

DURBAN UNIVERSITY OF TECHNOLOGY

THE INFLUENCE OF STRATEGIC PLANNING ON THE GROWTH POSTURE OF SMALL AND MEDIUM-SIZED ENTERPRISES (SMES) WITHIN THE INFRASTRUCTURE SECTOR IN ETHEKWINI, KWAZULU-NATAL

GOODMAN ZWELIHLE ZUMA

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STUDENT FULL NAME: GOODMAN ZWELIHLE ZUMA

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APPROVED FOR FINAL SUBMISSION

Supervisor (Affiliation): **DR Gustave Kankisingi** (signature)_____
23/08/2023_____

Date:

Co-Supervisor (Affiliation): N/A (signature)_____ Date: _____

DECLARATION

I, Goodman Zwelihle Zuma, hereby declare that “The influence of Strategic Planning on the Growth Posture of Small and Medium-Sized Enterprises (SMEs) within the Infrastructure Sector in eThekweni, KwaZulu-Natal” is my own work and has never been submitted to any other university for any degree. All quotes cited have been indicated and acknowledged using relevant references.

Goodman Zwelihle Zuma

Signature

Date 2023/08/24

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ABSTRACT

The purpose of the research was to examine whether there is a correlation between the use of strategic planning and the sustainable growth of Small and medium-sized enterprises (SMEs). The purpose was achieved through an empirical investigation that was based on a quantitative study and used a cross-sectional survey design to collect data from owners of 239 SMEs in the infrastructure sector. SMEs are a key factor in improving the growth posture of the South African economy. However, despite their significant socio-economic contribution, the failure rate among SMEs in South Africa remains significantly high. The challenges that are facing the SME sector cannot be ignored by any country that takes economic growth seriously, since SMEs are proven to be key in improving the growth posture of the country's economy. The strategic planning process, which leads to the formation of a company's strategy, was one of the aspects examined in the study. The Study assesses the impact of strategic planning on the growth posture of small and medium-sized enterprises in the infrastructure sector in South Africa, eThekweni Municipality. The process of developing a strategic plan has been controversial in the literature due to the several perspectives offered by scholars. The main debate concerning the nature of the strategic planning process is about how the process should be approached, which stems from conflicting views concerning the strategic planning process, even though strategic planning is a widely adopted process in many organisations, as it is viewed as the activity that leads to the strategy's success. The study's findings prove that most small companies do not follow a strategic process to develop their strategies and for those which do not follow a structured strategic process experience low levels of business growth compared with those that follow a strategic process. These findings have an enormous potential to theoretically contribute to the research body while making practical contributions to governmental policymakers, future researchers, and small business owners. The managerial implications are that a strategic process for developing a firm strategy had a considerable favourable impact on the growth posture of such a firm regardless of business size or resources.

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CHAPTER 1: INTRODUCTION

This chapter introduces the study. The background of the study is detailed, the research problem is explained, and the purpose and objectives of the study are clearly highlighted. The chapter explains the research methodology, the research design as well as the organizational structure of the dissertation.

1.1 Introduction

Strategic planning is an essential element in the growth of small and medium-sized enterprises (SMEs) and is influenced by multiple factors that determine the complexity of the process (Kitprem Peng and Dennis, 2007:15). The process of formulating strategic plans has been contentious in the literature due to the variety of perspectives offered by scholars. The main debate relating to the nature of the strategic planning process is about the way the process should be approached, which emanates from conflicting views about the strategic planning process for the small and medium-sized enterprises within the infrastructure sector in South Africa, eThekweni region. Strategic planning is a widely adopted process in many organisations both public and private sectors (George, Walker, and Monster, 2019: 810).

The popularity of strategic planning means that it is now regarded as a prerequisite management tool for organizational growth and performance monitoring. According to George, Walker, and Monster (2019:26), strategic planning should be part of the standard managerial approaches. In the context of this study, the strategic planning process was looked at in terms of how it was formalised i.e., the extent to which the strategic planning process considered internal and external factors.

The literature reveals many processes for strategic planning, and each company must choose the one that is suitable to their specific organizational design (Angel Saz-Carranza, 2016:203). This study tests whether SMEs follow a strategic planning process for their respective strategies as well as analysing if following of a strategic planning process yields positive results and company growth.

This study was not concerned about the actual implementation and the specific strategy that the enterprise chose to follow but only the development involved in the process of strategic planning. This study was informed by previous works of literature,

particularly Aigbavboa and Thwala (2014:27), that a strategy only really becomes meaningful when it transitions from strategic planning to the broader process of strategic implementation and management.

Given the importance of SMEs and the role they play in the economy of South Africa, the strategic planning process in SMEs is contemporary and should be relevant to the efficacious growth of these businesses (Gopaul, 2019: 9). Hence, this study measured the growth rate of companies that followed strategic planning to develop their strategies compared to those that were led by rational choice approaches.

To accomplish this, the study reviewed the literature on strategic planning within SMES and the situational context of South Africa. The findings of the study will provide the mechanisms of the strategic decision-making process as it occurs to allow future researchers and company owners to understand how strategies are formulated to improve the growth margin within the SME sector.

1.2 Background of the Study

SMEs are known to increase employment opportunities for the development of economies in developing countries. This is so because SMEs have low entry requirements for labour which results in a reduction in unemployment and alleviation of poverty (Chebo and Kute, 2019: 11). However, the sustainability of SMEs depends on the uniqueness of their strategy which should gain them a competitive advantage against external factors. This is why this study looked at strategic planning as the most important process that must be followed by SMEs before the creation of a strategy informed by the results of the SME's SWOT analysis, to grow their businesses.

The categorisation of a company as an SME depends on the country of origin (CFI Team, 2022:50). In South Africa, the Minister of Small Business Development, Lindiwe Zulu, published new government gazette amending the definitions of micro, small and medium enterprises in South Africa. The new schedule classifies small businesses based on the total number of full-time employees and annual turnover (Staff Writer, 2019: 23). That is why, as further discussed in Chapter 3, this study looks at yearly turnover and the number of people on the company's payroll to determine business development of SMEs.

According to the Small Enterprise Development Agency (SEDA, 2016:5), the SME sector can help South Africa's economic growth. It is consequently critical to examine the impact of the SME sector and the elements that influence its sustainability, including as strategic planning and growth determinants. It was also determined that studies in the SME sector in South Africa were necessary due to the substantial number of enterprises operating in the level SME category, particularly in the infrastructure sector.

SME sector, according to the World Bank (2022:14), makes a sizeable contribution to a country's economy, particularly in developing countries. SMEs represent 90% of businesses and more than 50% of employment worldwide. These numbers can still be significantly higher if informal traders are included in the spectrum. According to the estimated figures provided by the World Bank (2022: 15), it is anticipated that the SME industry will be able to create 600 million jobs by 2030, which no other industry can possibly achieve.

While the Banking Association of South Africa (2021: 5), reported that SMEs contribute up to 91% of formalised businesses which employ up to about 60% of the labour force, and total economic output accounts for an estimated 34% of GDP. This gives this study a high number of options to collect data from, to analyse data that is representative of measuring the growth posture based on the financial contribution that the sector makes to the South African economy.

The study also focuses on the SME sector due to literature findings that show that most countries channel their resources to assist the SME sector, to improve SME business capacity to achieve business growth, which improves the country's productivity levels (Kergroach, 2019: 97). The purpose of this study was to determine if the growth of SMEs was due to a strategic planning process that results in the implementation of applicable strategies or the involvement of other variables.

The CFI Team (2022:55) reports that SMEs can achieve success by focusing on enlarging their companies through new market penetration or expansion in the current location using new products or service strategies (CFI-Team, 2022: 56). SMEs can adapt fast to an unfamiliar environment or meet the new requirements of an existing environment of the market (Adamu, 2020). Which is why the SME sector is considered by many scholars as an area of strategic interest in an economy. As a result, from a

theoretical, demographic, geographical, and sectoral standpoint, a contemporary understanding of strategic planning as a key component of SMEs' growth is required. This is because there is an ongoing debate about whether SMEs need to follow a strategic planning process to develop a sound strategy for their business or not.

Scholars hold different views about the strategy that a firm needs to employ and the necessity of having a strategy. Shakeel, Magwentshu and Rajagopaul (2020:27) argue that SMEs can be more structured in developing their market strategies to grow their business, but there is extraordinarily little information about the strategic planning process in development of a strategy. This study explored the strategic planning process and the impact that the process has on the growth posture of the sector.

Given the importance and the challenges confronting SMEs in South Africa, this research assessed the strategic planning process in SMEs in the infrastructure sector in South Africa, within eThekweni Municipality to add to the body of knowledge which may contribute to SMEs' sustainable development and improved performance.

According to SEDA (2019:5), the South African economy is facing many challenges that may have a negative impact on business confidence, leading to lower spending and cost-cutting measures and tough economic conditions that test the integrity and alignment of a business's strategies. Most SMEs are not ready to survive the unpleasant economic environment and struggle to survive economic changes that are unfavourable (SEDA, 2019:27). This was evident when the country was experiencing the economic recession in the 2018/2019 fiscal year, when there was a change in the performances of SMEs as highlighted by SEDA (2019:16); in 2019 there was a slight increase in the number of SMEs that had operated for more than two years compared to 2018 (from 64% to 74%) which is an indication that SMEs need to have strategies that are aligned to both internal and external factors to be able to survive difficult times.

Hisrich, Peters and Shepherd (2017: 41) are of the view that rapid growth is another contributing factor to the failure of some SMEs. Traditionally managed firms seem to prefer a pace of growth that can be easily controlled, as opposed to SMEs that focus mostly on rapid growth, thus putting their businesses at risk of failing. In addition, Venelin *et al.* (2017: 5) suggested that successful organizational development is a result of the implementation of a strategic plan which involves putting in place appropriate plans, procedures, controls, and measurement systems. The success of

a business is based on the understanding of organizational strategy and this understanding is acquired through the involvement of all role players at the developmental stage of a strategic plan (Venelin *et al.* 2017: 5)

Another challenge facing business sustainability is the global economic and financial crises. In the first quarter of 2019, according to Statistics South Africa, the Gross Domestic Product deteriorated by 3.2%. Similarly, in KwaZulu-Natal the state of sustainability of SMEs is on the decline and the majority (75%) of small and medium-sized enterprises fail after operating for three years (Bugwandin, 2022:42). Considering the 90% rate of the contribution made by SMEs in the development and economic growth of private sectors in the world Zhou (2021:11), the figure of 80% of SMEs failing within the first year of registration in the province of KZN alone is alarming.

South Africa has an elevated level of unemployment, about 26%, which has deteriorated further because of the high number of companies that are either closing or downsizing (Statistics South Africa, 2019:1). These figures stress the need to have a study conducted on SMEs to explore reasons behind failures, and to have results of the study added to the body of literature. The test results of the impact of strategic planning on the growth posture of SMEs will also assist to support SME managers with a tool to aid their strategic planning and processes. Previous researchers' findings indicate that the small business sector has been performing less than optimally and therefore there is a need for further assessment and analysis of these challenges.

The finding of a study conducted by Kergroach (2019) identified a gap that suggests that SMEs are still not aligned with the business environment, market conditions, and institutional and regulatory frameworks. The author further suggests that alignment yields positive outcomes in strategic resources, such as skills, finance, knowledge, data, technology, and networks.

In the SEDA report (SEDA, 2021), the right classification of small enterprises is recognized as a critical milestone for a better understanding of each sector's issues. Despite this, most academics have studied SMEs as a set of enterprises with identical aims and structures, with no segmentation of SMEs by industry. The current study evaluates SMEs in the infrastructure sector to understand their rate of growth in relation to their strategic planning for strategy development.

This research acknowledges the work done by previous researchers and different views expressed regarding the importance of following a structured strategic planning process to develop a strategy but sees a need to further assess the process of strategic planning, taking into consideration the contextual factors influencing such processes, to construct a theoretical model of the nature of the process existing in SMEs operating in the Infrastructure sector. However, it is surprising that most studies have made little mention regarding the distinct types of strategies and the importance of **choosing a strategy that is suitable to the company's environment.**

1.3 Statement of the Problem

The problem under investigation in this study is that SMEs in KZN may lack an understanding of the importance of having a strategy that is unique to their companies based on their capabilities, considering both internal and external factors. This may be due to SMEs not following the strategic planning process to develop their strategy. As a result, this study will investigate whether SMEs follow a strategic plan before developing a strategy. The study further examines whether there is a correlation between strategic planning and the sustainable growth of SMEs.

1.4 Assumptions

The study assumed that having a strategic process in place can significantly improve a company's chances of sustained growth and success. Because of the following reasons:

Direction and focus: A strategic process helps define a clear direction for the company and provides a roadmap to achieve its long-term objectives. Without a strategic process, a company may lack focus and direction, leading to scattered efforts and limited progress.

Alignment: A strategic process ensures that all stakeholders, from top management to employees, are on the same page regarding the company's goals and how to achieve them. This alignment can enhance efficiency and effectiveness across the organisation.

Adaptability: A formal strategic process typically involves ongoing monitoring of internal and external factors that can impact the company's growth. This enables the

company to adapt to changing market conditions and capitalize on emerging opportunities.

Resource allocation: Strategic planning involves prioritizing and allocating resources effectively to support growth initiatives. Without a structured process, resource allocation may be haphazard, leading to inefficiencies and missed opportunities.

Risk management: Strategic planning involves identifying and addressing potential risks and challenges that could hinder growth. By anticipating and preparing for these risks, companies can mitigate their impact on growth prospects.

Innovation and differentiation: A strategic process encourages companies to explore new ideas, innovate, and differentiate themselves from competitors. This can lead to the development of unique products or services that attract more customers and foster growth.

Performance measurement: A strategic process typically includes setting key performance indicators (KPIs) and tracking progress toward goals. Regular performance evaluation helps identify areas for improvement and informs decision-making for continued growth.

1.5 Purpose of the Study

This study assessed the influence of Strategic Planning on the Growth Posture of Small and Medium-Sized Enterprises (SMEs) within the Infrastructure Sector in eThekwin, KwaZulu-Natal. This aim was achieved through the following objectives:

- To examine whether the use of strategic planning influences SMEs' growth.
- To investigate whether owners of small businesses understand the strategic planning approach for the growth of their businesses.
- To assess the key contextual factors affecting the strategic planning process, specifically for SMEs in the infrastructure sector in South Africa.
- To explore the measurement mechanisms that SMEs use to assess the success of their businesses.

1.6 Research Questions

The research questions generated from the problem statement articulated above are:

- Does following a strategic planning process influence SME's growth?
- Do the owners of SMEs understand the strategic planning approach for the growth of their companies?
- What are contextual factors that affect the strategic planning process?
- What are measurement mechanisms that SMEs use to assess the success of their businesses?

1.7 Significance of the Study

Considering that there is the high failure of SMEs, not only in the eThekweni region but in South Africa as a whole, and the role that the sector is expected to play in the corporate world, their success rate is vital for unemployment eradication and poverty elimination. Therefore, SMEs should be supported so that their growth can translate to economic well-being. The literature and reports cited in this study can play a crucial role in providing information on whether there is cooperation between the SME sector, government agencies, and the private sector in all planning activities that aim to review strategies and policies.

The study will further assist in terms of providing information on whether SMEs have adequate strategies for growth for the betterment of the sector. The South African government and other agencies can use the results and findings of this study to improve strategies and policies. This will also be useful for fellow researchers to gain information on what is already analysed as a benchmark for their studies.

1.8 Assumptions, Exclusion, and Inclusions

1.8.1 Assumptions

The study assumed that SMEs are classified correctly based on their level of income and that all companies are in one way or another registered in a database. SMEs have means of establishing if their company's success is rated by the managers or owners. Each company employs a certain number of employees either directly or indirectly.

1.8.2 Delimitations of the Study

The study focused on SMEs in KwaZulu-Natal in the eThekweni area. The study sought to address the challenges facing SMEs and further enrich SMEs with strategic management knowledge.

Studying and working at the same time was quite a major challenge, furthermore, the restriction that the POPI act is enforcing on organisations made most sources of information apply stricter measures for data sourcing.

1.8.3 Exclusion Criteria

Companies categorised as SMMEs, as well as businesses classed as corporate businesses, were excluded from the database of the study. The research also excludes firms that are not in the infrastructure sector, as well as companies that fit the requirements but chose not to participate. The investigation was unable to reach enterprises located outside of the KZN province. The analysis also left out firms that had been deregistered from the database and had not been in business for five years.

The exclusion occurred after verification of the company's status on the database and their registered area of practice to establish the correct sector they fall under.

