships with each customer to identify what prices and qualities the customers expect.</i>	Focus Group 4

The respondents' approach to quality of service and ensuring client satisfaction was based on relationships and personal intuition. The data narratives indicate that the decision-making process relied on the respondents' personal sense of feelings or casual realization about the context in which a decision is to be made. As indicated by the semi-structured interview respondents, the pattern of intuitive decisions was based on "I feel", "realize" and a personal sense of perception. The majority of focus group respondents implied that there was little or no reliance on formal feedback

mechanisms, like feedback boxes, to inform the decisions taken thereby relying on personal judgement. The focus group respondents were more stimulated towards customer relationship decisions based on being keen and personal touch which signifies significant reliance on an intuitive preference towards decision-making. Mozaheb, Alamolhodaei and Ardakani (2015: 43) comment that customer relationship management is a key aspect of the strategic decision-making process for small enterprises. Mozaheb et al (2015: 43) further stated that such a relationship is based on the individualized services derived from the business informed by personal discernment of the client's expectations.

Relations with customers was the main source of information in the decision-making process when it came to improving client services thereby indicating the source as casual and anecdotal in character. For the semi-structured interview respondents, it is about ““what the customer thinks” and “building relationships first”. Observation 1 noted at a managers’ meeting that “client relationships” was essential in obtaining “efficiency reports” in order to rectify any problems. Therefore, the owner of the business in Observation 1 relied on those relationships as a critical source of feedback about operational efficiency. According to the focus group narratives, giving customers individual attention and making them feel valued through relation building was what customers wanted which often led the respondent to know what the customers expected. Another focus group also relied on customers as the main source of information based on mutual trust. The lack of a formal feedback mechanism, such as a customer feedback box, resulted in the source of information assuming a more casual character.

The semi-structured interview narratives also noted that it was important to interpret the client's value system and then complement that through business offerings. The approach to interpreting the sources of information was also informal and casual as the initiative was based on the rationale that customers were the main reason that provided their income, hence, a casual relational client mind-set was key to customer relations. As one semi-structured interview respondent fostered interpretation of the client by spending time with customer through “listening” and “building assurance” which signifies the importance of social relationships as an information source. Hence, a social approach to interpretation was a common factor among most of the

interview respondents. The focus group participants expressed similar sentiments in that interpretation of information was “very friendly” and social in that understanding the client emerged from “individual attention”.

The options generated for implementation by the semi-structured interview respondents were focused on tailor made services and reliability as differentiating factors. The decision options that emerged was unique to each client consequential to “finding out if everything is fine”. As such, it suggests that the generation of options were incremental and cyclical as the “keep feeding” into the process of formulating service options to meet the changing demands of customers. The focus group participants also attempted to offer options differentiated on “individual attention”, “trust” and “friendly” environment. For one focus group, these options were unique to each customer as though no other customer existed in the world and based on what each client expected from the business. Similar to the characteristics of the options formulated by the semi-structured interview respondents, the approach to option generation by the focus group participants was also emergent and incremental in character as decisions developed with each customer interaction and designed to meet distinct customer’s expectations. It was clearly demonstrated in a meeting of staff at Observation 5 where an intervention, called an “innovation disruption”, for a client was being prepared. The “innovation disruption” was unique to that specific client but the services offered to the incrementally developed based on changes in the client’s industry and changes of client’s expectations. Ju, Tong, Hu and Sun (2017: 62) contend that service differentiation, as a strategic option, is “perceived as unique and excellent from consumers’ perception” in order to enhance customer satisfaction.

In summation of the decision-making process within the context of customers/clients, being collegial with clients improved relationships as the clients felt that they were not just seen as a customer but also in a collegial sense. Communication was important in building relationships and it was based on open communication such as getting together with clients to discuss issues, problems, and areas of improvement (Khodakarami and Chan, 2014: 29). It was important to be proactive and initiate the communication with customers rather than waiting for them to initiate feedback. Regular follow-ups with customers was also important to maintain communication

and the relationship as a whole. This is consistent with the findings of Al-Hawari (2015: 53) who contends that service quality had a direct impact on the level of customer loyalty.

6.4.3.3 Sub-Theme Three: SDMP in the context of difficult clients

It was a strategic decision to pay attention to difficult clients because it provides assurances to the clients that the issues are actively considered and it challenges the business to seek ways to improve on its delivery. The research findings are presented below on the decision taken in the context of managing difficult clients and steps to problem solving.

Table 6.19: Semi-Structured Interview samples of the SDMP in the Context of difficult clients

<i>"You don't have the luxury of telling someone to bugger off. You suck it up and you fix it."</i>	Respondent 3
<i>"I always try managing it and getting to the bottom of what the problem is."</i>	Respondent 4
<i>"With difficult clients, it depends. I mean, I've had to say no to certain clients"</i>	Respondent 5
<i>"That's why I've said that if the customer is not happy and it goes below eighty percent then the way of escape is to say we are sorry. We did wrong...We train our people, our managers and even ourselves"</i>	Respondent 6
<i>"I could see that you must first understand what the client is difficult about. Did we do something to upset the client? Did we fall short on what the client expected from us? This is a learning lesson."</i>	Respondent 8
<i>"It's about building communication with an unhappy customer"</i>	Respondent 9
<i>"You have to sit down and understand what the problem is."</i>	Respondent 10

Excerpts of the data narratives gathered from the semi-structured interviews are provided in the table above. Table 6.20 below presents excerpts from the data narratives collected from the focus group sessions.