1.8.4 Inclusion Criteria

The study focuses on businesses with up to 250 total full-time equivalents of paid workers, businesses with an annual turnover of less than or equal to R170 million, and businesses that fall into the SME category as defined in the March 24, 2019, updated government gazette. Companies who met the above requirements and do business in the Kwazulu-Natal province, eThekweni region, were also eligible for this study. To ensure the most up-to-date data, the study was restricted to firms that satisfied the stipulated standards while remaining registered on the Durban Chamber of Commerce database and declared their willingness to participate in the survey. The inclusion requirements only apply to firms in the infrastructure industry.

1.9 Structure of the Dissertation

Chapter 1: Study Overview. This chapter outlines the broad dimensions of the study regarding the background of the study, problem statement, aims, and purpose of the study, the significance of the study, delimitations which include exclusions and inclusions of the study, the research design, and the structure of the dissertation.

Chapter 2: Literature Review. This chapter focuses on works of literature already available to benchmark the study findings and provide an overview of previous studies on the challenges facing SMEs.

The literature was researched in order to comprehend the concept of SMEs in terms of enterprise categorization in South Africa and to identify the characteristics of SMEs. The investigation of variables used by SMEs to gauge their success, as well as the availability of information on the performance of SMEs in South Africa and their failure rates. The literature study concentrated on the interaction between SMEs and their operating environment in terms of common issues that SMEs face that impede their growth posture. The importance of the various techniques used by different SMEs to keep their businesses afloat was emphasized. The aspects of the strategic planning process, strategic development, and strategy alignment were investigated in order to determine their influence on company growth and overall success of SMEs.

Chapter 3: Research Design. This chapter presents the research design; population; target population; sampling procedure; recruitment of participants and informed consent; information collection procedure; data analysis procedure; pretesting/pilot study; delimitation of the study; geographical location; limitation; validity; reliability; ethical consideration; voluntary participation; geographical location; anonymity and confidentiality.

Chapter 4: Presentation, Analysis, and Discussion of Results and Findings. This outlines and discusses the outcomes of the research study.

Tests used in the analysis:

Descriptive statistics with mean and standard deviation analysis are among the tests utilised in the analysis. The study's findings are presented in tables and graphs. Linear regression was used to predict the value of the dependent variable by estimating the coefficients of a linear equation including one or more independent variables. The ANOVA was utilised as a test for numerous independent samples in the study to compare two or more groups of cases in one variable. The analysis also employed Pearson's correlation to determine how variables were connected, as well as the linear connection.

Chapter 5: Evaluation, Conclusion, and Recommendations. This chapter begins with a synopsis of the significant findings from the study, followed by concluding remarks, and recommendations for the challenges facing SMEs regarding growth in KwaZulu-Natal within eThekweni.

1.10 Summary

The chapter introduced the research, a description of the research topic's background, and a reason for focusing on the study field. The chapter went on to explain the significance of the study topic and outline the research challenge. The research's potential contribution was discussed. The research question was followed by the research goal and objectives, which established the tone for the investigation. The methodology used in the study was discussed, and the study's limitations were specified. The chapter also addressed the challenges of validity and dependability, as well as anonymity and confidentiality. Finally, the chapter included a study outline.

CHAPTER 2: LITERATURE REVIEW

2.1 Introduction

This literature review provides an overview of previous research on the strategic approach of SMEs and their growth targets. This section critically analyses the characteristics of SMEs and the differences between SMEs and large organisations in the context of the use of strategic planning for their performances.

The aims of Chapter 2 were to review the literature pertaining to SMEs, the criteria used to classify SMEs and to provide factors affecting operation in the sector of SME sector in the context of South Africa.

The literature review consists of subsections related to small businesses' strategic plans, business growth, strategic decision-making, growth strategies, and the factors used to measure growth in different companies.

This chapter looks at the definition of SMEs while profiling them concerning their strategy and the process followed to develop their strategies. The chapter commences with an introduction that focuses on the role that SMEs play in the global economy, in South Africa, and at the municipality level. Malizia *et al.* (2020:7) describe the developmental economic impact of SMEs as an activity that is ongoing forever as it keeps on resolving problems based on current environmental challenges that give rise to new problems. Therefore, this study looked at how SMEs approach their strategic planning to survive and contribute to local economic development. In addition, the strategic planning process followed by the SME owners, and their perception regarding the importance of following a strategic planning process which is described by George, Walker, and Monster (2019:23) as an activity with a positive contribution to the performance of the organisations, was evaluated.

2.2 Strategic Planning

Strategic planning is the process through which an organization's executives outline their vision for the future and determine the aims and objectives of their company (AlQershi, 2021:34). According to John-Eke and Eke (2020), strategic planning is a popular management technique in today's enterprises. The belief that it is a successful technique in public and commercial companies with good repercussions for

organizational performance underpins its appeal. (George; Walker and Monster, 2019:23).

According to Intrafocus (2017:5), strategic plans are usually used to define the planning process, detailing all phases necessary from strategy formulation to strategy review while keeping the company's vision and goal in mind. This is why the study examines SMEs' visions and missions to see if these variables were considered throughout the strategy creation process.

Vision: Hisrich, Peters, and Shepherd (2017:13) suggest that entrepreneurs should ask themselves detailed questions meant to deepen their awareness of the nature of their surroundings. The answers to these questions help articulating a company's vision simpler.

Mission: Intrafocus (2017:38) defined the mission of the organization as a good starting point toward strategy development since it asks simple questions about how and what organisations do in their businesses. Bazrkar (2017:2) suggested that each organisation needs to understand its capabilities and abilities to identify and develop a strategic plan that is suitable for its organisation. The author further suggested that a plan should involve scorecards to check if all tasks are met before alignment to an intended strategy. However, the study focuses mostly on the balanced scorecards method and six sigma methodology and failed to indicate if there is a clear relationship between following a strategic planning approach and the growth of SMEs.

Chebo and Kute (2019:3) investigated the contribution of strategic planning to the success of small firms. The authors suggested that a strategic plan is the main contributor to the growth of small firms, however, this study indicated that the environment and the leadership style of the business owners are the moderators of the plan to be followed. The study did not make recommendations on which strategy contributes the most to the growth of SMEs and no comparison was made between different strategies.

Previous studies are supporting the conclusive statement which suggests that strategic planning is an adopted management approach in most organisations (Aziz, Tuan Matand Zainudin, 2021; Bayo-Mariones *et al.* 2021). George et al. (2019) state that a strategic planning approach has a positive consequence in the financial

performance of organisations, although the strategic planning process is sometimes criticised for being overly rational due to the detailed steps that are required, which may inhibit strategic thinking. This study was aimed at testing if strategic planning improves organizational performance, with results proving that strategic planning has a significant impact on organizational performance. The study collected information from a wide population including both private and public sectors and as a result lost a chance to be more precise to come out with direct recommendations.

Some studies have come out with a moderate correlation between strategic planning and a company's performance, finding that although strategic planning is effective for the output of a company's performance, its application does not guarantee performance gains (Beynon, Jones and Pickernell, 2018; Becker and Schmid, 2020).

Kerzner (2019:7) observed that strategic planning is key to most companies and has been a trusted method for some time, but the challenging aspects have been the understanding of its principle and how it can be applied to planning. The author further questions the rationale regarding separating the planning process as a tool from the goals planning process of the organisation. According to Smith (2020:45), the planning of a strategy presents the opportunity to analyse the situation which is as good as analysing the processes and management.

Kerzner (2019:7) remarked that strategic planning is important to most businesses and has been a trusted strategy for some time, but the most difficult components have been comprehending its premise and how it may be used to planning. The author also challenges the reason for isolating the planning process as a tool from the organization's objectives planning process. According to Smith (2020:45), strategy planning provides a chance to analyses the situation, which is just as useful as analysing the processes and management. The study focuses on public relations as a tool for measuring corporate success, which is also seen as having the potential to provide an impediment in the process owing to the high level of subjectivity. According to the study, following the planning process provides company owners with a good sense of the environment in which they aim to manage their enterprises (Smith, 2020).

Wilkerson (2020) researched the strategic planning process, stating that establishing a strong strategy plan without following a strategic process is impossible. The author also suggests that companies supplement their plan with a robust annual operating

plan to ensure that strategic plans do not end up being a document only but are frequently visited as a road map to company goals, and to determine whether the direction taken is in line with the strategy's vision.

2.3 Failure Rates of SMEs

Most studies agree that there is an alarming rate of failures among SMEs. Scholars have attributed these failures to several distinct aspects (Rambaruth, Adam and Naidu, 2021; Zondo and Ncube, 2022; Ngubane, 2021). Most businesses that apply the strategic planning process in developing their strategy have seen an improvement in their output, and in their study the authors highlighted that, the infrastructure sector is one of the sectors in which most SMEs that follow the strategic planning processes resides. The other common conclusion among the studies is that SMEs have the leverage to reduce unemployment and poverty (Suherna, 2021; Bugwandin, 2022; Zondo and Ncube, 2022). Other studies cite issues of finances, poor managerial and marketing skills, high labour costs, and lack of government support as factors that negatively contribute to the failure of SMEs (Mahohoma, 2018; Bugwandin, 2022; Msomi 2021).

Studies that researchers conducted in countries outside South Africa highlighted the importance of the role that entrepreneurs' competencies can play to improve the success of SMEs. Extraordinarily little research has been conducted in South Africa on the impact of the strategic planning processes that SME owners or managers can develop to achieve quantifiable growth and performance of SMEs. To address this shortcoming, this study examined the impact of the strategic planning process on the growth posture of SMEs in the eThekweni municipal region in KwaZulu-Natal, South Africa.

2.4 Strategy Alignment

Angel Saz-Carranza (2016) describes strategic alignment as "determining what matters most to the organization and then developing a road map to achieving the organization's purpose." According to the article, alignment necessitates strategy, a willingness to make changes, and an engaged workforce.

The report by Lipsmeier, et al., (2020) attributes the early failures of businesses to a lack of strategic planning. The report highlights factors that can contribute to the

strategic decision that can assist management to improve performance and combat challenges in the SME sector but lacked preciseness in the implementation plan. The report found that most eThekweni-based SMEs in the infrastructure industry use strategic management practices to improve their business performance.

Both Buthelezi (2021) and Garatsa (2020) highlighted two key factors for strategic management in SMEs, which are: increasing productivity and gaining a competitive advantage. Ramburuth *et al.* (2022) concluded that SMEs must develop procedures and policies to encounter challenges that can arise because some of the challenges can be experienced as early as the time of drafting a strategic plan which will ensure that strategic planning achieves intended results through incorporation of strategic management into SME training programmes.

To overcome these challenges, SMEs are encouraged to leverage their human resources to drive sustainable performance (Zhou and Victor, 2021: 26). The study by Zhou and Victor (2021) looked at the role that key interventions developed to assist the SMEs and suggested that these interventions should not only focus on internal factors but pay more attention to external environmental drivers like unemployment. Unemployment, especially amongst youth in the province of KZN and eThekweni Municipality, has a significant impact on the growth of SMEs because most people get driven by the immediate need to start a new business without having taken the time to analyse the market and end up not following a process of strategic planning (Zhou and Victor, 2021). Hence, the role that is supposed to be played by SMEs in the economy is overshadowed by the high failure rate. Some SMEs face the threat of failure within the first few months of establishment as they lack strategic planning, thus, some SMEs' full potential is never realised (Rambaruth, *et al.*, 2021).

There were interesting findings in the study conducted by Rambaruth, *et al.* (2021) whereby the SMEs in the infrastructure industry were found to be the ones that are applying strategic management practices the most in the SME sector and the study concluded that it is because of this practice that their businesses have improved the most in performances and business growth.

The studies conducted by Msomi (2021), Rambaruth *et al.* 2021 and Dushi, Dana, and Ramadani (2019) demonstrated a high-level agreement that the influencing factors that drove SMEs to adopt a strategic plan are success orientations and profit

realisation, which is summed up as the growth posture of SMEs according to this study. This notion indicates that SMEs are driven by different motivations to achieve their intended goals and all these factors are deemed good as they contribute to the improvement of the business.

According to Kankisingi (2019), an organizational strategy, its culture, structure, processes, and management style in SMEs reinforce the entrepreneurial strategy, resulting in improvements in the product, process, market position, and business model of SMEs. According to the examined literature, most businesses choose a combination of strategies (Lekhanya 2015b; Barone, 2022; Dlamini and Garatsa 2021). Even if the study refers to uncommon circumstances when certain organisations with single strategies have a high turnover, Parnel (2020) discovered that companies that use a combination of strategies outperform those that use single strategies. The Parnel (2020) research did not have a large enough sample size to provide a definitive conclusion about the success of organisations that use a single strategy vs those that use a combination of strategies.

According to the findings of Bugwandin's (2022) study, the main reason for small companies failing to survive in the market is the way their strategies were developed. This study gives quantitative details in terms of numbers of small businesses that do not exist longer than three years and tests if those businesses did have strategies or not. The findings of the study revealed that most of the companies without formal strategies did not even attempt to develop company strategies. The study further reported that small business owners associate the availability of company strategies with big companies (Maposa 2021: 20-28).

The study by Rambaruth, *et al.* (2021) on SMEs in KwaZulu-Natal found the lack of formulation of strategy to be the main reason behind companies' failure to establish themselves for longer periods. The study indicates that the method of strategy formulation and the process that must be followed in strategy development determines the success of a strategy. The study found that most companies in South Africa, KZN, and eThekweni region still have fundamental challenges when it comes to the development of strategies. The authors concluded that there is an agreement from the respondents that strategy is influenced by factors unique to each company which is key in adopting a particular strategy. Though the study did not go into detail but agreed

that strategic planning is one of the challenging aspects facing the implementation of a strategic plan in most organisations. The recommendation of the study was like the recommended solution from the study by Houser (2020) in the sense that it recommended that SMEs should adopt strategic management in their businesses. This study went further to recommend that SMEs be encouraged to gain the knowledge that is required to implement their strategic plans. The challenges of strategic planning should be addressed by the development of policies and procedures that are aimed at assisting SMEs with clear guidance around the formulation of a strategy.

2.5 Strategy Development

According to Hauser (2020), Strategy development is the process of understanding how decisions interact and effect an organization to achieve a competitive edge. Most studies about strategic planning processes and strategic plans suggest that the leaders of SMEs are the ones playing a role in deciding what strategy is to be taken (Adamu, 2020; Beynon et al., 2018; Dlamini and Garatsa, 2021).

However, some scholars question the decision-making information that is used to decide which strategy is suitable for the company Zondo and Ncube (2022: 27) believe that some decisions are reached without following the structured method of the strategic planning process but instead are informed by traditional feelings and desires for success. The studies agreed that all these factors contribute to the formulation of strategies and strategic plans. However, despite extensive research being conducted to establish if companies are following strategic plans to develop their strategies that encompass the factors highlighted by the researchers, there is a gap in studies regarding the in-depth understanding of the strategic planning process that SMEs undertake before the formulation of their strategies, and whether this process contributes to the success and development of the SMEs. The current study evaluates whether these factors develop and promote business strategies that will promote sustainable growth.

According to Gopaul (2019), failure of managers to follow a strategic planning process is an evidence of inadequate management abilities since it shows that some managers still do not make clear decisions that might help their organisations flourish. Gopaul (2019: 17) considered managers' failure to source information to be unfortunate in this

day and age because information is readily available in the form of studies and research work and can be analysed to aid small businesses in developing strategies that best suit their company's goals and competencies. Gopaul's (2019) examination of the literature indicated a vacuum in the assessment of the strategic decision-making process in the SME sector.

According to the study's findings, there is a significant propensity for managers in the SME sector to simply examine the external component in the process of strategic development decision-making, which is fostered by a lack of awareness of the availability of structured procedures. As a result, owners end up adopting a cultural approach to developing a strategy that does not address essential issues such as the company's skills, but rather looks at the success of other businesses in the expectation that their enterprise will follow suit.

Dlamini and Garatsa (2019) produced a paper that was aimed at improving customer relationship management which helps to connect business owners with their customers. In their study, they looked at factors that need to be considered to help a firm to come out with an informed decision rather than adopting other businesses' strategies without following a properly structured plan of strategy development that considers their organizational strengths and weaknesses, environmental factors, technological factors, and cultural factors. In their study, they also raised concerns with the number of companies' strategies that end up looking the same, yet businesses have different skills and operate in different environments. The study did not come out with a clear indication as to how small firms can collect information from their intended clients and how that information should be used in the process at a strategy formulation level. The study did not cover the steps in the strategic planning process and focused mostly on the sector's shortcomings.