Table 6.20: Focus Groups samples of the SDMP in the Context of difficult clients

<i>Owners suggested that you don't fight back. It is bad for business. Understanding the problem is important. You talk to the customer and understand the problem. It really understanding each other and understand what they are saying."</i>	Focus Group 1
<i>The owners suggested getting calm and working with the client to find solutions that they are willing to accept. One owners stated the need to humble yourself train staff on how to deal with people which is like don't argue back but just listen. An owner suggested that when a customer is unhappy with our services. I personally deal with each complaint by listening to the customer. You know, sometimes people just want you to listen to them and understand their point of view.</i>	Focus Group 3
<i>Most owners agreed to never make a decision for clients but give them all the options and consequences and have them decide on their own."</i>	Focus Group 4

The pattern of decision-making in the context of dealing with difficult clients and problem solving adopted a personalised disposition. The focus group participants exclaimed they try to understand their clients thereby dependency on personal intuition was the prevalent mean of confronting client's difficulty. This approach was reflective of most members of the focus groups. The semi-structured interview respondents adopted a corresponding approach whereby the predominant pattern was to "sit down and understand" the situation with the client. This implies that the preferred method was personal discernment in dealing with the difficult clients. One semi-structured interview respondent did establish a more formal scientific system in deciphering client's grievance and problem situations. However, this respondent was in the minority because intuitive decision-making was the common pattern among the focus group and interview respondents.

The source of information was the client due to the context of the situation and the individuals involved. This was confirmed by a semi-structured interview respondent who emphasised the importance of contemplating on "what the client is difficult about". The client therefore is the major focal point of information source. Further confirmation was noted in Observation 1 where every managers' meeting underscored the importance of customer feedback in order to improve relations and maintain loyalty. This trend was also perceived in Observation 4 where the owner requested reports from staff on customers' feedback so that problems can be

immediately addressed. The focus group narratives also denoted the role of clients as an information source. One such focus group identified the client as a source of finding solutions. As a result, the information source is deemed to be casual and informal for the majority of businesses.

According to the data narratives in both tables above, a problem could not get solved unless the problem was understood. Interpreting the problem was the first step in the generating feasible solutions to the situation. For instance, during Observation 4, the owner reported to staff that a major client no longer was interested in doing business with the firm. The owner informed the staff that a meeting was held to fully understand the “cause of the loss”. Similarly, a semi-structured interview respondent approach to interpreting the difficulty was to “sit down and understand” the problem. This was also reflected in the focus groups as some participants remarked that you just listen to the clients and understand their point of view. The approach to interpretation suggests an active but unstructured approach to understanding the clients and the problem situation. This entailed casual meetings with each client in order to detail the cause of the problem. A key decision on problem solving was that of keeping an open mind which enabled more flexibility in solving a problem with customer as it provided options for consideration in alleviating the problem. Some of the focus group participants recommended that you don’t fight back, humble yourself and try to understand what they are saying. Those sentiments were shared by the semi-structured interview respondents who noted that it is a “learning lesson” and you “suck it up”. Yagil and Luria (2014:922) advocate the importance of understanding the customer’s grievance from the perspective of the customer in order to offer appropriate solutions to the underlying deviance and expectations. This facilitated more understanding and shared communication.

It was interesting to note that only one business had a policy in place on how to resolve issues with clients as noted in Observation 1. The policy measured clients’ satisfaction levels based on various criteria which are reported back to the owner. This informs the owner of specific areas where intervention is necessary. The other businesses, as previously discussed, adopted a more informal approach to interpretation of the difficulties but were very clear on the necessary steps and strategies required to maintain good customer relations and deal with problems as

they arise. The respondents, in both the semi-structured interview and focus group narratives, also indicated the need for excellent people skills in resolving any problems through “calm” and “managing it”. The narratives thus show that problems will not be understood or solved without having the ability to work with people. The implication here is that potential solutions were unique and therefore required intuitive decisions on each case. One focus group recommended the need for patience and understanding, and to see the situation from the client’s point of view. The focus groups narratives also indicate that customers just wanted to be heard by providing the opportunity and platform for such listening which was deemed instrumental in understanding the problem. As a result, Sayers and Fachira (2015:130) contend that employees require surplus “emotional investment” when dealing with challenging customers.

In terms of the options generated for implementation in the context of difficult clients and problem solving, the potential choices varied. Keeping continuous communication open, as stated by a semi-structured interview respondent, for determining expectations and suggestions to resolve the problem was important thereby suggesting an iterative approach was required. Such a cyclical tendency was also implied by the focus group participants who personally attend to each complaint. However, a large number of respondents believed that despite trying to keep clients happy, setting boundaries with clients was important. One semi-structured interview respondent exclaimed that there had to be a certain point when client’s contribution had to be measured and if non-profitable clients were continuously problematic, then it was time to let them go in a polite manner.

One focus group asserted that they never made decisions for the clients. However, they provided options and the pro/cons of that option and let the client decide thereof which at times resulted in the problem arising and solutions offered being concurrent. During Observation 3, the owner remarked that proper targeting of difficult clients, such as those that require immediate attention, was important as so the business did not lose time and resources on those that could not be resolved. In so doing, the business needed to also reflect on the situation and make decisions thereof. Such decisions included as resistance or compliance which were dependent on the particular circumstance and the nature of the problem. Training of staff was very

important in dealing with difficult customers as indicated by a semi-structured interview respondent. A focus group further elaborated that it involved training staff to listen, not argue and be professional despite clients' attitude would contribute to resolving the problem. As far as responding to difficult clients, respondents noted that the analysis of the data indicates that the options generated for implementation was not predetermined solutions but emerged as a consequence of specific situations and contingency factors thereby requiring flexibility, iterability and concurrency in determining the most appropriate option for the given circumstance.

Similar to the suggested solutions noted by the respondents, Sayers and Fachira (2015:130) recommend that businesses should not compromise on service quality when dealing with difficult customers. Although the suggestion offered by the respondents were informal, the recommendations similar to Neumiller-Bustad (2008:31) who advises that the main goal is to harness the appropriate skills required to usher the problematic customer into a progressive direction.

The strategic decision-making process in the context of problem-solving adopted a more informal approach than formal. However, the analysis indicated that the initial approach encompassed understanding the nature and cause of the problem based on the respondents' intuition. The main sources of information were the clients which required a casual, open-minded approach to interpreting the problem. Many options in the decision-making process were considered such as developing people skills, listening to clients, collaborating with clients to find possible solutions and accepting responsibility of the situation. Due to the dynamism and plethora of problems each business may encounter, it was not possible to identify an agreed universally accepted approach. Nonetheless, each respondent adopted an approach that was suitable to the situation and that preserved good customer relations in order to facilitate learning and growth of the business.