While Zondo and Ncube (2022) introduced the element of entrepreneurial skills as another competence that the success of SMEs should focus on. The study focused on the early years of business establishment as the critical phase when all the information for future use must be gathered, including gaining experience in the field. The study further looked at the early establishment phase as the time when the creativity of SMEs can be enhanced with interventions like workshops, training and even improving academic qualifications. It is highlighted in this study that managers and owners

should be able to take decisions and direct their companies through a structured process, and that capability will require a certain level of qualification.

The study by Zondo and Ncube (2021) emphasised the internal factors of the companies, suggesting that if the skills level can be corrected the other challenges will be easy to deal with since the internal factors give a competitive edge. These findings were in contradiction with the study by Garatsa (2020) which laid the responsibility for SMEs' failure squarely at the door of government and the lack of support that the government is giving to SMEs. The study argued that departments that have been created in most countries to support the development of SMEs are failing in their fundamental goals as, in many instances, they do not even have data that reports the number of small firms that were established in the year as well as the number that have failed to operate. The study describes this failure as the lack of leadership from the government that is supposed to be holding the department responsible for reports that can assist to gather information about the exact reasons for companies' failure.

Thus, for corporate governance of the SME sector to succeed it is important to have leadership that is intact, in full understanding of their responsibility around the SME sector, and has a full acceptance that the growth of the country relies upon the success of SMEs (Beynon et al., 2018; Buthelezi, 2021; Braidford *et al.* 2017; Dlamini and Garatsa, 2021; and Edwards, 2021)

A study by Lekhanya (2015a) concurred with the findings by Garatsa (2020) as it expressed strong views on the ability of SMEs owners to have sound leadership skills which must be complemented by the support from the government which has a duty of demonstrating commitment in supporting the industry to grow. Lekhanya (2015b) was concerned with clarity regarding the availability of information and the way the information is distributed to the intended recipients. The study acknowledges that South Africa is one of the countries that have all the resources available to aid the progress of SMEs. The issue that is highlighted in the study is the sharing of information with the correct recipients, as the study referred to the unavailability of facilities on information in townships and rural areas. The study further proved that SME owners do not have good leadership qualities and that matters of corporate governance do not exist within the SME sector.

The study by Bayo-Mariones *et al.* (2021) found a positive relationship between an innovation strategy and developmental performance appraisal. This agrees with the above-analysed studies (Lekhanya, 2015a; Edwards, 2021; Garatsa, 2020) which emphasised human resources as the key drivers of the success of company strategies. The study by Bayo-Mariones *et al.* (2021) demonstrated that human resources are a key factor in quality production, as the study found a positive correlation between quality strategy and the availability of developmental performance appraisal. The study additionally found that firms that have adopted an innovation strategy and administrative appraisal enjoy a higher return on equity (Bayo-Mariones *et al.* 2021).

Rochelle (2006) conducted a study on the importance of managers' decisiveness towards strategy development and strategic planning. The study focused on the role that managers played when the clothing industry in South Africa and KZN was faced with the influx of imported products from China. In this study, it is indicated that the market from China was using a pricing strategy to increase the number of sales. The study further found that most companies that were using pricing strategies failed to survive simply because their manager did not review their strategies based on environmental changes. The companies that used quality as their strategy survived because their pricing strategy was coupled with an excessive cost which resulted in their firm selling fewer products but generating higher profits. The study defined this as the critical importance of strategic choices (Rochelle, 2006: 38).

In support of the role played by managers in decision making, Maposa (2021) found a linkage between the personal values of the company owners and the values of the company which is demonstrated when the company becomes an extension of the decision that is made by their owners. Maposa (2021) also found that the decision-making by the company owners becomes a day-to-day operation of the company, including deciding whether to apply certain strategies or not. Maposa (2021) further stated that decision-making is also noticeable when some companies choose not to employ financial measures. This study proved that companies that employed financial measures perform better than those that decided against the use of financial measures. These findings confirm that it is a matter of decision making whether to employ or not to employ financial measures (Maposa, 2021:34-48). However, this

study failed to recommend the appropriate financial measures that are appropriate for SMEs in the infrastructure sector.

2.5.1 Impact of Leadership Style on Strategic Planning

Bugwandin (2022) confirmed that the leadership of SMEs was crucial to the business's long-term viability. Appropriately, leadership style impacts the company's outcome since it drives the organizational strategy. The study demonstrated that strategy and leadership are essential to accomplish a company's sustainability, and executives are charged with decision making toward these aims. The research also advised the creation of a conceptual framework for small and medium-sized businesses to build a sustainable business plan.

Most studies about strategic planning processes and strategic plans suggest that the leaders of SMEs are the ones playing a role in deciding what strategy is to be taken. (Adamu, 2020; Beynon et al. 2018; Dlamini and Garatsa, 2021). However, some scholars question the decision-making information that is used to decide which strategy is suitable for the company Zondo and Ncube (2022: 27) believe that some decisions are reached without following the structured method of the strategic planning process but instead are informed by traditional feelings and desires for success.

The leadership aspect is also highlighted in the study by Mhlongo (2021) as a factor that causes failure in the SME sector. Though most studies have used three years as a benchmark, Mhlongo (2021) concluded that the problem is so dire that many SME fail to exist beyond even the first year of their registration. Factors like leadership and guidance from superiors are flagged as a challenge in this study. The study agrees with other scholars that the process of developing a strategy remains the biggest factor that needs urgent attention. There is very little mention of strategic planning in this study, but the study looked at an entrepreneurial system that encompasses all the processes including registration and matters of compliance. In Mhlongo's study (2021) study there is recognition of programmes that the South African government has put in place in trying to combat the scourge of failure among SMEs.

UMass (2016:2) suggested that decision-making should follow a process that is structured in such a way that it starts with identifying a decision to be made then gathering of information, before the assessment of alternative resolutions (Figure 1).

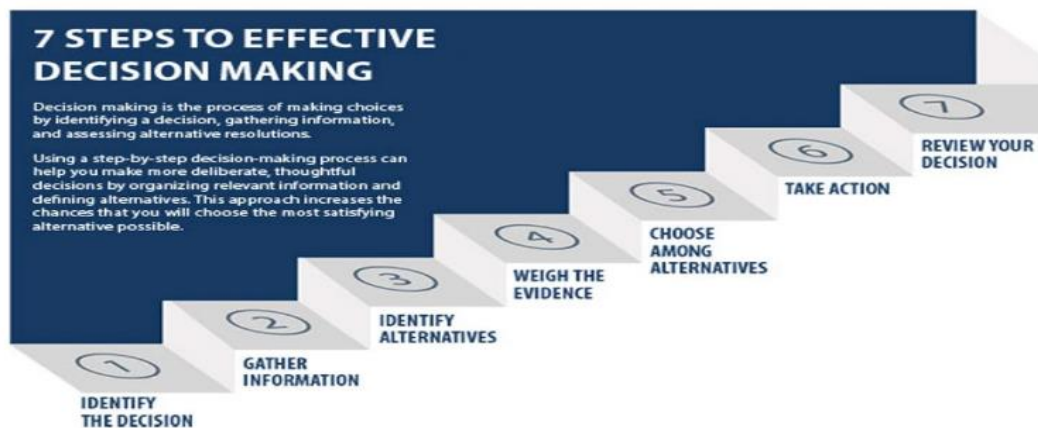


Figure 1: Seven steps to effective decision making.

Source: UMass (2016)

The Covid-19 pandemic presented all spheres of business with an opportunity to review their decisions and strategies (Aziz, Tuan Ma and Zainudin, 2021: 34) and tested leadership values and capabilities (Lekhanya, 2015b: 48). Aziz, Tuan Ma and Zainudin, 2021) looked at the role leaders play regarding the strategic plan to ensure business sustainability. Their study confirmed that the leaders are the key players in decision-making since they approve all decisions that are to be implemented. The study revealed that though many SME leaders have qualifications, some of them have little to do with business management or fiscal management since there are many factors that propel individuals to be an entrepreneur.

The question many scholars are interested in is whether the leadership within the SME sector can manage a turbulent business environment and still achieve growth (Ngibe, 2020: 12). The study by Ngibe (2020) suggested that many scholars have researched the factors that contribute to an SME being successful and describe those factors as including management skills, leadership ability, access to finance, the availability of resources, the economic climate, and the availability of infrastructure and raw material.

Kim and Yoo (2019: 4672) have proposed a model which suggests that each stage of the platform growth model must be thoroughly explored to assist businesses in growing to their full potential (Figure 2). The model is aimed at assisting strategy developers with concepts for developing a strategy that has followed a structured process. The model also addresses the elements that are outside the business to be ready for unforeseen circumstances.

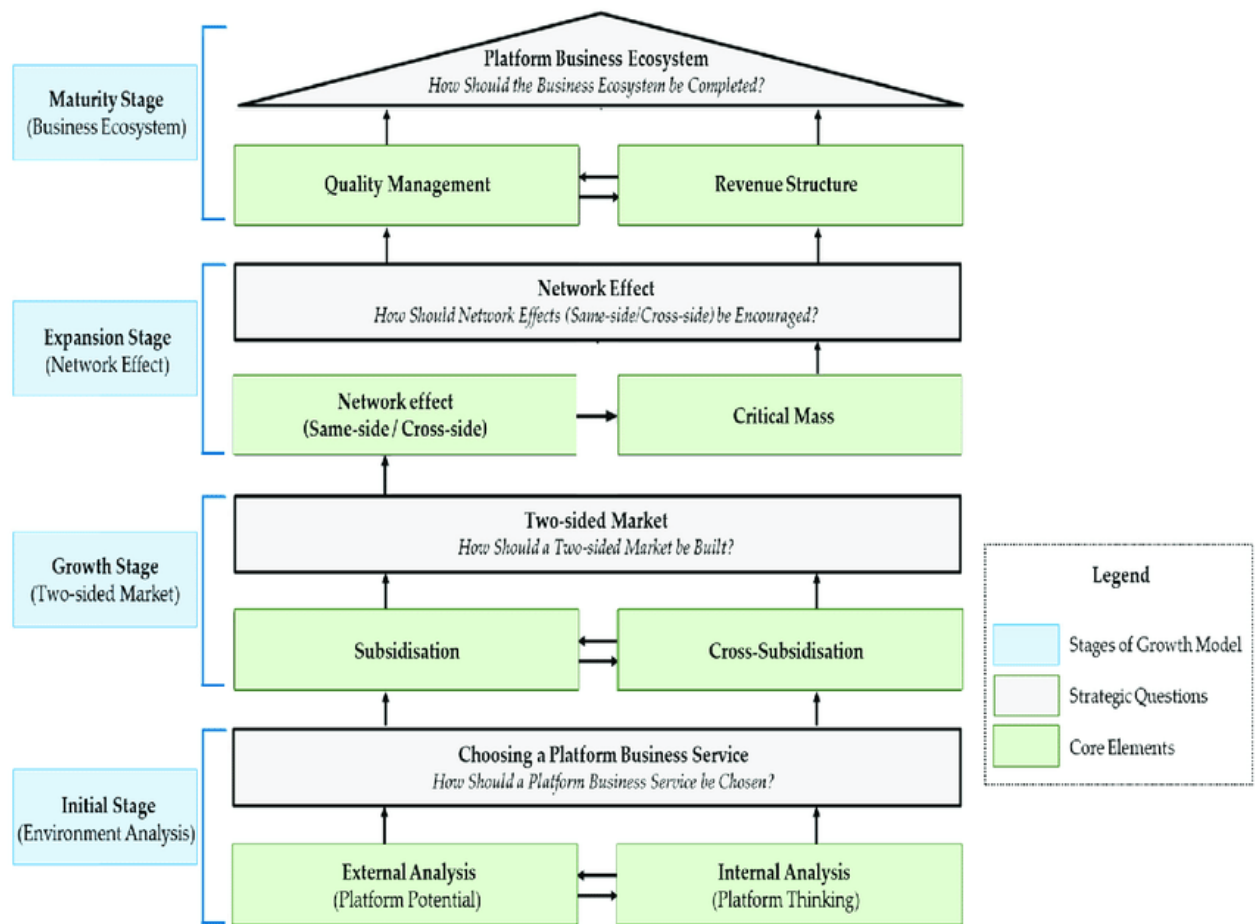


Figure 2: Platform business ecosystem

Source: (Kim and Yoo ,2019)

Many studies have been conducted on the construction element of the infrastructure sector within SMEs. The factors that have been looked includes leadership skills, environmental factors, and the support that the sector receives from the state.

The impact of government regulations and issues of compliances and affiliations have also been highlighted as critical factors affecting sustainability and growth in the infrastructure sector (Aigbavboa and Thwala, 2014; Rambaruth, et al., 2022).

The studies agreed that all these factors contribute to the formulation of strategies and strategic plans. However, despite extensive research being conducted to establish if companies are following strategic plans to develop their strategies that encompass on the factors highlighted by the researchers, there is a gap in studies regarding the in-depth understanding of the strategic planning process that SMEs undertake before the formulation of their strategies, and whether this process contributes to the success

and development of the SMEs. The current study evaluates whether these factors develop and promote business strategies that will promote sustainable growth.

2.6 Growth Strategies

Some researchers suggest that company owners know that they need to focus on strategies to grow their businesses but fail to single out the most suitable strategy for growth (Chebo and Kute, 2019: 3; Agwu, 2018: 3). These authors look at the processes followed to develop a strategy but not the planning process involved in on the way to strategy development.

Hisrich, Peters, and Shepherd (2017: 59) are of the view that most growth strategies lead to competitive advantage since they capitalise on the behavioural aspects of the company owner as well as the SME's knowledge base. The growth strategies listed by these authors are (1) penetration strategies, (2) market development strategies, (3) product development strategies, and (4) diversification strategies.

The literature for this study was reviewed according to the study framework illustrated in Figure 3.

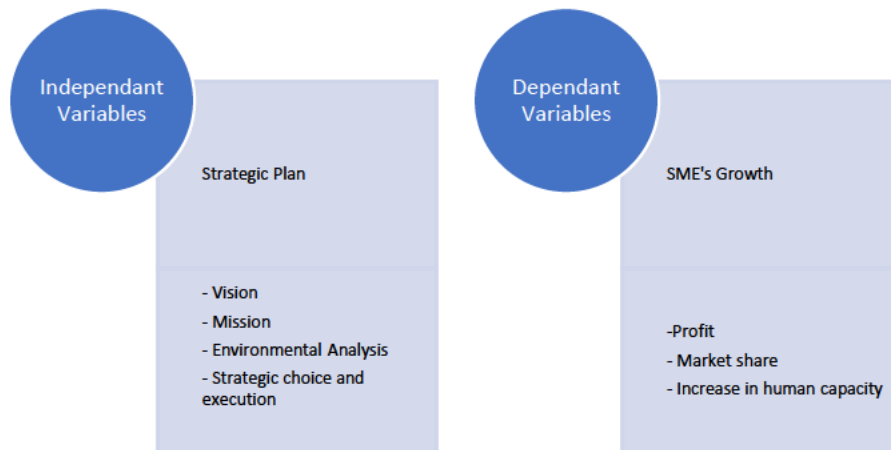


Figure 3: Study framework

Source: The researcher's illustration figure

According to Zondo and Ncube's (2022) research, SMEs are driven by the desire to succeed and are determined to build their operations against all difficulties. The survey also suggests that the success of SMEs is dependent on two factors: entrepreneurial and financial abilities. According to the literature, there appears to be a lack of in-depth understanding of how the SME sector may be beneficially employed as a tool for

economic growth and poverty alleviation, which is connected to supporting SMEs to stay in the market for a longer period.

Some studies acknowledge the impact that the government, as an external factor, is playing to develop and assist small businesses but also suggested that the lack of managerial skills within the SMEs should not be overlooked as the main internal contributing factor (AlQershi, 2021; Lekhanya, 2015b; John-Eke and Eke, 2020; Edward 2021). Some studies highlight that businesses that are operating in urban areas do have problems, but their challenges are nothing compared to those that are operating in rural areas (Lekhanya and Mason, 2014). SMEs in rural areas are hard hit by the current geographical structures. However, SMEs that operate in urban areas also experience challenges emanating from the stricter requirements to access finances, lack of skills, and basic managerial skills, which are exacerbated by the factors of environment and social life. This is why this study will be representative even though the data source is in eThekweni Municipality which has a bigger portion of the area classified as urban.

In business, growth plans are defined as a strategy that organisations may use to better prepare themselves for present and future difficulties, as well as to realize their full potential (Gartner, 2021). According to Gartner, the approaches to accomplish efficient growth should involve increasing cost agility by organisations and detecting early cost alerts as part of a strategic monitoring tool. While the report urged businesses to make wise reallocation decisions and to undertake transformative development initiatives.

A firm's success is measured in several areas, such as generating new products/services, new manufacturing processes, discovering new supply and markets, and establishing new organizational strategies. (Kankisingi and Dhliwayo, 2022).