6.5 Synthesis of the Strategic Decision-Making Process of the Various Themes

The data narratives assessed the strategic decision-making process in the context of the four major themes. This section presents, in tabular format, the key

characteristics of the data analysis. This will be further highlighted in Chapter Seven.. Table 6.21 compares the strategic decision-making process of each theme discussed.

Table 6.21 Synthesis of the SDMP of the Various Themes

THE STRATEGIC DECISION-MAKING PROCESS (SDMP)				
SDMP THEMES	Pattern of Decisions	Source of information	Approach to the interpretation of information	Option Generation for implementation
Theme One: Sub-theme Regulatory environment	The pattern of decision-making was primarily proactive, objective and rational.	The sources of information were formal and detailed in a structured manner.	The approach to decision making was structured and sequential. Decisions were active and purposeful.	The options proposed for implementation were intentional but highly iterative.
Theme One: Sub-theme Changes in the Economic environment	The pattern of decision-making was predominantly subjective as it was based on intuitive patterns and personal appraisals.	The main sources of information was casual and subjective. The sources were based in anecdotal evidence and personal feelings of the respondents.	The approach to decision-making was unstructured and characterised by the absence of order, thus assuming a casual and subjective decision-making process.	The options proposed for implementation was mostly iterative and flexible due to continuous query. Option generation was also concurrent with the information gathering.
Theme One: Sub-theme Accessing and Managing Finance	The pattern of decision-making was principally based on intuitive tendencies and personal feelings.	The source of information was casual and depended on the respondents' personal discernment.	The approach to interpreting this context was concurrent to personal intuition of the respondent. There was no	The options generated were also concurrent to the information gathering.

			specific order in interpreting the context.	
Theme Two: Sub-theme Skill development	The pattern of decision-making relied mainly on personal judgement and intuition.	The source of information was very informal and unstructured. Depended on the anecdotal information.	Interpretation was based on personal discernment, subjective, and emergent. Interpretation lacked sequence.	Generating the options was iterative and informal. At times it was concurrent to the information gathering.
Theme Two: Sub-theme Culture of inclusion	The pattern of decision-making was predominantly personal, intuitive and involved personal feelings	The source of information was informal and included information exchange between owners and employees	The system to interpret the data was decentralized and involved participation from workers. There was no particular order to interpretation.	Generating options was participative, informal and iterative.
Theme Three: Sub-theme Staffing Structure	The pattern of decision-making was personal, intuitive and fluid.	The source of information was indeterminate, undefined as it was based loosely on multiple factors.	The approach to interpreting the information was dynamic, and flexible. There was inadequacy of formal policies and procedures. It was emergent and unstructured	Generating the options for implementation was iterative and emergent.
Theme Three: Sub-theme Physical infrastructure	The pattern of decision-making was intuitive and involved personal feelings.	The source of information was casual and informal.	The approach to interpretation was subjective, flexible and emergent	The generation of options was very iterative and concurrent with the information gathering. The choices were also emergent.

Theme Four: Sub-theme Market	The pattern of decision-making was based on intuition and personal experience.	The sources of information were very casual, informal, fluid and ill-defined	The approach to interpretation was subjective, flexible, anecdotal, unstructured, lacks order and reactive.	The generation of options was iterative and concurrent with the information gathering.
Theme Four: Sub-theme Customers / Clients	The pattern of decision-making was intuitive and involved personal feelings.	The sources of information were very casual, informal, anecdotal and ill-defined	The approach to interpretation was subjective, flexible, anecdotal, unstructured, lacks order and reactive.	The generation of options was iterative and concurrent with the information gathering.

Source: Author's compilation

6.6 Summary

The data analysis and discussion of the data narratives were acquired from the data collected through the semi-structured interviews, focus groups and observation sessions, which were originated from the research question and the literature review. The chapter assessed the strategic decision-making process from the perspective of the key contextual variables identified in the literature review chapters. The decision-making process was analysed and discussed independently for each distinct contextual variable. The process of strategic decision-making was assessed from the aspects of the pattern of decision-making, the sources of information for decision-making, the approach to interpreting the information and the generation of options for implementation, which were the criteria utilised in the literature review.

The data analysis and discussions indicate that the respondents predominantly gravitated towards intuitive decisions and personal discernment with the exception of government regulations which required objective approaches to decision-making. The sources of information were principally informal and involved casual procedures or sometimes personal intuition. The approach towards interpreting the information sources lacked in any particular sequence or order. The approach assumed more

subjective, reactive and informal interpretation of information. The generation of options for implementation was primarily iterative and concurrent with the information gathering that resulted in the emergence of choice depending on the changes in the context.

CHAPTER SEVEN

CONCLUSIONS AND RECOMMENDATION

CHAPTER SEVEN

CONCLUSIONS AND RECOMMENDATIONS

7.1 Introduction

The study assessed the strategic decision-making process of small and micro enterprises in the services sector in South Africa. The strategic decision-making process is a phenomenon that has been the subject of research for over six decades although incongruities still abound as to the character of the process. The variations in the strategic decision-making process has been likened to the differences in organizational size and other pertinent environmental conditionality resulting in the decision-making process thereby assuming the characteristics of procedural rationality in one extreme of the continuum to intuitive tendencies on the other end. Due to the disparities associated with the strategic decision-making process generally, and the gaps in the literature pertaining to the decision formulation processes among small and micro enterprises in South Africa specifically, the study proposed to address the aforesaid theoretical gaps by assessing the strategic decision-making process within the context of the contingency variables affecting these enterprises.

The structure of this study is based on the theoretical underpinnings of the literature relating to strategic decision-making, particularly in small and micro enterprises in the contextual framework of a variety of factors influencing the decision formation process. As a consequence, the study assesses the social realities of the decision-making phenomenon thereby rendering a qualitative approach to data gathering and analysis appropriate to this aspiration. The qualitative methodology provided rich data content thus allowing an in-depth analysis of the decision-making phenomenon using a thematic analysis approach.