The decision to choose a strategy that is appropriate for the firm should be based on the market approach, the product sold, and risk assessment. All of this must be combined with a strategic plan and the company's goals (Brussels, 2022: 10).

2.6.1 Ansoff's Theory

Ansoff (1957) early model found that for an organisation to grow its products and market, four different strategies were crucial. Ansoff model emphasised a strategic tool used during the development of a growth strategy (Henry, et al. 2022: 282). It is regarded as a good basis for considering the strategic development of a company. This model is mostly used by management teams for strategic planning and evaluation of growth initiatives as it involves analysis of different growth strategies (Peterdy, 2022: 1). The Ansoff growth matrix is comprised of two axes which are based on products and market, as shown in Figure 4.

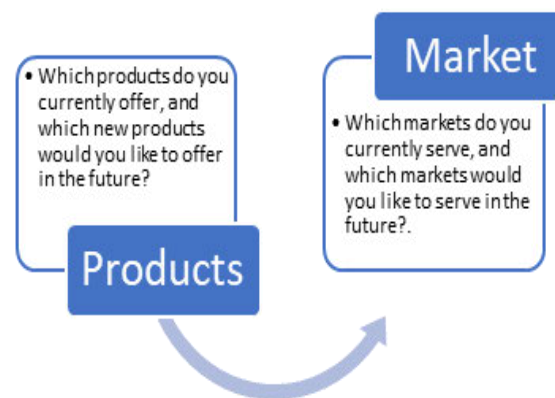


Figure 4: The Ansoff growth strategy

Source: (Brussels, 2022: 23)

According to Peterdy (2022: 39), The growth matrix is used to evaluate the relative attractiveness of growth strategies. This is accomplished through leveraging both new and existing products and markets in comparison with the new venture in the market or by the introduction of a new product. The author emphasised that this needs to be done with the analysis of risks at stages of development.

Figure 5 shows a matrix with products on the X-axis and markets on the Y-axis.



Figure 5: The market and product leveraging matrix.

Source: Peterdy (2022: 2)

The Ansoff growth matrix is highly regarded, as it guides the strategic planning process across all strategies. The tool does not analyse the matrix, but it does give the strategist a starting point to consider. And the choice of the best strategy for a company is left to the company owners to decide based on its competencies, environment, product, market, and risk analysis.

Many factors have been flagged as hurting the growth posture of SMEs, especially in the infrastructure sector. Some of the reasons that have been found by previous researchers are, lack of marketing skills (Adamu, 2020: 13), little or no knowledge of how to develop a marketing plan (Msomi 2021: 49), and insufficient capital and a lack of access to markets (Buthelezi, 2021: 14; Dladla, 2020: 09; Dushi, Dana, and Ramadani, 2019: 22).

2.6.2 Marketing strategy

A marketing strategy is a company's overall game plan for reaching out to prospective customers and converting them into clients of their products or services. A marketing plan includes the value proposition of the organization, important brand message, statistics on target consumer demographics, and other high-level aspects (Selamolela, 2020: 49).

According to Selamolela's (2020) research, rising enterprises are lagging in strategic concerns because they lack strategic planning. According to the survey, even those that have strategic plans fail to examine them on a yearly basis. The survey also raised

concerns regarding SMEs' lack of enthusiasm for marketing plans, as well as their willingness to learn more about the benefits of having a marketing strategy. This study investigated whether the small number of companies with strategies went through a planning process before putting their plans into action and found negative results, however the study recommends that the SMEs in the infrastructure sector should be encouraged to develop marketing strategies to enhance the sector because it drives the growth of the SME industry. This study emphasizes the significance of dissecting all the advantages connected with marketing strategy. Barone (2022) defines a marketing strategy as an entire plan for reaching out to prospective customers and converting them into customers (Figure 6).

A marketing strategy contains the company's value proposition, key brand messaging, data on target customer demographics, and other high-level elements.



Figure 6: Marketing strategy development process

Source: Barone (2022: 7)

2.6.2.1 The Impact of Staff on Marketing Strategy

Khanya (2021) emphasised that a strategy's success depends on people, and all critical positions should be filled to make sure that strategic plans are achieved. The author suggests that the creation of positions in the structure is a strategic decision on its own and failure to fill positions that are in the structure sabotages the intentions of strategic success. Khanya's (2021) study did not address the process that is followed to create the position in the first place and to demonstrate the linkage between the identification of key positions and strategic planning. The study also failed to compare

institutions with similar human resource structures with the same type of institution elsewhere to evaluate if the failure to fill positions does cause companies to fail to grow or not. The study focuses mostly on government institutions hence its findings are irrelevant for SMEs. The study highlighted that operational strategy is the responsibility of leadership or high-ranked managers or people in power, but this is a misconception since more scholars are encouraging the adoption of strategies that must have the buy-in of all employees. The latter approach is supported by Dlamini and Cletos (2021) who promote a holistic strategy that should diffuse within the whole organisation irrespective of a person's level of employment.

Dlamini and Cletos (2021) advised that strategy becomes the culture of the organisation as it involves environmental, technological, and information matters that should be integrated to help the firm to make decisions especially when it comes to the adoption of a strategic plan.

Mudau (2022) looked at the impact B-BBEE has on organizational effectiveness because companies must look at how they conduct business and the structure of their organizational leadership. The author points out that companies must review their company strategies regularly to be on top of their game when it comes to the relevance of their strategy in relation to external factors like environmental changes and political dynamics. The study by Mudau (2022) confirmed that B-BBEE had a positive impact on organizational effectiveness with specific reference to managerial changes and owners' reshuffling to comply with new regulations to remain competitive. In this study, factors like organizational sustainability, organizational strategy, and organizational culture were highlighted as factors with a major impact on the growth process of small and medium-sized enterprises.

To achieve more using the marketing strategy, the human resources that are in the frontline of service need to be thoroughly trained as they become the face of the organisation (Gumbi, 2022: 13). This study expressed results that revealed that regular meetings become a necessity in managing staff for the alignment of business ideas.

Gumbi (2022) conducted a study focused-on businesses that are in sales, where marketing always takes centre stage. The findings were that staff in the front line of service need to be thoroughly trained as they become the face of the organisation.

The study further stated that human resource-based investment is necessary to ensure that the company strategy is understood by all company personnel.

2.6.2.2. Product in Marketing Strategy

The research by Gumbi (2022) emphasizes the importance of products as marketing tools, indicating that items must be evaluated on a regular basis to test for relevance to client demands. This demands an understanding of both the clients and the market. This study concluded by stating that there is a need to evaluate the marketing strategies used by businesses to acquire new customers, as the study highlights that customers buy what they know, and it is the responsibility of companies providing a service to ensure that their product is known by the intended market. While Hill (2020) cited that many industrial businesses' strategy advances are mostly dependent on corporate marketing choices, with production obliged to react to these at the tail end of the process.

2.6.3. Technological innovation

According to Surya et al. (2021), development strategies aimed on regional economic growth backed using technology will expedite and stimulate greater productivity in community-developed economic firms.

Ngubane (2021) is of the view that local authorities share the same goal orientated view which is to improve the SME sector to play a leading role in creating awareness of what the country can produce to expand the export of South African products. While the need for authorities to drive the marketing of products by SMEs was a point of discussion in the study by Ramsuraj (2020), where the local authorities in the eThekweni Municipality were blamed for not doing much to convince the informal traders to move to newly established shelters. According to the study, informal traders expressed concerns about the lack of strong market base in the areas where they would be relocated. This highlights the necessity of having a plan that balances both the market and product which requires the involvement of all stakeholders (Ramsuraj,2020).

2.6.3 Strategic Planning process

Strategic planning is the process through which an organization's executives outline their vision for the future and determine the aims and objectives of their company. The process involves determining the order in which those objectives should be achieved so that the organization may achieve its stated vision (Rahman, 2019:19)

According to Rahman (2019), SMEs that implement strategic planning procedures are more likely to achieve higher financial performance.

Nxumalo (2021) emphasises the importance of assessing the level of readiness of SMEs to operate before addressing issues of support. The study looked at a requirement that the study considers to be simple but is difficult for SMEs to meet because they lack basic and simple explanations of how they intend to run their business in the future. Some of the requirements are the fundamentals of planning requirements that institutions like SEDA require entrepreneurs to articulate before funding is released.

In the strategic planning phase, the Lucid Content Team (2023:34) proposed the following actions (Figure 7):

The first stage is to define a strategic posture by gathering information before moving on to the second stage, which comprises goal prioritization using SWOT analysis. The third phase discusses the construction of a strategic plan, which must be done after reviewing the inputs, while the fourth step addresses strategy implementation and monitoring using a strategic matrix. The final and fifth stage determines the manner in which the plan should be reviewed and adjusted if necessary.

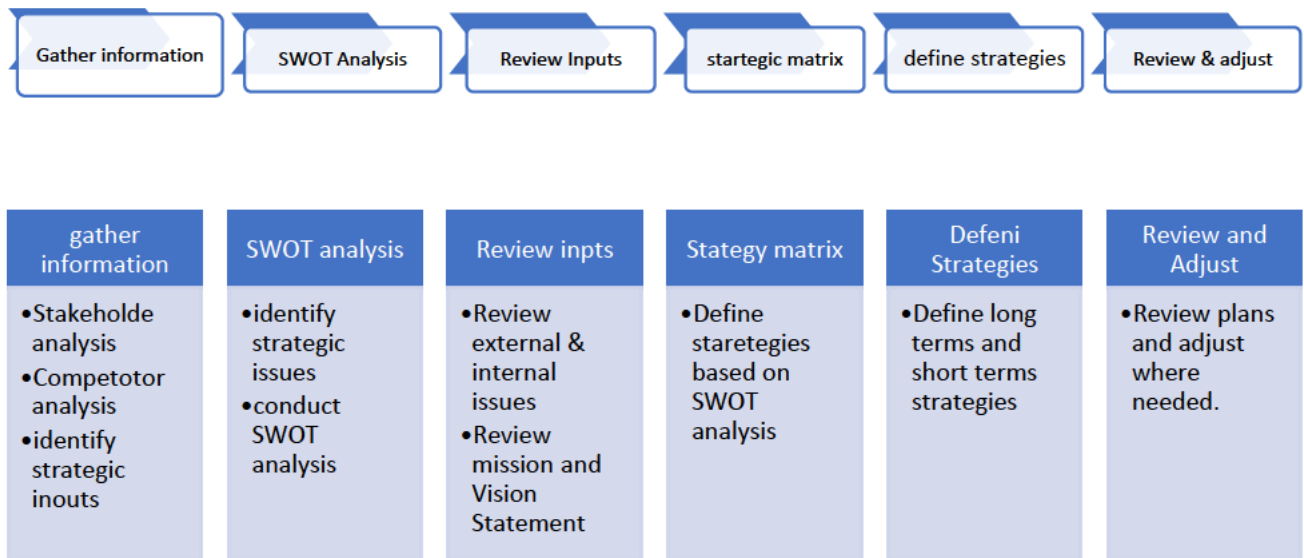


Figure 7: Stages of strategic planning

Source: Lucid Content Team 2023:16

Strategic planning is the process by which an organization's leaders define their vision for the future and identify the goals and objectives of their organisation. The process includes determining the order in which those objectives should be achieved so that the organisation can achieve its stated vision.

2.6.3.1 Strategic Planning Stage and SME Support

The Department of Small Business Development (2018) has developed a programme that is aimed at assisting struggling SMEs to deal with financial challenges as well as challenges that relate to growth, business operational efficiencies, profit margin improvement, and economic transformation. This programme requires that businesses are registered in company and intellectual property commission (CIPC) and have been in operation for over 12 months. The 12-month operational time does not address the need of SMEs that are failing within a year of registration. The other requirement of the programme is the expectation that the applicants produce a business expansion plan and a business turnaround plan. Ngibe (2020) discovered that leaders of SMEs frequently fail to meet some of the requirements due to a lack of academic qualification because they are unable to develop certain documents, especially if those documents assume that all SME owners understand financial requirements and can articulate their strategies.

Ngibe (2020: 67) found that technical abilities and access to finance are the main causes of the failure of companies to access the assistance that is available. These are among the reasons why Gumede (2020) suggests that SMEs should be part of the drafting of policies and procedures so that certain elements that are being overlooked in the desktop exercise can be addressed by the representation of SMEs to understand their shortcomings. This will also address the perception that government structures are too distant from the actual challenges on the ground (Gumede, 2020: 26).

Most studies address the issues related to responsibilities that are to be addressed by the SMEs themselves, but not many of them also address the level of support that is needed in the sector (Ngubane, 2021: 40-53). The exploration of this notion is articulated in the study by Ngubane (2021) which looks at small business responsibilities in relation to corporate social responsibility. The context of the study highlights the level of responsibilities that are embedded on SMEs to play a vital role in the corporate social responsibility's. Hence the study is emphatic on the importance of articulating the SMEs role and the definition of SMEs responsibilities.

2.6.4 Company Profit

The current study looks at the profit margin as a measure of company success.

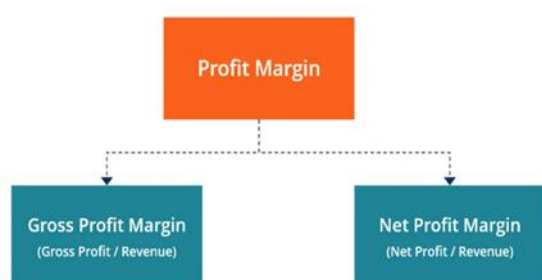


Figure 7: Profit's three margin ratios

Source: CFI Team (2022: 3)

According to CFI Team (2022: 3) (Figure 8), the profitability of a company can be assessed by three margin ratios, namely, gross profit, operating costs, and net income, which in return gives a measure of a company's earnings in relation to its revenue.

It is emphasised by CFI Team (2022) that companies need to understand the formula of profitability in the context of business cost structure in relation with its revenue streams. The study by Maposa (2021) suggested that SMEs need to be relatively knowledgeable and appreciative of the importance of financial measures to be able to measure the performance of their companies financially and to be able to use financial tools to take strategic decisions. Maposa's (2021) study was conducted on manufacturing companies in the eThekweni region and proved that most respondent enterprises in KwaZulu-Natal focus mostly on financial measures, using historical data, accounting profits, and financial ratios. The study proved that there is a positive correlation between profit margins and the success of the companies which is measured by customer satisfaction, internal processes, employee satisfaction, and supplier performance. The study did not measure the overall performance rate of manufacturing companies against other sectors and did not cover the infrastructure sector.

Financial factors are one of the factors that most researchers raise as a key point to assist in the growth of SMEs. Msomi (2021) expanded on the point of financial factors by recommending that SMEs owners need to improve their skills through financial training to be able to interpret financial reports as one of the indicators of business success. Msomi's (2021) study looked at the level of financial knowledge of SME leaders and highlighted that most companies do not even bother comparing the interest rate they receive from the banks, which contributes to their failure as they spent a lot of time and resources trying to service the credit that keeps on escalating. The study blames the financial institutions as they sometimes take advantage of the lack of financial knowledge in the sector. This challenge is exacerbated by a lack of access to finance, which leads to companies celebrating financial approvals without analysing finer details because access to finance is required for SME sustainability. Based on the findings from this research, it is recommended that SME owners should pay more attention to financial correspondence and seek help in cases where the details are not clear.

Msomi (2021) further suggested that owners have a choice to either uplift their financial and budgeting knowledge, employ an individual with the required skill, or seek assistance from the agencies that are there to support SMEs. SEDA (2021) encourages SMEs to take full advantage of their financial support structures which

come with a loan interest of about 5% to all qualifying entities. This is viewed as an intervention that is aimed at preventing exploitation in the industry. This is the kind of help that Msomi (2021: 27) encourages the government to give to up-and-coming entrepreneurs.

Nxumalo (2021) acknowledges the government's effort in financially supporting SMEs, but the study is unsure whether there is enough commitment in creating awareness among the intended recipients to ensure that processes are understood. The study further explained that, in some instances, there is an information gap that must be addressed by both the supporting institutions and entrepreneurs.

The study further highlighted the challenge in accessing financial support for business expansion because the government regulations are complicated as well as the costs associated with the full registration of a company in South Africa. These findings are supported by a study by Dladla (2020) which suggested that the process of registering a company should be made simpler with the removal of unnecessary hurdles that can be addressed by the digitalisation of processes.