7.2 An Overview of the Chapters in the Research Study

The study contained seven chapters which ushered its reader from the identification of the research problem and aim of the research to the ultimate fulfilment of the

research objectives culminating in an integrated theoretical model of the strategic decision-making process.

Chapter one provided a framework of the study. It introduced the purpose of the study, a background of small and micro enterprises in South Africa, the detection of the research problem and the research aim and objectives.

Chapter two discussed the importance of SMMEs to the socio-economic progress of South Africa. The chapter discussed the role of SMMES in addressing the social ills of South Africa relating to the reduction of unemployment, alleviation of poverty and enhancement of business competitiveness. The chapter further provided a definition of small and micro enterprises from the perspective of a quantitative and qualitative basis relevant to the context of South Africa. The chapter finally provided a description of SMMEs by economic sector, race and province in order to establish a context for this study. .

Chapter three examined the situational factors and its associated impact on the strategic decision-making process. The environmental context was considered from the perspective of the external and internal forces affecting the small business sector. This included an examination of the economic and regulatory environment, markets and customers. The internal environmental forces affecting the small business sector, which included the staffing structure, the firm infrastructure, employee development and organisational culture. The environmental factors were discussed from the perspective of their influences on the strategic decision-making processes of small and micro enterprises. .

Chapter four described the nature and character of the strategic decision-making process. The chapter further highlighted the differences in the two major viewpoints of strategic decision-making from a rational perspective and an intuitive perspective. The chapter then assessed the intuitive-rational decision-making continuum from the context of decision formulation and its relevance to the small business sector. the chapter culminated by assessing the literature on the process of strategic decision formation in small and micro enterprises.

Chapter five considered the methodological approach utilised in the study. The chapter highlighted a qualitative approach consistent with the phenomenological-interpretivist paradigm and described the main qualitative data collection techniques

Chapter six presented an in-depth analysis of the research data. The chapter presented the analysis based on the themes that emerged in the literature. It further highlighted the techniques used to analyse each theme in order to determine the pattern of decision-making, the phases involved in the decision formation process, and the formality employed.

This chapter discusses the research findings and presents an integrated theoretical model that explains the decision formulation process. The research findings are compared to the research question and the objectives of the research in order to determine the extent to which objectives are realised. The chapter also identifies the theoretical and practical contribution of the findings. The chapter discusses a number of limitations of the study and concludes by offering recommendations for future research.

7.3 Conclusions

The study commenced with the following research question:

What is the strategic decision-making process in small and micro enterprises in the services sector in South Africa and the contextual factors influencing the process?

The objectives of the study were derived from the research question.

Objective 1: To assess the key contextual factors affecting the decision-making process specific to small and micro enterprises in the services sector in South Africa

Objective 2: To assess the pattern of rationality and intuition in the strategic decision-making process of small and micro enterprises in the services sector in South Africa

Objective 3: To describe the current strategic decision-making process used by small and micro enterprises in the services sector in South Africa

Objective 4: To construct a theoretical model of strategic decision formulation for possible future implementation

The next section will discuss the conclusions from the perspective of each research objectives.

Objective 1: To assess the key contextual factors affecting the decision-making process specific to small and micro enterprises in the services sector in South Africa

The environment of the small and micro enterprises was seen to be a multi-dimensional construct which included rapidity, dynamism, resource scarcity and obscurity. The contextual factors proved to be significant factors influencing the strategic decision-making process from both an external and internal framework. The main external contingency factors impacting the businesses were the regulatory environment, economic changes, access to finance, the market and customers. The main internal contingency factors impacting the businesses were factors relating to employees, organisational culture and management of resources including financial endowment.

The analysis of the data indicated that the small and micro enterprises were subordinated to the influencing impact of the external forces. Due to the small sizes of these businesses, environmental complexities and the velocity of changes to the environmental conditions subjugated the character and type of decision made by the business owners. The width and depth of the portfolio of services offered as well as profitability potentials were subjected to the availability of finance, tastes and preferences of customers, legislative conditions and economic elements. As such, the strategic intent of the enterprises, such as expansion of the service portfolio or business location, were moderated by the relative strengths of those external forces.

The study also revealed that the small and micro enterprises were unable to reciprocate any influential power on the external environment. The enterprises held no bargaining power that could alter or impact the external contingencies identified above. The study further indicated that the decision-making process was responsive

to the changes in the external contingencies rather than exerting environmental hegemony over these external forces.

On the other hand, contextual factors internal to the business were ultimately determined and controlled by the owners. The organisational structure as well as the physical infrastructure were subjected to the practicalities of the internal system designed to ensure efficiency in operations. These decisions were based on the personal discernment of what the owners deemed necessary given their intentions. The availability of resources, such as technology and skills, was seen to influence the decisions in relation to its accessibility for utilisation in order to accomplish the strategic intent. However, these resources were also influenced and manipulated by the owners from the perspective of acquisition and utilisation thereby creating an orbicular effect between the decision-making process and the internal influences. The organisational culture, which influenced the inclusivity of the decision-making process, was generated from within the enterprises and effectively determined by the owners. Although access to finance was an external force beyond the control of the owners, controlling available finance contained by the business was within their resolve relating to self-funding and financial management decisions.

Objective 2: To assess the pattern of rationality and intuition in the strategic decision-making process of small and micro enterprises in the services sector in South Africa.

The study demonstrated that the pattern of strategic decision-making exhibited greater tendency towards intuitive decision formulation as opposed to procedural rationality. The analysis of the data narratives revealed that the owners of the businesses were more inclined to make decisions based on personal discernment and feelings rather than on objective empirical information and analytical inferences.

The study indicates that the prevalent mode of decision-making showed intuitive propensities in the various contexts considered with the exception of the regulatory environment. Strategic decision-making in the regulatory environment appealed more towards the rational style. However, this was primarily due to the predetermined requirements of legislative procedures that dictate the decision-making style of the business owners thereby restricting the predisposition to use

personal judgements. Conversely, there was less indication of procedural rationality in other decision-making contexts in which the environmental conditions were not predisposed to established regulatory procedures. The findings overwhelmingly indicated that decision formation revolved around the intuitive inclinations of the owners.

In very few circumstances other than the regulatory context, some business owners attempted to approach the decision-making process based on empirical research and analysis. The study further revealed that those businesses that attempted some form of methodological environmental scan as an influencing factor in the decision-making process adopted more of an assimilated approach in the intuitive-rational decision-making continuum rather than a completely procedural rational mode. However, even among these few business owners that preferred an integration of an intuitive and analytical style, the decision-making orientation was predominantly intuitive over the rational mode.

Objective 3: To describe the strategic decision-making process used by small and micro enterprises in the services sector in South Africa

The study revealed that the strategic decision-making process in small and micro enterprises is activated by a decision initiation factor which emanated either internally or externally to the enterprises. Upon the decision initiation, the pattern of decision-making assumed a predominantly intuitive mode by the owners of the businesses. The personal intuitive characteristics informed the adopted decision-making process with regards to the gathering of information, the manner in which such information is interpreted and the generation of options for implementation.

The study showed that the information gathering originated from informal and casual sources. In each decision-making context, with the exception of the regulatory environment, the sources of information were based on social relationships, especially employees and customers, and other fluid sources such as social media. As such, the sources of information provided anecdotal evidence upon which the owners based their strategic decisions. Also, due to the variability and changeability of the information sources, due to the velocity of change, there was a need to

constantly revisit and reconsider the sources of information thereby rendering this aspect of the decision-making process cyclical in character.

The adopted approach to the interpretation of those information sources was unstructured and lacked in analytical procedure. The study revealed that the process for interpreting the gathered information was also highly subjective, and often times, the interpretation was concurrent with the gathering of the information. As such, the study showed that information interpretation did not follow a prescribed order nor was this aspect of the decision-making process distinguishable from the information gathering component previously discussed.

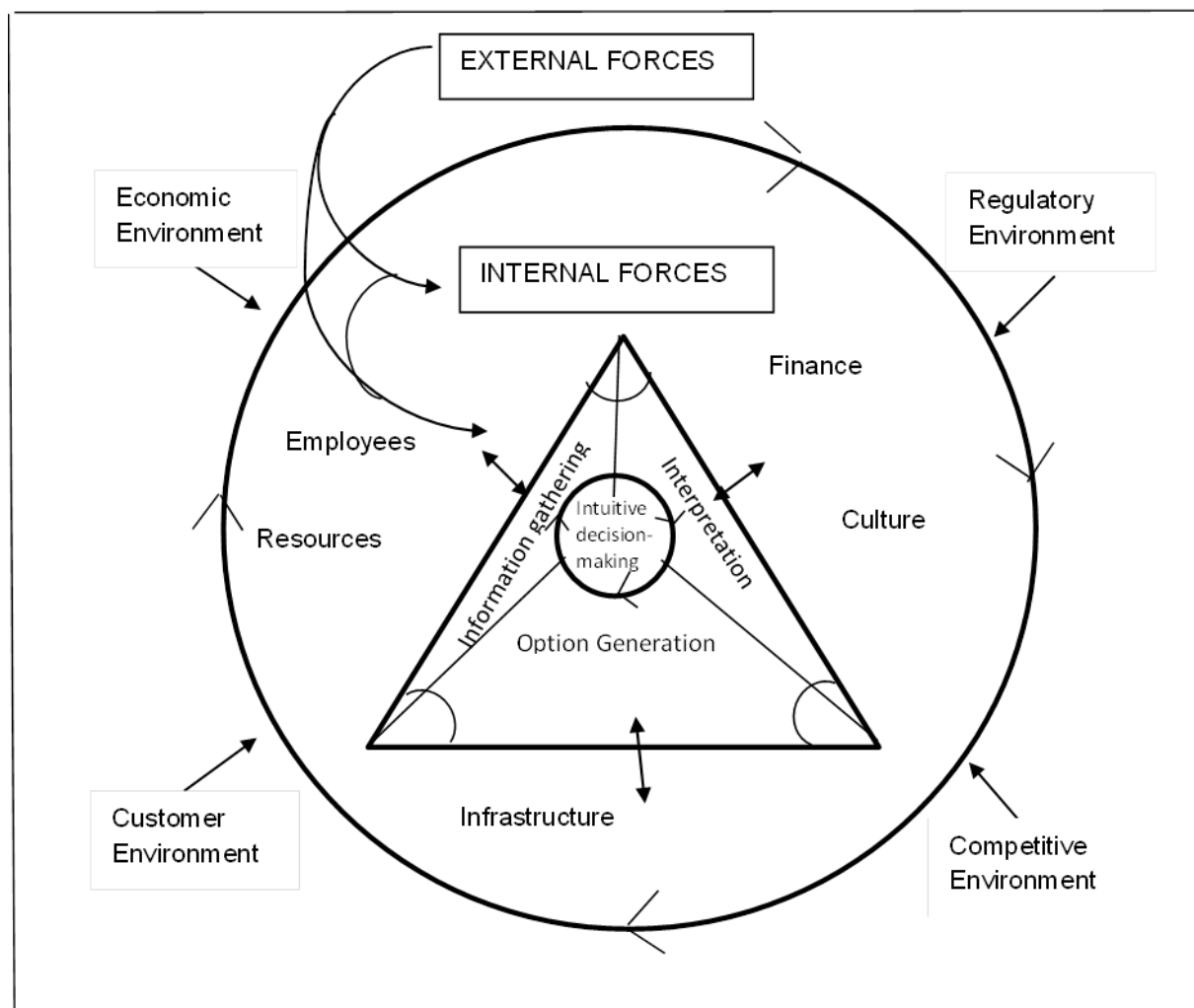
The generation of options for implementation was iterative and thus assumed an emergent approach. The study showed that due to the dynamism of the small business environment the owner constantly monitored all contingency factors in order to reassess the relevancy of current options such as the services offered and the efficiency of operations. The cyclical effect of this aspect of the decision-making process was usually concurrent to the information gathering and information interpretation stage. Therefore, the strategic decision-making process was often characterised by an amalgamation and iteration of the various aspects of the decision formation phases. As a result of this cyclical process, the formulation of options usually emerged in accordance with the changes in environmental conditions in order to maintain service relevance and market positions.