2.6.5 Market Penetration

As stated by Kenton (2023: 40), market penetration is about measuring the amount of product that is sold or service that is being rendered to customers in comparison to the total estimated market for that product or service. Kenton (2023) proposes that the number of sales or services is a suitable benchmark to assess whether there has been an increase or decrease in market penetration for the period of measure. This analysis can be used in developing strategies to increase the market share of the service. This view is supported in a study by Suherna (2021) that looked at the capabilities of SME to penetrate the market and the strategy that they needed to adopt to achieve this goal. The study found that a market penetration strategy is useful to companies that want to develop or expand their product, that they need to consider factors such as customer emotional loyalty to understand customer appetite for the product as well as the familiarisation and attractiveness of the new product to be developed. This study encourages the interaction and improved relationship between service providers and customers.

According to Adamu (2020), the measurement of the value of market penetration is difficult to verify due to recurrent clients. Furthermore, the study highlighted the challenges associated with the clear measurement and separation of new customers as a result of a new product from old clients who are loyal to the business regardless of the product or service. According to the study, this challenge is most felt in cases where the business is operating in the core of their stronger consumer base. The other observation from the study is the fact that customers can transact at any given period due to convenience which makes calculation of market penetration difficult.

Kenton (2023) suggested the use of the Ansoff matrix to calculate the rate of market penetration, i.e., what proportion of the market has been properly penetrated by the company. Kenton (2023: 5) and Peterdy (2022: 3) both state that, to calculate market penetration, the number of customers a company has secured must be known and this number must be in addition to the total market size. The following formula that can be used to calculate the rate according to the Ansoff matrix (Kenton 2023: 4):

- $\text{Market Penetration Rate} = (\text{Customers Number} / \text{TTMS}) \times 100$
where: TTMS = Total Target Market Size

Market penetration strategy is commonly employed in the SME sector to measure firm growth since it is simple to implement (Peterdy, 2022). Kenton proposed that businesses must constantly adopt one of four strategies: establishing new markets, diversifying into new goods, penetrating current markets, or producing new products.

These four strategies are depicted in an Ansoff matrix as well. On this basis, Adamu (2020) concluded their study by suggesting that companies must penetrate the market by either using a growth strategy or a combination of market penetrating strategies and growth strategies. Lee *et al.* (2010) holds a different view, claiming that even though SMEs have the capacity for innovation they still lack technological competencies for new product development. Beynon *et al.* (2018) agree with Lee *et al.* (2010) regarding SMEs being innovative but have different perspective regarding the reasons why most companies prefer to stay in their comfort zones. Their study highlights that SMEs fear the risk that is associated with expansion and operating in an area that is less known to them and having to deal with new customers.

The market penetration strategy comes with the additional requirement of investment in resources in an area where there are no guarantees of returns. This then supports

the argument that sometimes market penetration is more attainable for larger companies (Beynon, *et al.* 2018).

Other research studies (Dushi, Dana, and Ramadan 2019; Aziz *et al.*, 2021; Adamu, 2020) reveal that SMEs are very opportunity-focused, and market penetration presents opportunities for an increase in the number of sales which is important to entrepreneurial marketing dimensions, but SME sector as is known to be cautious about taking uncalculated risks (Dushi *et al.* 2019: 89).

Becker and Schmid (2020: 38) agree that the number of sales that the company has achieved can be used to measure success. The study focused on digital marketing and further suggested that SMEs need digital transformation to be able to calculate their sales properly. Bilan *et al.* (2020) adds that the increase in the number of sales or introduction of new products require more staff to be employed by the company. However, their study cited cost associated with new recruitments of employees and training as the reason behind SMEs reluctance to enlarge their human resources base.

2.6.6 Business Growth

Most researchers agree that small businesses have a key role to play in the South African economy since they create employment and measurable output in terms of business growth (Gumbi, 2017: 2; Schmid *et al.*, 2020; Adamu, 2020). The fact is that South Africa has faced numerous socio-economic challenges in recent years which have resulted in high unemployment rates (Small Business Institute, 2018: 6). As a result, the South African government is doing a lot to assist SMEs in growing their businesses. This is one of the positive and encouraging aspects that can assist small businesses in increasing their market penetration and expanding beyond the borders of South Africa (The Edge, 2017: 25).

According to The Edge (2017), most people who start small businesses come from lower income brackets and are always eager to grow their businesses to improve their social status. Sarwoko and Frisdiartara (2017:5) assigned SME managers and owners the responsibility of developing a growth strategy that can yield high returns to increase staff salaries for social improvement.

The perspective presented by Tehseen and Ahmed (2018: 3) is that growth is critical for SMEs' existence since growth is what prevents a firm from disappearing and increases the chances of being in business for a longer period.

Resolving the growth challenges of SMEs regarding key performance output requires a shift of mindsets not only within the SMEs themselves but also in big companies which means rebalancing, coordinating, and recombining strategies, so that the economic benefits can provide social benefits environmental benefits (Edwards 2021:19). Edwards (2021) focused mostly on economic balances to improve growth by mapping economic-size growth to social and cultural growth. The study by Edward (2021) is of the view that the understanding of strategic management amongst small companies and sorting out organizational contradictions pave the way for organizational growth. While Beynon, *et al.* (2018) have the view that economic growth provides a platform for shared goals that helps the organizational purpose and makes provisions for measurable outcomes that assist the business strategies. Some scholars think that SMEs prefer non-growth strategies in trying to avoid excessive costs that come with added responsibilities (Braidford, *et al.* 2017). The study by Braidford *et al.* (2017) refers to the practice as the exercising of conservative strategy, which is sometimes due to the high government charges faced by businesses that are operating at a higher level. Edwards (2021: 23) comments that the high charges that are paid by big companies are punishment for success due to falling share prices and the prohibitive cost of borrowing as well as the inflated costs of affiliation to certain boards. This is further illustrated in figure 8 as it demonstrates the necessary linkage between environment and strategic resources.

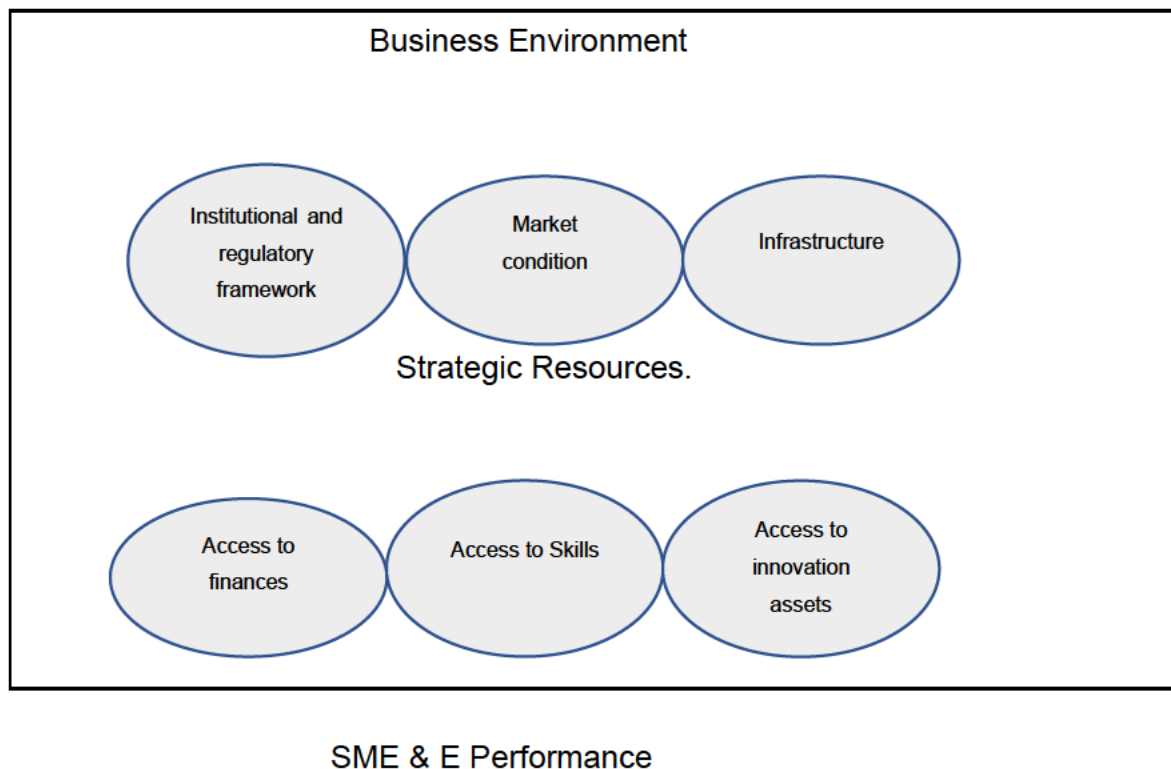


Figure 8: SME and entrepreneurship policy governance

Source: OECD 2019

According to OECD (2019) The appetite for SMEs to scale upwards and grow are faced with different condition and barriers (Figure 8) depending on business environment in conjunction with their access to infrastructure and strategic conditions such as skills, finance, knowledge, and innovation assets.

2.6.7 Company Profit

According to Kappel (2017:1), business success can be measured by numerous factors, and he further suggested that financial statements are normally used to measure the performance of entities. His study listed three types of financial statements that are commonly used to measure a company's performance namely:

- 1) Income statement, which measures the profitability of the business for a certain period through indication of losses and profits.
- 2) Balance sheet, which helps to show the health of the business by measuring debts; and
- 3) Cash flow statement, which is key in reporting the cash generated and spent during a specific period (Corporate Finance Institution 2019: 5).

Some businesses measure profit in terms of return on assets (ROA) which is an indication of how the company is measuring its return on investment (ROI) by generating a profitable return from the assets it has bought (Corporate Finance Institution 2019:7).

These matters of finance are also addressed at the government level through SEDA introduced programmes aimed at assisting SMEs and SMMEs that are distressed financially. According to SEDA (2021) these programmes are designed to contribute to South Africa's localisation strategy by supporting manufacturing enterprises.

However, the above strategy by SEDA is still viewed by many researchers as not doing enough to improve the survival of companies in the SME sectors (Mhlongo 2021; Zondo and Ncube 2022; Buthelezi 2021; Dlamini and Garatsa, 2021). Mhlongo (2021) noted the intervention by the government but still expresses reservations about the effectiveness of support to stimulate entrepreneurial opportunities through policies, strategies, and programmes as the data confirms that many AMEs and SMMEs remain unsustainable. The study conducted by Mhlongo (2021) collected data from Gauteng province, but it also referred to challenges that are facing SMEs in the KZN province. The study evaluated the application of skills and competencies by the leaders of SMEs and the way they are equipped to respond to external challenges, uncertainty, and opportunities. The concerning pathway that requires further discussion in future studies, according to Mhlongo (2021: 46), is how the strategic planning approach can be embedded in the minds of the entrepreneurs' leaders as well as the entrepreneurial system, which is deemed to be a complex task.

The study conducted by Zhou (2021) found that the contribution made by the private sector to the entire world's economic growth is about 90%, and most companies are continuing to aid the growth of the sector for the betterment of the lives of the SME owners and employees which in improve unemployment rates which combats poverty. The study compared the intervention by the South African government through various departments and programmes to establish if they are impacting the status of the sector. The study focused on the figures and the numbers of SMEs that are failing within their first registration and failed to give details about the rate of failure and the introduction of certain programmes to measure their effectiveness.

2.6.8 New Market

The study by Adamu, (2020) used new market penetration as another tool to measure growth within the SME sector. The study aims to test whether the rate at which SMEs enter a new market reflects company expansion that can yield positive growth results. New market penetration from the time a business comes into existence indicates business expansion since growth can be measured by the new markets that the company has penetrated, either demographically or geographically (Hisrich, Peters, and Shepherd, 2017: 260).

2.6.9 Human Capacity

Human capacity is the tool that was used by Hatta, et al., (2018) in their study to measure the success of companies. This study looked at the number of personnel that companies employ, and the trend of resource increase amongst different companies. This was done to compare the rate of increase from the time the company started operating to ascertain the increase in human capacity growth over the years. This was used to evaluate if there is a correlation between product demand and human resource establishment within SMEs. Human capacity was employed in this study as a measuring tool to measure the rate of growth of SMEs. The study also assessed if the increase in human capacity influenced the decisions toward new market penetration and or diversification strategy.

2.7 Innovation Strategy

A study by Nigel (2021) sought to identify factors that influence SMEs' choice of a specific strategy and looked at innovation strategies and tried to find out factors that influence SMEs to employ innovative strategies to grow their businesses. The findings of the study were that most of the firms evaluated were in the technology business as they believe in investing in technology. The results suggested that the size of the staff component in the firm is a factor behind employing an innovation strategy. Even though this study did not give the overall views of the other firms in other sectors but at least tried to be specific in analysing a particular strategy as opposed to most studies that opt to analyse strategy and generalise across all available strategies. This was the case in the study by Rambaruth, Adam and Naidu (2021) which investigated

strategic management in construction firms without being specific on a particular strategy. The study by Nigel (2021) further revealed that the Covid19 pandemic was a factor that influenced SMEs to be innovative in their business approach.

The study by Ngibe (2020) tackled the lack of innovation in the sector as one of the contributing challenges. Ngibe (2020: 25) states that leaders of SMEs have little knowledge about exploring opportunities through innovative ideas. The study looked at what innovative leaders and entrepreneurs have used to turn around their businesses and increase growth. The study examined the level of education in the SME sector and concluded that the low requirement in terms of academic qualification that is required to open and own a business leaves an educational gap. These educational requirements can be simply addressed by specific training that is designed for SMEs but is not addressed because of a lack of desire from the SME leaders to underdo such training and development. Hence the study concluded that the lack of education and training are major contributing factors behind the failure of SME managers to be more innovative in the pursuit of better output results for their businesses.

2.8 Dependant and Independent Variables

In the current study, each independent variable was evaluated against the dependent variable as illustrated in Figure 10.

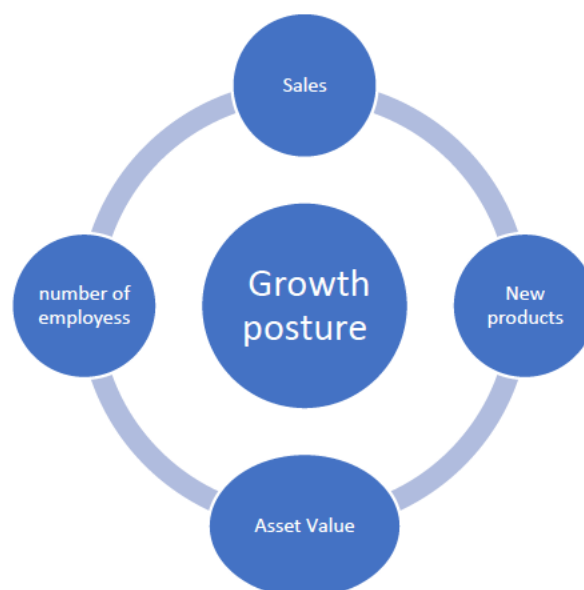


Figure 8: Flow model for variables in the study

Source: The researcher's Illustration

2.9 Summary

The reviewed literature assessed the contribution of SMEs to the development of the economy, and most authors measured company success based on their level of growth and upliftment of SME owners' lives (Chebo and Kute 2019: 11; Gumbi 2017: 2). However, existing studies have failed to measure the role of strategic planning towards the growth posture of SMEs, despite the challenges faced by SMEs in eThekweni, which some attribute to the global economy's low growth path (The Edge 2017: 1).

As a result of the reasons stated and discussed, it was crucial to conduct this research in the eThekweni region due to the availability of all sectors of SMEs. This research looks at enterprises in the infrastructure sector of the SME category as defined by South African legislation, specifically the National Small Business Act 102 of 1996. (Local Government Sector Education and Training Authority 2017).

CHAPTER 3: RESEARCH METHODOLOGY AND DESIGN

3.1 Introduction

The purpose of this chapter is to articulate the methodology used to collect primary data for the study. This chapter also details the research paradigm, research design, population, and sampling techniques used in this research. This chapter elaborates on data collection techniques and research tools and taking strict measures to ensure the validity of the results. It further highlights data analysis procedures and explores the limitations of the study and describes ethical considerations that were adhered to.

3.2 Research Design

To achieve the aims of this study, the empirical investigation was based on a quantitative study and use a cross-sectional survey design to collect data from owners of 239 small and medium-sized enterprises in the infrastructure sector.

Quantitative research was used because the result of the study involves the generation of statistical data from large-scale surveys using questionnaires to generalise the results to a wider setting (Watson, 2015:45). The study met the requirements for a quantitative research approach based on the generation of models, theories, and hypotheses, and the development of instruments and methods for measurement to the collection of empirical data, modelling and analysis of data, and evaluation of results.

The primary data for the study were collected using a survey in the form of a self-administered questionnaire. The questionnaires were sent to participants drawn from the population of 2075 owners of SMEs in the eThekweni region in KwaZulu-Natal. The questionnaires were pre-tested on five SMEs to remove any ambiguity and/or superfluous questions. This was done to ensure that the questions were aligned with the aim and goals of this study.