Objective 4: To construct a theoretical model of strategic decision formulation for possible future implementation

The study indicated that the strategic decision-making found in the small and micro enterprises had few phases and less complexities with regards to the decision formation procedures that was dissimilar to the sequential rational approaches featured in much of the literature on the decision-making process. The decision-making process possessed an intuitive orientation which determined the cyclical and flexible character of the process as opposed to procedural and distinct phases. As such, it was important to illustrate the process of strategic decision-making from the

perspective of small and micro enterprises thereby adding a model to the literature stock that is reflective of the small business sector in South Africa.

The integrated theoretical model of the strategic decision-making process, as proposed below, may be used by both business practitioners and policy-makers. The researcher proposes the utilisation of the integrated strategic decision-making model as a way of understanding the plethora of environmental influences and triggers to the decision-making process idiosyncratic to the small business sector in South Africa. The user can also gain an understanding of the character and relationships of the various phases involved in decision formation.



Source: Self generated

Figure 7.1 Integrated Model of the Strategic Decision-Making Process in Small and Micro Enterprises in South Africa

The strategic decision-making process model illustrates the contextual variables that influence the decision formation within small and micro enterprises in South Africa. The external forces depicted in the model are the peripheral environmental factors which affects the small and micro business within the services industry in South Africa. From the business owner's perspective, the model can be used to provoke a more meaningful analysis of the external forces that has the potential of impacting the small business services sector. Each factor identified in the external environment, as found in the model but not limited to the model, can be analysed by individual small businesses or specific sectors in order to determine the specific forces and influences this environment can have on the business or sector. Therefore, the model can provide a guide to business practitioners and policy-makers on identifying external forces relevant to each business or specific sector. Thus, more detailed and focused analysis of current and possible external factors will assist businesses in anticipating external environmental changes which small and micro business are found to be subjugated as depicted by the arrows facing the internal organisation.

Users of the model can benefit from identifying and understanding the internal forces that can affect decision-making or be affected by the decisions as indicated by the two-way arrows. The model can help identify the internal resource capital available to the firm that can be leveraged in order to achieve its objectives. The model helps the user identify certain internal resource capabilities but this will vary from one business to another which forms the basis of the small business response to the external environmental pressures. Therefore, the model can act as an archetype to decision-makers in deciphering the internal resources unique to their business and the how those resources can be effectively exploited.

In devising training and development programmes for small and micro enterprises, or business owners attempting to understand the process of decision formation, the model depicts the decision-making process as alternating and iterative in its mode seen by the circular effect of the arrows depicting the internal environment. Consequently, in guiding decision-makers on strategic decision formulation, training programmes and literature must consider the non-sequential order of the decision formation process rather than impose a method that is irregular to the small and

micro business owners. Also, the model can help users in understanding the simplicity of the phases and the overlapping nature of each aspect in the decision-making process. This will therefore provide a flexible framework that can be used as a benchmark in order to demonstrate a possible approach to decision-making that is not necessarily procedural.

Finally, the model demonstrates the significant dependency on intuitive tendencies to shape the decision-making process. Although business owners and policy-makers may introduce the concept of analytical rationality to the decision-making process among small and micro business owners, the model can help the users appreciate the important role that intuition performs in forging the overall direction of the business.

7.4 Contribution of the Study

Understanding the process by which small and micro enterprises make strategic decisions possesses the proclivity for significant contribution to the small business sector in South Africa. The study, and the integrated theoretical model in Figure 7.1, offer both theoretical and practical sensitivities into the apparatuses used by small and micro decision-makers and policy-makers during their decision formation.

The first theoretical contribution addresses the gap in the literature regarding the mode of decision-making among small and micro businesses in South Africa. The study therefore provides a model for understanding the decision-making process. The study also offers a deeper notional understanding of the macro and micro situational variables affecting the decision-making capacity of the enterprises. The study did not attempt to measure or ascertain the individual composition of each environmental factor but instead sought to assess the process of the decision-making in each context as influenced by these factors.

The second theoretical contribution addresses the intuition-rational decision-making continuum. The findings of the study challenge the notion of procedural rationality and its applicability to the strategic decision-making process in the context of small and micro enterprises in the services sector in South Africa. The findings showed

that the preferential mode of decision-making was inclined towards intuitive tendencies on the intuition-rational decision-making continuum rather than analytical proficiencies.

The third theoretical contribution addresses the steps in the decision-making process. The study indicated that the phases of the strategic decision-making process was uncomplicated among the business owners. The process constituted information gathering, interpretation and options for implementation. However, these phases in the process were non-sequential and allowed overlaps and interconnectivity in the phases of the decision formation rather than a step by step approach to making decisions. Therefore, the theoretical implication is that decision strategies emerged in an iterative and informal style among the small and medium enterprises as opposed to a procedural rational style. Consequently, the study offers an integrated theoretical model to the literature stock for deliberation and debate.

From a practical perspective, understanding the character of the strategic decision-making process contributes to the government agencies and policy-makers in designing appropriate programmes for the development of small and micro enterprises. Developmental programmes should include specific training courses in strategic decision-making which unequivocally targets the largest category of business, that is, small and micro. Such a training programme can consider the character of the decision-making process in terms of its simplified phases, overlapping nature and iterative effect. Any intervention must consider the process as it is and thereby improve on the existing decision practices rather than impose decision processes unfamiliar and inappropriate to the context and character of these business owners. In other words, interventionists must copiously comprehend the existing decision processes and accept the uniqueness of decision-making mode before designing a training programme on enhancing the decision formation.

A second practical contribution of this study resides with the owners of these businesses. The owners are now challenged to reassess their decision-making process in order to identify areas of strengths and weaknesses in the manner of formulating strategic decisions in order to guide the owners towards improvement in

sustainability and performance of the business. In so doing, the owners can better understand and develop each phase of the decision-making process in order to enhance its effectiveness.

7.5 Limitations of the study

The study offers a comprehensive perception of the strategic decision-making process among small and micro enterprises in South Africa. Although an array of potential contributions transpired as a result of the study, there are a number of limitations. The initial limitation of the study relates to the exclusive focus on the services sector in South Africa. Therefore, caution must be exercised in transposing the findings of this study to other contexts.

The second limitation was the exclusive focus of the study on formal sector. Only small and micro enterprises formally registered where included in this study. However, the informal sector is significantly larger than the formal sector as discussed in chapter one. This particular study did not assess the strategic decision-making process in such a large segment of the business population.

The third limitation relates to the relevance of this study outside the South African context. Each country or region is affected by situational factors peculiar to their contexts. The environmental factors impacting small and micro enterprises in South Africa may be unique in many regards from a political, social and historical perspective. As such, the application of this study to an environment outside of South Africa may not be essentially pertinent.

A fourth limitation of the study relates to the sample size. The study adopted a qualitative approach to strategic decision-making which used a relatively smaller sample size when compared to quantitative approaches. As a result of the smaller sample size in this qualitative study, the findings may not demonstratively represent the strategic decision-making process of the wider small and micro enterprise population hence inhibiting the generalisability of the findings. However, although the study did not attempt statistical generalisability, the findings indicate that there

was consistency in the decision formation process among the thirty businesses participating in the study.

7.6 Recommendations for Future Research

In order to further enrich the insight and understanding of the strategic decision-making process, a few recommendations are proposed for consideration.

1. More research should be conducted about the strategic decision-making processes in different industries that can be utilised to compare and contrast understandings about the decision process in various contexts.
2. Future research can focus on the informal sector which is a large segment of the small and micro business sector in order to determine the character and process of their strategic decision formation.
3. Future studies can explore the competitiveness, growth and sustainability of the strategic decision effectiveness on the businesses. Such a study may require a case study longitudinal approach in order to completely assess the strategic decision-making process against measurable outcomes over a period of time.
4. Future studies can examine the personal characteristics and cognitive biases of the owners in the decision-making process. Such a study should include an assessment of each owner's managerial experience, educational attainments and personality type in influencing the intuitive-rational decision-making continuum.
5. Future studies can conduct similar research on medium and large organisations to determine the relative similarities of the decision-making processes between the various sizes of firms in the same industry and in different industries.

7.7 Conclusion

The study indicates that strategic decision-making is pertinent to every major functional area of the business. Owners of small and micro enterprises therefore are constantly engaged in formulating strategic decisions in order to enhance profitability and maintain sustainability. The research findings revealed that decision formation was intensely dependant on personal intuition rather than procedural rationality. The process thereby assumed a non-sequential and simplistic approach to decision-making characterised by the interlinking and concurrency of the phases therein.

The outcome of the study contributes an integrated model of strategic decision-making specific to the small and micro business services sector of South Africa. The study also has practical implications for the development of support programmes offered through government agencies and support institutions. Owners of small business can also use the knowledge acquired in this research to reassess their decision-making processes in order to improve the quality of decisions. The number of limitations identified in this study presents potential opportunities for further research. Future research direction recommended in the study can further enhance the understanding of the strategic decision-making process.

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ANNEXURES

Annexure A: Letter of Information and Consent for Semi-Structured Interviews



LETTER OF INFORMATION

Title of the Research Study: An assessment of strategic decision-making processes in small and micro enterprises in the services sector in South Africa

Principal Investigator/s/researcher: Roger Gopaul, Doctoral candidate

Supervisors: Professor Renitha Rampersad / Dr Gnanam Poppet Pillay

Brief Introduction and Purpose of the Study: Failure among small enterprises in South Africa is ranked among the highest in the world. The purpose of this study is to assess how the strategic decision making is formulated by owners-managers of the small and micro enterprises in South Africa

Outline of the Procedures: The research will entail the use of semi-structured interviews, focus groups and observation. All responses will be collected and collated by the researcher. The information gathered will be used for academic purposes only.

Risks or Discomforts to the Participant: There will be no risks or discomforts to any participant.

Benefits: The findings of the research will be used by small enterprises and supporting agencies to better inform environmental analysis and policies in assisting these enterprises.

Reason/s why the Participant May Be Withdrawn from the Study: There will be no adverse consequences for the participant should they choose to withdraw

Remuneration: There will be no monetary or other types of remuneration

Costs of the Study: The participant will not be expected to cover any costs towards the study

Confidentiality: All information gathered will be treated with strict confidence and used only for the purpose for which it was intended.

Research-related Injury: No compensation will be provided for any research related injury

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

(Supervisor and details) Please contact the researcher (tel no.), my supervisor (. 031 373 5147) or the Institutional Research Ethics administrator on 031 373 2900. Complaints can be reported to the DVC: TIP, Prof F. Otieno on 031 373 2382 or dvctip@dut.ac.za.

I thank you for your consideration to participate.

Yours sincerely,

Roger Gopaul

Faculty of Management Sciences



CONSENT

Statement of Agreement to Participate in the Research Study:

- I hereby confirm that I have been informed by the researcher, Mr Roger Gopaul, about the nature, conduct, benefits and risks of this study - Research Ethics Clearance Number: _____,
- I have also received, read and understood the above written information (Participant Letter of Information) regarding the study.
- I am aware that the results of the study, including personal details regarding my sex, age, date of birth, initials and diagnosis will be anonymously processed into a study report.
- In view of the requirements of research, I agree that the data collected during this study can be processed in a computerised system by the researcher.
- I may, at any stage, without prejudice, withdraw my consent and participation in the study.
- I have had sufficient opportunity to ask questions and (of my own free will) declare myself prepared to participate in the study.
- I understand that significant new findings developed during the course of this research which may relate to my participation will be made available to me.

Full Name of Participant
Thumbprint

Date

Time

Signature / Right

I, Roger Gopaul, herewith confirm that the above participant has been fully informed about the nature, conduct and risks of the above study.