3.3 Population and Sampling

The sample was selected through a probability sampling technique, precisely, systematic sampling. According to Surveygizmo (2019: 2), a systematic sample is one drawn from a broader population in a systematic, regular, and structured manner. To build the sample, this study selected every *n*th element from the population using this

sampling procedure. The selection procedure follows a regular pattern, ensuring that the sample is representative of the full population, given that the population lacks inherent periodicity or pattern. In this way, there was a probability that any SME that operates within the eThekweni Municipality and meets the requirement as stipulated in the limitation of the study has an equal chance of being included in the sample. According to The Edge (2013: 35), there are 2075 SMEs listed in the Durban Chamber of Commerce's SME database register. This constituted the target population of this study. Since all the 2075 SMEs could not be analysed due to time constraints, random sampling was employed.

3.3.1 Systematic Sampling

The systematic sampling was conducted in the following manner:

The population of $N = 2075$ is the number of all the SMEs in the Durban Chamber of Commerce database. Each element of the population was then given a number in the sequence that it was received.

A random starting point was identified from the first nine (9) names on the list. From there onward every 9th element was chosen. $N/n = 2075/9 = 239$ rounded off, as a sampling number. This was the representative sample of the population (Welman, Kruger and Mitchell, 2005: 35).

3.4 The Recruitment Processes.

The questionnaires were sent to owners and managers of SMEs since are typically the key decision-makers in SMEs. By targeting them with questionnaires, the study is more likely to get responses that reflect the organization's overall strategic direction and decision-making processes. Owners and managers often have a comprehensive understanding of their businesses, including financials, operations, challenges, and growth plans. Their responses can provide valuable insights into the SME's performance, market positioning, and future prospects.

The recruitment process steps were as follows:

- a) **Definition of the target group:** this was done using systematic sampling as explained by Welman, Kruger and Mitchell (2005:71), which allows all members of the target group a fair chance of representation. This study obtained the total number of the targeted population using information provided by the Durban

Chamber of Commerce; the total population of companies that fall under the category of SMEs and registered in the Durban chamber of commerce database is 54 000 including the informal businesses (Grant, 2020: 3). To get to a representative number, the number of 54000 companies was divided using cluster sampling method which is aimed at dividing the group into sub-groups of similar characteristics. In this study, the sub-groups of SMEs that are formally registered in the database are 2075 (Comins, 2020:1).

- b) **Population screening:** To ensure that questionnaires were only sent to targeted participants, the inclusion criteria were adhered to. The following criteria were used to define an SME which were the inclusion criteria:

The study focuses on firms with up to 250 total full-time equivalents of paid workers, annual sales of less than or equal to R170 million, and businesses categorized as SME in the March 24, 2019, modified government gazette. Companies that met the aforementioned requirements and are based in the Kwazulu-Natal province's eThekweni district were also eligible for this study. The study was limited to firms that fit the requirements while remaining registered on the Durban Chamber of Commerce database and expressed a desire to participate in the survey to ensure the most recent data. Infrastructure companies are excluded from the inclusion requirements.

This information was used to screen companies from the database. During the process of initial screening, due to the anticipated restrictions to access information by external parties, the inclusion criteria were clearly explained to the gatekeeper, who administered the initial step of screening on the researcher's behalf.

- c) **Sensitising:** Once the list of targeted participants was established, considering that this study was using an electronic method of collecting data, which generates links that contain a letter of information, consent forms and questionnaires, the generated link was sent to all qualifying participants using emails provided in the database. The link was divided into three sections, the first section served as a sensitising tool to inform the participant that they had been selected to participate in the survey, which was accompanied by a letter of information. This first section of the survey gave the participants an option to either "agree" or "not agree" to participate in the survey.

- d) **Data collection:** The study used a strictly monitored electronic form of data collection through a system called Google Survey to distribute links to participants. This method had to be administered by the gatekeeper to ensure compliance with the POPI act with regards to the protection of personal information for participants. This necessitated that the link that was generated in the system was forwarded to the gatekeeper for further distribution to SMEs that met the requirements. The distribution of the links was done through the gatekeeper's email account to all qualifying participants. The first section of questions was to test the company information, and this was used as a screening tool for companies that met the inclusion criteria for the second method of link distribution.
- e) **Consent:** A disclaimer was made to notify the prospective participants that agreeing to participate confirmed that the participants had read the letter of information and the consent form and were voluntarily willing to participate in the survey. In cases where the participants opted not to agree to continue with the survey the system had the option to direct the participant to the next page where they could state their reasons for not being willing to partake in the survey before being directed to a conclusion page. The system only generated pre-populated questionnaires for participants that opted to agree.

3.4.1 Steps in the recruitment process

The step 1 provides a list of SMEs that fall in the sector of infrastructure was obtained from the Durban chamber of commerce. Followed by step 2 where each unit was allocated a number which was a unique number for identification.

The following is the representation of the population size which was $N = 2075$, with each SME having a unique number for representation purposes.

Table 1: Population size representation illustration

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19
20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38
38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56
57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75

76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94
95	96	97	98	99	100	101	102	103	104	105	106	107	108	109	110	111	112	113
114	115	116	117	118	119	120	121	123	124	125	126	127	128	129	130	131	etc.	Up to 2075

Source: Researcher's illustration

Step 3: To get to a sample size of 239 from a total of 2075 The formula for a systematic sampling of $N/n = \text{sample size}$ was used = $2075/239 = 8.68$ rounded off to 9 (Welman, Kruger and Mitchell 2005: 71).

Step 4: A starting was randomly determined, in this illustration we started at number 5, then every element of 9 thereafter became a sampling unit as indicated in Table 2:

Table 2: Random Sampling Illustration

Random Start									Sampling Unit									
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19
20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38
38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56
57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75
76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94
95	96	97	98	99	100	101	102	103	104	105	106	107	108	109	110	111	112	113

Source; Researcher's illustration

Step 5: Every 9th number after the starting point of 5 was collected and grouped to form a sample = n.

Step 6: Once the sample size of 239 was verified using the information provided by service providers on the database of the Durban Chamber of Commerce, the electronic link that generated from Google forms was sent via emails to the targeted and qualifying participants.

The method that was used to send out links that contain questions, consent forms, and letters of information was administered by the gatekeeper to the observe POPI act, which prevents sharing of personnel's information without consent. The system then generated an automatic update that informed the researcher about the number

of participants that had been sent the electronic link. The system prompts participants to press a “submit” button at the end of questionnaires without providing their personal information to maintain anonymity.

All documents returned were automatically uploaded to a pre-created folder for information analysis. The system further allows all participants to view the results per category of questionnaires as well as the overall summary.

3.5 Exclusion criteria and inclusion criteria

3.5.1 Exclusion criteria

The sampling data excluded the following companies from the database:

Companies classified as SMMEs, as well as firms classified as corporate enterprises, were omitted from the study's database. The study also eliminates enterprises that are not in the infrastructure sector, as well as those that meet the criteria but choose not to participate. The inquiry was unable to reach businesses based outside of KZN. Firms that had been deregistered from the database and had not been in operation for five years were also excluded from the analysis.

The exclusion happened upon verification of the company's status on the database and their registered area of practice to determine the right sector.

3.5.2 Inclusion criteria

The study only included the following companies:

The study focuses on enterprises with up to 250 total full-time equivalents of paid workers, businesses with an annual revenue of less than or equal to R170 million, and businesses classified as SME in the March 24, 2019, amended government gazette. Companies that satisfied the aforementioned criteria and operate in the Kwazulu-Natal province, eThekweni area, were also eligible for this research. To ensure the most recent data, the study was limited to businesses that met the criteria while staying registered on the Durban Chamber of Commerce database and expressed their desire to participate in the survey. Firms in the infrastructure business are exempt from the inclusion criteria.

3.5.3 Pretesting

Once a sample size of 239 had been identified using systematic sampling and cluster sampling as detailed above. A 20 x 12 table structure was used, which is twelve groups of 20 respondents before systematic sampling was used to list respondents in alphabetic order.

To achieve an even spread of data, each group consisted of twenty members, and at an interval of 20, the line was broken to start a new group.

Each group was represented by one member for pretesting. Each member that was at the top of the group was used for pretesting which gave the study twelve members for pretesting (Table 3).

Table 3: Pretesting and Sampling

A	B	C	D	E	F	G	H	I	J	K	L	
1	1	1	1	1	1	1	1	1	1	1	1	Pretesting zone
2	2	2	2	2	2	2	2	2	2	2	2	sampling zone
3	3	3	3	3	3	3	3	3	3	3	3	
4	4	4	4	4	4	4	4	4	4	4	4	
5	5	5	5	5	5	5	5	5	5	5	5	
6	6	6	6	6	6	6	6	6	6	6	6	
7	7	7	7	7	7	7	7	7	7	7	7	
8	8	8	8	8	8	8	8	8	8	8	8	
9	9	9	9	9	9	9	9	9	9	9	9	
10	10	10	10	10	10	10	10	10	10	10	10	
11	11	11	11	11	11	11	11	11	11	11	11	
12	12	12	12	12	12	12	12	12	12	12	12	
13	13	13	13	13	13	13	13	13	13	13	13	
14	14	14	14	14	14	14	14	14	14	14	14	
15	15	15	15	15	15	15	15	15	15	15	15	
16	16	16	16	16	16	16	16	16	16	16	16	
17	17	17	17	17	17	17	17	17	17	17	17	
18	18	18	18	18	18	18	18	18	18	18	18	

19	19	19	19	19	19	19	19	19	19	19	19	
20	20	20	20	20	20	20	20	20	20	20		
Total sample size									239			

Source: Researcher's illustration.

3.6 Data Collection

3.6.1 Data collection method

To safely collect data during the covid 19 pandemic era, data was collected using the software electronic method. This study employed the survey electronic method of data collection called Google Forms, which is freely available on Microsoft platforms. This is a data collecting method that is designed for easy collection of data through the creation of an email that can be used for the survey (Google Forms Support 2021). This software also provides a researcher with options such as enabling/disabling survey data collecting passwords.

All documents were uploaded to the software system, including a letter of information, consent forms, and questionnaires. The opening page of the system further illustrated voluntary participation by giving participants an option to either continue with the survey or opt-out using the “agree” button which automatically allows the participant to proceed or “Not agree” which subsequently opens another page where a participant can state their reasons for not wishing to take part.

3.6.2. Research Questionnaires and Hypotheses

The questionnaires were used as a primary tool to gather, evaluate, and analyse information and data from participants. SPSS version 26.0 was used to examine and investigate the data that was collected from the respondents.

Collected information was presented using descriptive statistics in the form of graphs, cross-tabulations, and tables for the quantitative data method.

Techniques included the use of correlations and chi-square test values, which were interpreted using the p-values. The limitations of the study were highlighted to outline suggestions for a way forward and assistance to fellow researchers.

3.6.2.1. Questionnaire's structure

The questionnaires (Appendix 3) were structured in seven sections:

Section 1- serves as a notification that a company has been nominated to participate in the survey.

Section 2- serves as a recruitment process, whereby a company was directed to a letter of information and indicate their interest to participate in the survey or not. In cases where companies would opt not to participate. The system would direct the participant to an optional page to state the reason/s thereof and subsequently lead them to a submit page.

Section 3 – Questionnaires-- which were made available only to companies that agreed to voluntarily participate in the survey. Part one of section 3 was about company information, which deliberately excluded personal information and company names for security and control reasons. This part of the section collected data like years of service, sector of operation, and the number of employees employed by the entity.

Section 4-- This section was covered in two sub-sections. The first sub-section was to evaluate if a company has a formal strategy or not. Depending on the answer to sub-section one the questionnaire led participants to a relevant set of questions.

Section 5- evaluate the company growth.

Section 6- evaluate the overall performance of a company.

Section 7- was a closing summary and submitting section.

3.6.2 The measurement of aspects of strategy and growth.

This section was introduced to measure the aspect of growth and strategy and to highlight measure that were used to control alternative explanations of growth.

To measure aspects of strategy, the study based its findings on financial values and competitive analysis. Common strategic aspects measured included market share and product/service innovation,

It further looked at key performance indicators (KPIs) like revenue growth, profit growth, customer acquisition rate, and market expansion. The data for growth was

obtained from the owner's answers that were based on financial records and sales data.

3.6.3 Analysing the Relationship between Strategy and Growth:

To analyse the relationship between strategy and growth, the study looks at multiple regression analysis as a statistical technique. In this approach, growth is placed as the dependent variable, and sales and market share strategic aspects would be independent variables.

Multiple regression allowed the study to determine the strength and direction of relationships between multiple independent variables and a dependent variable. It helped to identify which strategic factors have a significant impact on growth and how they contribute individually and collectively.

3.6.4 Controlling Alternative Explanations of Growth or No Growth:

Controlling for alternative explanations in multiple regression the study looked at the company size using the company classification, and this study only focused on SMEs as scheduled class of small businesses based on the total number of full-time employees and annual turnover. These control variables were introduced to help isolate the specific effect of strategic aspects on growth by accounting for the influence of confounding variables.

3.6.5 Strengths of Multiple Regression Analysis:

Using the Identification of significant predictors like numbers of sales and market penetration helped to identify which strategic aspects have a significant impact on growth, providing valuable insights for decision-making and profit was the most aspect that was found to be used by most participants to measure growth.

3.7 Reliability and Validity

The issue of quality is critical in establishing a high level of rigor and confidence in the study's customers. To achieve such rigour and confidence, the study incorporates quantitative research-appropriate reliability and validity standards. Ensuring the reliability and validity of a quantitative study is crucial to maintaining the integrity of the research and the accuracy of the results. Sürücü and Maslakci (2020: 56) define

reliability as the consistency and stability of the measurements or data collection procedures, whereas validity is the amount to which the study measures what it seeks to assess.

3.8 Ethics Considerations

Pretesting: Pretesting will be used in this study to ensure that ambiguity in the study is found and removed. The study will also employ Cronbach alpha as a measure of internal consistency to see how closely the set off items are related as a group. Ethical Considerations

This study will ensure that ethics are considered by adhering to the following guidelines.

Informed Consent: The study will make sure that it obtains informed consent from all participants before involving them in the study. Participants will be fully informed about the study's purpose, procedures, potential risks, and benefits. They should have the right to voluntarily participate or withdraw from the study without any negative consequences.

Anonymity and Confidentiality: the study will Protect the confidentiality of participants' data and ensure that their identities remain anonymous. It will avoid using any identifying information in research reports to prevent potential harm or breaches of privacy.

Respect for Autonomy: this study will respect the autonomy and rights of participants to make their own decisions. Researchers will not coerce or pressure participants to take part in the study against their will.

Avoiding Deception: This study will avoid using deception in the research process, except in rare cases where it is necessary and justified. If deception is used, a full debriefing will be provided to participants after data collection.

Fairness and Equity: this study will ensure that participants are selected and treated fairly, without discrimination based on race, ethnicity, gender, religion, or any other characteristic.

Data Security: This study will safeguard the security and integrity of participants' data. It will use encryption and secure data storage methods to prevent unauthorized access or data breaches as available on Google Forms.

Conflict of Interest: The researcher will disclose any potential conflicts of interest that could influence the research process or findings.

Approval and Ethical Clearance: The researcher will obtain approval from the Ethics Committee before commencing the research.

Publication Ethics: This study will ensure that research findings are reported accurately and honestly. Avoid plagiarism and provide proper attribution to previous works.

3.9 Conclusion

This chapter deliberated on the population, the sample, the sampling method, and the research method which were clearly defined. It further looked at the purpose of analysis, data collection, and the drafting of questionnaires, and the way the administration of data collection was managed.

CHAPTER 4: PRESENTATION OF RESULTS AND DISCUSSION

4.1 Introduction

In this chapter, the important outcomes of the research questionnaires are presented, examined, analysed, and discussed. The findings are discussed in comparison with the literature, problem statement, and the objectives of the study. The empirical outcomes are presented using descriptive statistics in the form of graphs, tables, and charts.

The presentation of research results is based on the data collected from the questionnaires completed by the company's managers and owners. The results were obtained from the company managers and owners only, this assisted the study to gain comfort that information provided is reflective of the organization's overall strategic direction and decision-making processes. Statistical tests were used to dissect the data collected through questionnaires.

4.2 Rate of Response

The questionnaires were distributed using the link that was created through Google Forms, which were sent to 239 recipients. The distribution was managed through the portal of the gatekeeper to comply with the POPI act.

A total of 218 surveys were completed and returned, representing a response rate of 91.2%. The responses were affirmative, indicating favourable sentiments regarding the study. As a result, the input is deemed acceptable for drawing major conclusions.

The empirical research study's findings and outcomes are detailed, analysed, and discussed below.

4.3 Response to the question regarding number of employees of the SMEs.

Table 4 and Figure 11 show a frequency of 178 in terms of the number of respondents of SMEs with employees less than 50, which is 82%, a frequency of 23 in terms of SMEs with employees between 51 and 100, which is 10,6%, a frequency of 15 (6.9%) for SMEs with employees between 101 and 250, and a frequency of 1 (0.5%) for SMEs with more than 250 employees.

Table 4: Number of employees

What is the number of (full-time) employees in your company?					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Less than 50 employees	178	82.0	82.0	82.0
	51 to 100 employees	23	10.6	10.6	92.6
	101 to 150 employees	15	6.9	6.9	99.5
	Above 250 employees	1	.5	.5	100.0
	Total	217	100.0	100.0	

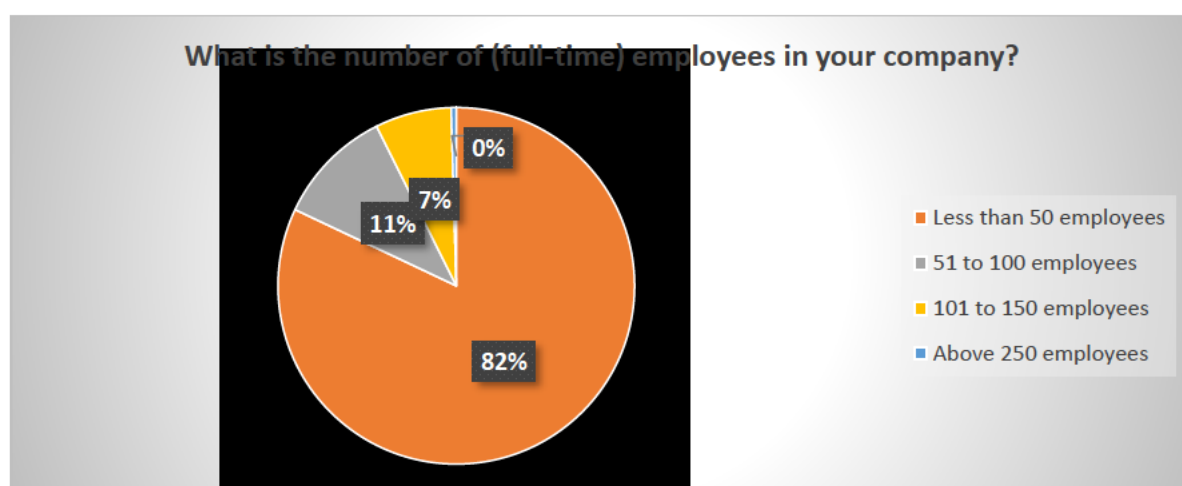


Figure 9: Number of employees

4.4 The response to the question about the number of years the SME has been in operation.

According to Table 5 and Figure 12, 31% of SMEs operated between 5 and 10 years, 27% of SMEs operated between 11 and 15 years, 23% of SMEs operated for less than 5 years, 14% of SMEs have been to operation between 16 and 20 years, and 6% of SMEs operated for more than 20 years.

Table 5: Number of years the company has been in business.

For how long your company has been in business?					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Less than 5 years	49	22.6	22.6	22.6
	Between 5 and 10 years	68	31.3	31.3	53.9
	Between 11 and 15 years	58	26.7	26.7	80.6
	Between 16 and 20 years	30	13.8	13.8	94.5
	Over 20 years	12	5.5	5.5	100.0
	Total	217	100.0	100.0	

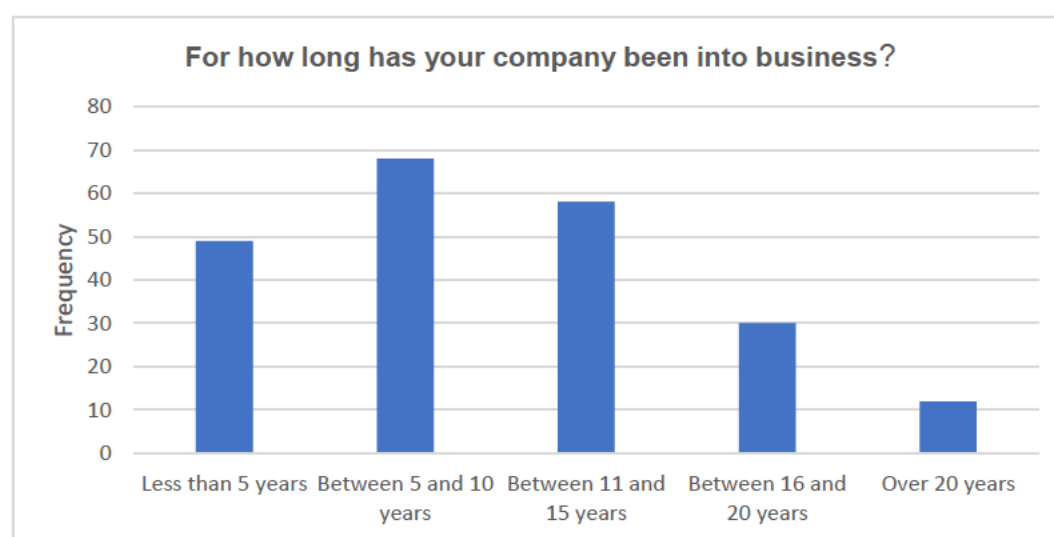


Figure 10: Number of years the company has been in business.

4.5 The number of services or products that the company renders.

Table 6 and Figure 13 depict that 42% of SMEs offer less than 2 services, 47% of SMEs offers between 3 and 5 services, 10.6% of SMEs offers between 6 and 10 services, and 1.4% SMEs offers between 11 and 15 services.

Table 6: Number of services provided.

How many services does your company provide?					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Less than 2 services	89	41.0	41.0	41.0
	Between 3 and 5 services	102	47.0	47.0	88.0
	Between 6 and 10 services	23	10.6	10.6	98.6
	Between 11 and 15 services	3	1.4	1.4	100.0
	Total	217	100.0	100.0	

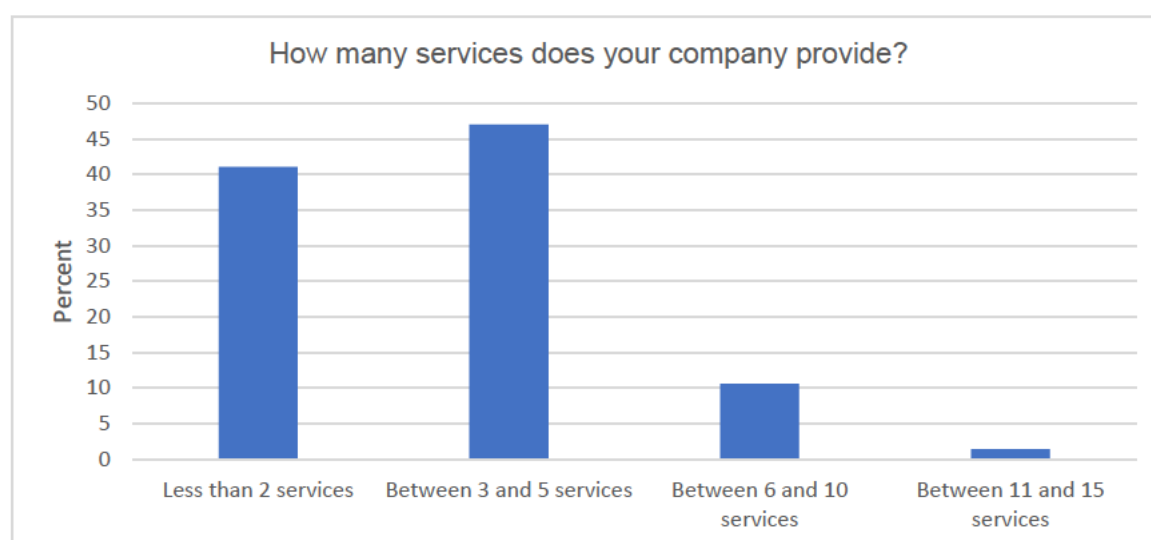


Figure 11: Number of services provided.

4.6 The company's annual turnover

Table 7 and Figure 14 show that the largest group (44.7%) of SMEs had an annual turnover of R501 000 and R100 0000, followed by 32.7% SMEs that had a turnover of between R1 000 000 and R5 000 000, 10.1% of SMEs has a turnover which is in excess of R5 000 000, 6.9% of SMEs has a turnover of between R251 000 to R500 000, and 5.5% of SMEs has a turnover of less than R250 000.

Table 7: Financial turnover in the last five years

In the last five years, what was your company's financial annual turnover?					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Less than R250 000	12	5.5	5.5	5.5
	Between R251000 and R 500 000	15	6.9	6.9	12.4
	Between R501 000 and R1000 000	97	44.7	44.7	57.1
	Between R1010 000 and R5000 000	71	32.7	32.7	89.9
	above R 5000 000	22	10.1	10.1	100.0
	Total	217	100.0	100.0	

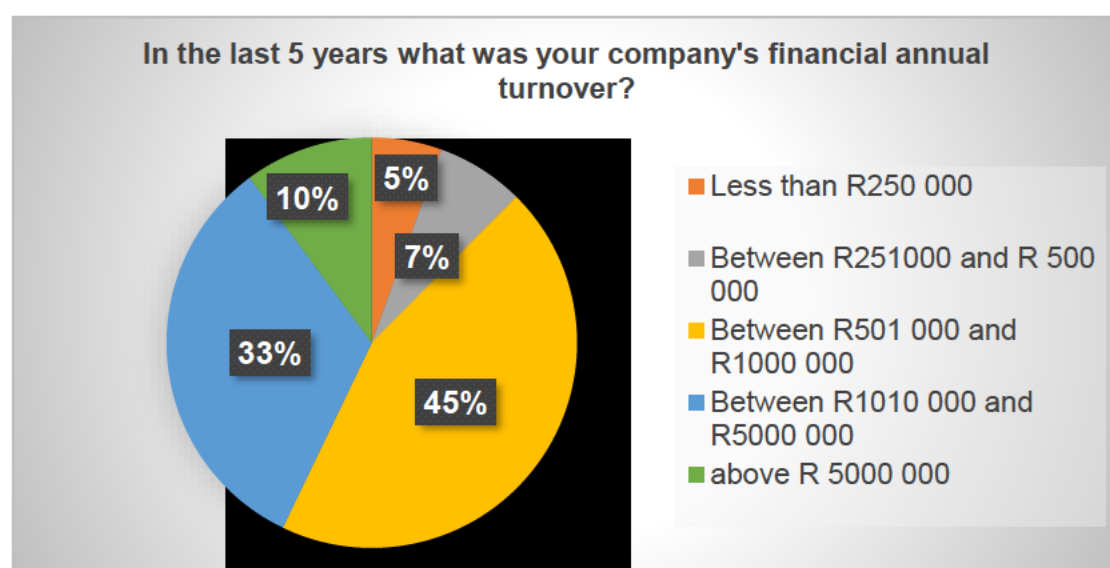


Figure 12: Financial turnover

4.7 Companies and strategies

To assess whether companies do have strategies, Table 8 shows that 48.8% of companies have developed strategies for their businesses while 51% have not.

Table 8: Formal strategies availability

Does your company have a formal strategy?					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	106	48.8	48.8	48.8
	No	111	51.2	51.2	100.0
	Total	217	100.0	100.0	

4.8 Strategy development and planning

To determine if organisations followed a systematic approach to build a strategy, a question was presented to just those that replied positively to having a strategy. 43.8% of the 48.4% of SMEs having a formal strategy said they followed the plan to establish their company strategy. 4.6% of SMEs said they did not build their company strategy using a plan. While 0,5% of SMEs were not sure if the plan was followed to develop their strategy.

Table 9: Strategic development planning

Was a plan followed to develop your company strategy?					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	95	43.8	43.8	43.8
	No	10	4.6	4.6	48.4
	Not sure	1	.5	.5	48.8
	N/A	111	51.2	51.2	100.0
	Total	217	100.0	100.0	

4.9 Knowledge of Company Strategy

Table 10 reveals that 24.9% of respondents claimed that all their employees are aware of the firm's strategy, while 6% replied that not all their employees are aware of their strategy. Eighteen percent of businesses were unsure whether all staff were aware of their strategies.

Table 10: Employees following company strategy.

Do all your employees know your strategy?					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	54	24.9	24.9	24.9
	No	13	6.0	6.0	30.9
	Not sure	39	18.0	18.0	48.8
	N/A	111	51.2	51.2	100.0
	Total	217	100.0	100.0	

4.10 Strategy development

The question aimed to get a knowledge of how corporate strategies were produced, as well as the people that were involved in the creation of company strategies. Table 11 reveals that 36.4% of owners developed their own strategies, while 11.5% enlisted the help of everyone in the organization to build their strategies. According to the findings, 0.9% of recipients had their approach prepared by a third party.

Table 11: Strategy development

How was the strategy developed?					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	The strategy was developed by the owner/s or manager/s only	79	36.4	36.4	36.4
	Everybody in the company contributed to the strategy development in one way or the other	25	11.5	11.5	47.9
	The third-party developed the strategy	2	.9	.9	48.8
	N/A	111	51.2	51.2	100.0
	Total	217	100.0	100.0	

4.11 Annual Review of Strategy

With reference to Table 12: The percentage of 37.8% of SMEs have their plans evaluated annually, whereas 11.1% do not review their strategies on annual basis.

Table 12: Strategy annual review

Is your company strategy reviewed annually?					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	82	37.8	37.8	37.8
	No	24	11.1	11.1	48.8
	N/A	111	51.2	51.2	100.0
	Total	217	100.0	100.0	

4.12 Type of strategies

The following codes were used to analyse answers to the type of strategy/s that each company used to remain competitive.

What strategy/strategies does your company use to remain competitive in the business?	Choose applicable answer/s	Answer codes
Quality Strategy		1
Pricing Strategy		2
Product / Service Differentiation		3
Innovative		4
Sales		5
Customer focus		6
Marketing		7
Technological advantage		8
Sustainability		9

Table 13: Competitive strategy employed.

What strategy/strategies does your company use to remain competitive in the business?					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	N/A	111	51.2	51.2	51.2
	Quality Strategy	13	6.0	6.0	57.1
	1,2	15	6.9	6.9	64.1
	1,2,3	6	2.8	2.8	66.8
	1,2,3,4	2	.9	.9	67.7
	1,2,3,4,5	2	.9	.9	68.7
	1,2,3,4,5,6,7	2	.9	.9	69.6
	1,2,3,5	4	1.8	1.8	71.4
	1,2,3,8	1	.5	.5	71.9
	1,2,3,9	1	.5	.5	72.4
	1,2,4	3	1.4	1.4	73.7
	1,2,4,6	1	.5	.5	74.2
	1,2,5	5	2.3	2.3	76.5
	1,2,5,7	1	.5	.5	77.0
	1,2,6	3	1.4	1.4	78.3
	1,3	5	2.3	2.3	80.6
	1,3,4	2	.9	.9	81.6
	1,3,5	4	1.8	1.8	83.4
	1,3,5,7	1	.5	.5	83.9
	1,3,6,7	1	.5	.5	84.3
	1,4	3	1.4	1.4	85.7
	1,4,6	2	.9	.9	86.6
	1,4,6,9	1	.5	.5	87.1
	1,4,7,8	1	.5	.5	87.6
	1,5	5	2.3	2.3	89.9
	1,5,7	1	.5	.5	90.3
	1,5,8	1	.5	.5	90.8
	1,6	2	.9	.9	91.7
	1,6,7,9	1	.5	.5	92.2

	1,7,8	1	.5	.5	92.6
	1,7,9	1	.5	.5	93.1
	Pricing Strategy	4	1.8	1.8	94.9
	2,3,4,7	1	.5	.5	95.4
	2,5	4	1.8	1.8	97.2
	Product/ Service Differentiation	1	.5	.5	97.7
	3,4	1	.5	.5	98.2
	Innovative	2	.9	.9	99.1
	Sales	2	.9	.9	100.0
	Total	217	100.0	100.0	

Table 13 and Figure 15 show that 6% of respondents use quality strategy, 1.8% use pricing strategy 0.9% use product and service differentiation strategy 0.9% percent use innovative strategy and 0.9% use sales strategy.



Figure 13: Competitive strategy employed.

4.13 Strategy alignment

The following set of questions evaluated the adoption of strategic planning by SMEs.

Table 14 and Figure 16 show that the biggest group (26.7%) of SMEs 'agreed' that to be aligned with a strategy is important, 20.3% 'strongly agreed', and 1.8% were 'not sure'.