Full Name of Researcher

Date

Signature

Full Name of Witness (If applicable)

Date

Signature

Full Name of Legal Guardian (If applicable)

Date

Signature

Annexure B: Semi-structured Interview Schedule

Part A: The Business and the Owner

- Q1. What area of the services sector do you operate in?
- Q2. What is your age group? (18-30; 31-40; 41-50; 51+)
- Q3. What is your highest educational level? Matric? First degree? Master's? Etc
- Q4. How many years have you been the owner/manager of the business?
- Q5. How many employees do you have?
- Q6. What are your main responsibilities in the business?
- Q7. In your opinion, is your business categorized as micro, small or medium?
- Q8. Is your business solely managed by yourself or do you have a partner?
- Q9. Is your business a CC, sole proprietor or PTY LTD?
- Q10. Does your business have its own facilities, such as office space, equipment etc., or do you share these with another business?
- Q11. Is your business linked to regional, national or international markets?

Part B: Strategic Decision Making and the Economic and Regulatory Environment

- Q1. Please describe decision making as it relates to changes in the economy and the market in which the business operates.
- Q2. Please describe decision making as it relates to access and managing finance.
 - 2.1 Is finance shared between yourself and your partner?
 - 2.2 Where do you access finance from?
- Q3. Please describe decision making as it relates to improving the profitability of the business.
- Q4. Please describe the decisions you make when it comes to taxation on the business.
- Q5: Please describe decision making as it relates to Government regulations on SMMEs and your business in particular.

Part C: Strategic Decision Making and the Market/Customer Orientation

- Q1. Please describe what decisions you make as far as improving customer relations.
- Q2. Please describe decision making as it relates to competition and improving your market presence.
- Q3. Please describe decision making as it relates to determining what products or services you offer to the market.
- Q4. Please describe decision making as it relates to the creation of new products or services to grow the business
- Q5. Please describe how you go about deciding your customers' preferences.
- Q6. Please describe the decisions you make in a turbulent or uncertain environment with regard to any threats or opportunities.
- Q7. Please describe decision making when it comes to marketing/advertising your services business.
- Q8. What decisions do you take when you deal with difficult clients?

Part D: Strategic Decision Making and the Company Structure

- Q1. What decisions do you take in determining the structure and staffing of the business?
- Q2. Please describe the decisions you make to determine or improve the physical infrastructure of the business
- Q3. Please describe the decisions made in relation to development of systems to manage the affairs of the firm and the effective utilization of resources
- Q4. Please describe the decisions made to improve the operating performance of the business (improve productivity).

Part E: Strategic Decision Making and Employees

- Q1. Please describe decision making as it relates to improving your skills
- Q2. Please describe decision making as it relates to assessing and improving staff skills
- Q3. Please describe the decisions made to create a culture of inclusion (participation) of staff in your innovative decision making (if any).

Annexure C: Letter of Information and Consent Form for Focus Groups



LETTER OF INFORMATION

Title of the Research Study: An assessment of strategic decision-making processes in small and micro enterprises in the services sector in South Africa

Principal Investigator/s/researcher: Roger Gopaul, Doctoral candidate

Supervisors: Professor Renitha Rampersad / Dr Gnanam Poppet Pillay

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Yours sincerely,

Roger Gopaul

Faculty of Management Sciences



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Full Name of Participant
Thumbprint

Date

Time

Signature / Right

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Signature

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Date

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Full Name of Legal Guardian (If applicable)

Date

Signature

Annexure D: Focus Group Schedule

Part A: The Business and the Owner

- Q1. What area of the services sector do you operate in?
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Annexure E: Consent Form and Observation Protocol



CONSENT

Statement of Agreement to Participate in the Research Study:

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- I understand that significant new findings developed during the course of this research which may relate to my participation will be made available to me.

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Thumbprint

Date

Time

Signature / Right

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Full Name of Researcher

Date

Signature

Full Name of Witness (If applicable)

Date

Signature

Full Name of Legal Guardian (If applicable)

Date

Signature

Observation Protocol

Theme	Notes
<p>Strategic decision making and the Economic and Regulatory Environment</p> <ol style="list-style-type: none"> 1. Did the owner gather relevant information about the Economic and Regulatory Environment of the business to make a decision? Describe 2. What kind of information was needed to make the decision? 3. Did the owner analyse relevant information in order to make a decision? Describe 4. What were the main decisions made by the owner? Describe 5. Was the process of making this decision? 	
<p>Strategic decision making and the Market/Customer Orientation</p> <ol style="list-style-type: none"> 1. Did the owner gather relevant information about the market/customer to make a decision? Describe 2. What kind of information was needed to make the decision? 3. Did the owner analyse relevant information about the market/customer in order to make a decision? Describe 4. What were the main decisions made by the owner? Describe 5. Was the process of making this decision mostly rational/deliberate or emergent? 	
<p>Strategic decision making and the Company Structure</p> <ol style="list-style-type: none"> 1. Did the owner gather relevant information about the structure of the business to make 	

<p>a decision? Describe</p> <ol style="list-style-type: none"> 2. What kind of information was needed to make the decision? 3. Did the owner analyse relevant information in order to make a decision? Describe 4. What were the main decisions made by the owner? Describe 5. Was the process of making this decision mostly rational/deliberate or emergent? 	
<p>Strategic decision making and Employees</p> <ol style="list-style-type: none"> 1. Did the owner gather relevant information about the employees of the business to make a decision such as resource utilization/improving performance? Describe 2. Did the owner consult with the members of staff? 3. Was there willing participation from staff in the decision-making process? 4. Was the decision taken collective in nature that required the support of staff members? 5. Were notes/minutes of the meeting recorded for future references? 	

Annexure F: Faculty Research Ethics Committee Approval

MANAGEMENT SCIENCES: FACULTY RESEARCH ETHICS COMMITTEE (FREC)

17 October 2017

Student No: 21752117

FREC No: 130/17 FREC

Dear Mr R Gopaul

PHD IN MANAGEMENT SCIENCES: BUSINESS ADMINISTRATION

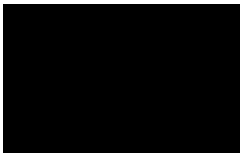
TITLE: An assessment of strategic decision making processes in small and micro enterprises in the services sector in South Africa

Date of FRC Approval: 17 October 2017

Approval has been granted for a period of two years from the above FRC date, 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

Chairperson: Faculty Research Ethics Committee