Table 14: Strategy alignment

It is important for companies to be aligned with a strategy					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Neither agree /disagree	4	1.8	1.8	1.8
	Agree	58	26.7	26.7	28.6
	Strongly agree	44	20.3	20.3	48.8
	N/A	111	51.2	51.2	100.0
	Total	217	100.0	100.0	

4.14 Strategies and Success of SMEs

Table 15 shows that 7.8% of SMEs 'strongly disagreed' that strategies are not needed to succeed, and 31.3% 'disagreed', with 8.3% neither agreeing nor disagreeing.

Table 15: The need for a strategy

Companies do not need strategies to succeed					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly disagree	17	7.8	7.8	7.8
	Disagree	68	31.3	31.3	39.2
	Neither agree /disagree	18	8.3	8.3	47.5
	Agree	2	.9	.9	48.4
	Strongly agree	1	.5	.5	48.8
	N/A	111	51.2	51.2	100.0
	Total	217	100.0	100.0	

Table 16 shows that 0.5% of respondents 'strongly agreed' that strategy is a necessity for companies to succeed, 0.9% 'disagreed', 31.3% 'strongly agreed' and 87.3% neither agreed nor disagreed.

Table 16: The need for a strategy to succeed.

Companies need strategies to succeed					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly disagree	1	.5	.5	.5
	Disagree	2	.9	.9	1.4
	Neither agree/disagree	18	8.3	8.3	9.7
	Agree	68	31.3	31.3	41.0
	Strongly agree	17	7.8	7.8	48.8
	N/A	111	51.2	51.2	100.0
	Total	217	100.0	100.0	

4.15 Business Growth

According to Table 17 and Figure 16, 3.3% of SMEs use simply turnover and number of sales as performance criteria, while 8.8% employ a mix of turnover and net profit. The report also shows that 3.2% utilize a mix of revenue, net profit, and the amount of new goods produced by the firm. The number of sales combined with the number of new goods launched by the company is used by 1.4% of the firms measured, while the number of sales combined with the number of new products introduced by the company is used by 0.9% of the companies measured. Net profit as a performance metric is used by 41.5% of companies. However, 14.3% considers both net profit and asset value. Net profit, asset value, and the number of new goods offered by the firm are used by 1.8% of the companies tested. While 4.1% rely only on asset value. It is also shown that 0.9% prefer the value of assets as well as the quantity of assets presented.

Table 17: Measures used to measure success.

Which of the following measure/measures do you use to evaluate the performance of your company?					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Turnover/ number of Sales	7	3.2	3.2	3.2
	1,2	19	8.8	8.8	12.0
	1,2,3	7	3.2	3.2	15.2
	1,2,3,4	40	18.4	18.4	33.6
	1,2,4	3	1.4	1.4	35.0
	1,3	3	1.4	1.4	36.4
	1,4	2	.9	.9	37.3
	Net profit	90	41.5	41.5	78.8
	2,3	31	14.3	14.3	93.1
	2,3,4	4	1.8	1.8	94.9
	Value of assets	9	4.1	4.1	99.1
	Number of new products/ services introduced	2	.9	.9	100.0
	Total	217	100.0	100.0	

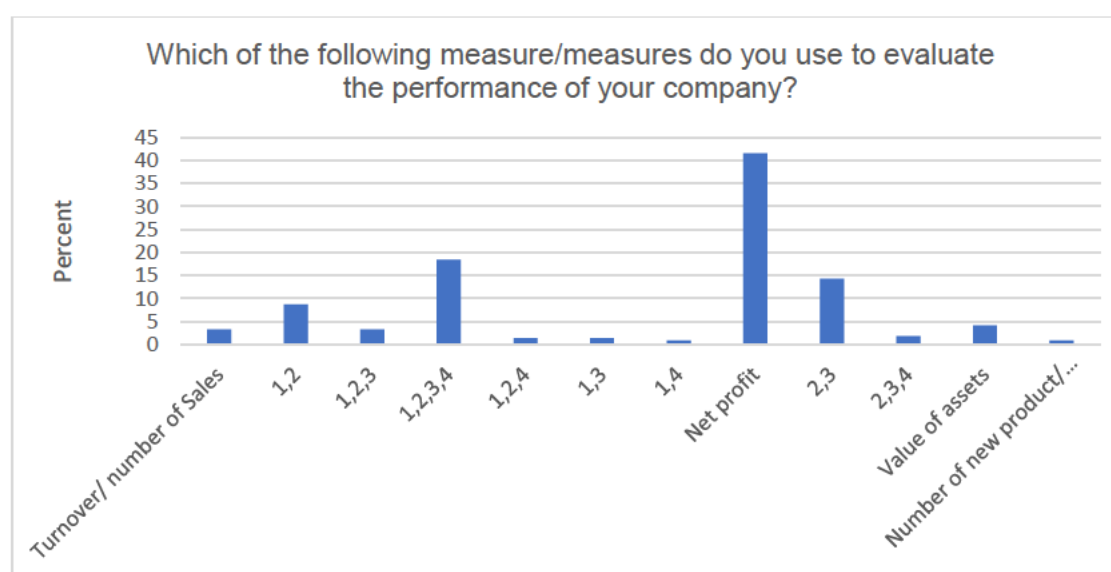


Figure 14: Measures used to measure success.

The study evaluated the performance of companies based on the tools that they used to measure the success of their performance in the last five years.

Regarding turnover/sales, Table 18 shows that 44.2% of respondents achieved an increase in turnover and sales, 40.1% percent experienced no change, and 15.7% suffered a decrease in turnover and sales.

Table 18: Turnover sales

Turnover/ Sales (Last five years' performance)					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Decreased	34	15.7	15.7	15.7
	No change	87	40.1	40.1	55.8
	Increased	96	44.2	44.2	100.0
	Total	217	100.0	100.0	

In terms of net profit as a metric of success, Table 19 reveals that 23.5% of SMEs saw a loss in profit in the last five years, 24.4% SMEs saw no change in profit margins, and 52.1% saw an increase in profit margins.

Table 19: Net profit

Net profit (Last five years' performance)					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Decreased	51	23.5	23.5	23.5
	No change	53	24.4	24.4	47.9
	Increased	113	52.1	52.1	100.0
	Total	217	100.0	100.0	

Table 20 shows 39.9% experienced an increase in asset value over the course of the last five years, 11.5% percent suffered a decrease, and 48.8% experienced no change.

Table 20: Asset value

Value of assets (Last five years' performance)					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Decreased	25	11.5	11.5	11.5
	No change	106	48.8	48.8	60.4
	Increased	86	39.6	39.6	100.0
	Total	217	100.0	100.0	

Table 21 shows that 26.7% experienced an increase in the number of new products, 3.2% of respondents suffered a decrease in the number of new products introduced, and 70% experienced no change.

Table 21: Number of new products/services

The number of new products/services introduced (Last five years' performance)					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Decreased	7	3.2	3.2	3.2
	No change	152	70.0	70.0	73.3
	Increased	58	26.7	26.7	100.0
	Total	217	100.0	100.0	

4.16 Perception of Strategy and Business Success

The companies rate their overall feeling toward the success of their companies. And the table below shows that 31.8% of respondents rated their companies as 'successful' and 10.6% as 'highly successful,' while 25.8% rated their companies as 'unsuccessful', and 4.1% as 'very unsuccessful'. The remaining 27.65% of respondents were not sure if their companies were successful or not.

Table 22: Overall success of a company

How would you rate the overall success of your business?					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Very unsuccessful	9	4.1	4.1	4.1
	Unsuccessful	56	25.8	25.8	30.0
	Neither successful/unsuccessful	60	27.6	27.6	57.6
	Successful	69	31.8	31.8	89.4
	Highly successful	23	10.6	10.6	100.0
	Total	217	100.0	100.0	

Cross-tabulation between companies that have a formal strategy and those that did not, and the success rate of their companies was calculated.

Table 23 shows that 11% percent of respondents whose companies had a formal strategy rated their business as unsuccessful compared to 45% percent of companies with no formal strategy.

The table shows that 57% of companies that have a formal strategy responded that their business was successful compared to 12% of those without, and 20% of companies with a formal strategy rated their success as highly successful, compared to 3% of companies with no formal strategy.

The table shows that 18% of respondents from companies with a formal strategy were not sure if their companies were successful compared to 42% of those without.

Table 23: Overall rating for success

Does your company have a formal strategy? How would you rate the overall success of your business? Crosstabulation							
		How would you rate the overall success of your business?					Total
		Very unsuccessful	Unsuccessful	Neither successful/ unsuccessful	Successful	Highly successful	
Does your company have a formal strategy?	Yes	0	11	18	57	20	106
	No	9	45	42	12	3	111
Total		9	56	60	69	23	217

4.17 Further statistical analysis of the findings (organised by research questions and hypotheses)

Analyses are based on the overall single measures related to the three major constructs, namely.

- Adoption of strategic planning
- Strategy planning, development, and review
- Business growth.

4.18 Reliability Statistics

The study used Cronbach alpha as a measure that is used to measure internal consistency to establish how closely are the setoff items related as group.

Cronbach's alpha reliability test proves that the study is dependable (Table 24).

Table 24: Reliability statistics

Reliability Statistics SME Growth (Q15, 16, 17, 18)		
Cronbach's alpha	N of Items	
.807	4	
Reliability Statistics (Q6, 7, and 12)		
Cronbach's alpha	N of Items	
.962	3	
Reliability Statistics SME View of SP (Q9,10 and 11)		
Cronbach's alpha	N of Items	
.853	3	
Variables	N of Items	Cronbach's Alpha
Adoption of Strategic Planning	3	.858
Strategy Planning development and review	3	.962
Business Growth	4	.807

4.19 Adoption of Strategic Planning

Table 25: Adoption of strategic planning

One-Sample Statistics				
	N	Mean	Std. Deviation	Std. Error Mean
It is important for companies to be aligned with a strategy	106	4.38	.560	.054
Companies need strategies to succeed	106	3.92	.700	.068
Companies' growth is based on how good their strategy is	106	4.46	.555	.054

The one-sample proportion test was used to estimate the proportion of the respondents in relation to the three questions in Table 25 and Table 26. The hypothesis test was derived from the following hypothesis of a one sample Z-proportion test.

- Null hypothesis: population proportion is equal to the hypothesised proportion.
- Alternative hypothesis: population proportion is not equal to hypothesised proportion (two-tailed).

- Population proportion is greater than the hypothesised proportion (one-tailed)
- Population proportion is less than the hypothesised proportion (one-tailed)

Table 26: One-sample proportion test

One-Sample Test						
	Test Value = 0					
	T	Df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
It is important for companies to be aligned with a strategy	80.505	105	.000	4.377	4.27	4.49
Companies need strategies to succeed	57.752	105	.000	3.925	3.79	4.06
Companies' growth is based on how good their strategy is	82.770	105	.000	4.462	4.36	4.57

Table 26 shows that the mean difference for the question regarding whether it is important for companies to be aligned to a strategy was 4.377 which is greater than 3 (mean > 3) which then indicates that most respondents agreed that it is important to be aligned to a strategy.

Regarding the question of whether companies need strategies to succeed, the mean difference was 3.9 which is greater than 3 (mean > 3), again indicating that respondents agreed with the notion that strategy is needed for success.

The question regarding whether companies' growth is based on how good their strategies are yielded a mean difference of 4,462 which is greater than 3 (mean > 3) indicating that respondents agreed that growth is based on how good the strategy is.

The statistical results show that there is a significant agreement that: It is important for companies to be aligned to a strategy ($M = 4.38$), $t(105) = 80.505$, $p < .0005$.

There is a significant agreement that: Companies need strategies to succeed ($M = 3,925$), $t(105) = 57,752$, $p < .0005$; Company's growth is based on how good their strategy is ($M = 4,462$), $t(105) = 82,770$, $p < .0005$.

4.20 Strategy Development

Table 27: Strategy development – one-sample statistics

One-Sample Statistics				
	N	Mean	Std. Deviation	Std. Error Mean
Was a plan followed to develop your company strategy?	106	1.11	.347	.034
Do all your employees know your strategy?	106	1.86	.930	.090
Is your company strategy reviewed annually	106	1.23	.420	.041

Analysis is based on the standard interpretation for standard deviation (SD), which decided that values no greater than plus or minus 2 SD represent measurements that are closer to the true value than those that fall in the area greater than $\pm 2SD$. Table 27 shows that the SD for the question asking whether a plan was followed to develop companies' strategy was 0.347 which is less than 2 SD which indicates that the results are closer to the true values. The question about SMEs employees knowing the company's strategy yielded 0.932 SD which is also within 2 SD therefore closer to the true value, and the question asking if SMEs strategies are evaluated on an annual basis yielded 0.420 which was also within 2 SD and therefore closer to the true value.

All the questions in Table 27 confirmed a smaller value of the standard error of the mean, which indicates that the results can be accepted as the most precise estimate of the population mean.

Table 28: Strategy development – one-sample test

One-Sample Test						
	Test Value = 0					
	T	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
Was a plan followed to develop your company strategy?	33.031	105	.000	1.113	1.05	1.18
Do all your employees know your strategy?	20.567	105	.000	1.858	1.68	2.04
Is your company strategy reviewed annually	30.028	105	.000	1.226	1.15	1.31

Table 28 shows that the mean difference for the question based on whether a plan was followed to develop a company strategy was 1.113, which is less than 3 (mean > 3) which indicates that fewer companies follow a plan to develop a strategy. The second question about employees knowing their company strategy showed a mean difference of 1.858 which indicates that most employees do not know the strategies for their respective companies. The question about the annual reviewing of a strategy indicated a mean difference of 1.226 indicating that most companies do not review their strategies annually.

Using the level of significance as 0.05, this 95% confidence interval indicates that the difference in means between the two groups is statistically significant at the 0.05 level of significance. Table 28 shows $p < .0001$ which is highly significant.

4.21 Business Growth

Table 29: Business growth-- one sample statistics

One-Sample Statistics				
	N	Mean	Std. Deviation	Std. Error Mean
Last 5 years' performance in Turnover/ Sales	217	2.29	.721	.049
Last 5 years' performance in Net profit	217	2.29	.823	.056
Last 5 years' performance in Value of assets	217	2.28	.659	.045
Last 5 years' performance in the number of new products/services introduced	217	2.24	.495	.034

Table 29 shows that for the 217 respondents, the mean difference for the question about the performance of SMEs with regards to turnover or the number of sales was 2.29 (mean < 3) proving that most companies did not achieve an increase in sales within the measured period, with a standard deviation of 0.721 which is less than 2 indicating that all respondents were close to the true value. The standard error mean of 0.049 is less than 1 which indicates that it is a more precise estimate of the population mean.

The mean difference for the question that was evaluating the performance result in the previous five years with regards to the value of assets was 2.28 (mean < 3) indicating that most companies did not achieve an increase in the value of their assets within the

measured period The SD of 0. 659 2 indicating that the mean values close to the true value and the standard error mean of 0.045 being less than 1 indicates a more precise estimate of the population mean.

The mean difference for the question that was evaluating the performance results in the previous five years with regards to the number of new products that each company had introduced to the market asset was 2.24 (mean < 3) indicating that most companies did not achieve an increase in the number of new products that they introduced to the market within the measured period, with a standard deviation of 0. 659 which is less than 2 showing that all values were close to the true value, and the standard error mean of 0.034 being less than 1 shows a more precise estimate of the population mean.

Table 30: Business growth – one sample test

One-Sample Test						
	Test Value = 0					
	T	Df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
Last 5 years' performance in Turnover/Sales	46.700	216	.000	2.286	2.19	2.38
Last 5 years' performance in Net profit	40.915	216	.000	2.286	2.18	2.40
Last 5 years' performance in Value of assets	50.978	216	.000	2.281	2.19	2.37
Last 5 years' performance in the number of new products/services introduced	66.458	216	.000	2.235	2.17	2.30

Table 30 shows that the mean difference for all questions that were measuring companies' performance in the previous five years was 2,286 (mean < 3) indicating that fewer companies than average companies performed badly in the previous five years.

Using the level of significance as 0.05, this 95% confidence interval indicates that the difference in means between the two groups is statistically significant at the 0.05 level of significance: $p < .0001$ which is highly significant.

Table 31: Crosstabulation – formal strategy * turnover/sales

Does your company have a formal strategy? * Last 5 years' performance in Turnover/ Sales Crosstabulation					
Count					
		Last 5 years' performance in Turnover/ Sales			Total
		Decreased	No change	Increased	
Does your company have a formal strategy?	Yes	4	32	70	106
	No	30	55	26	111
Total		34	87	96	217

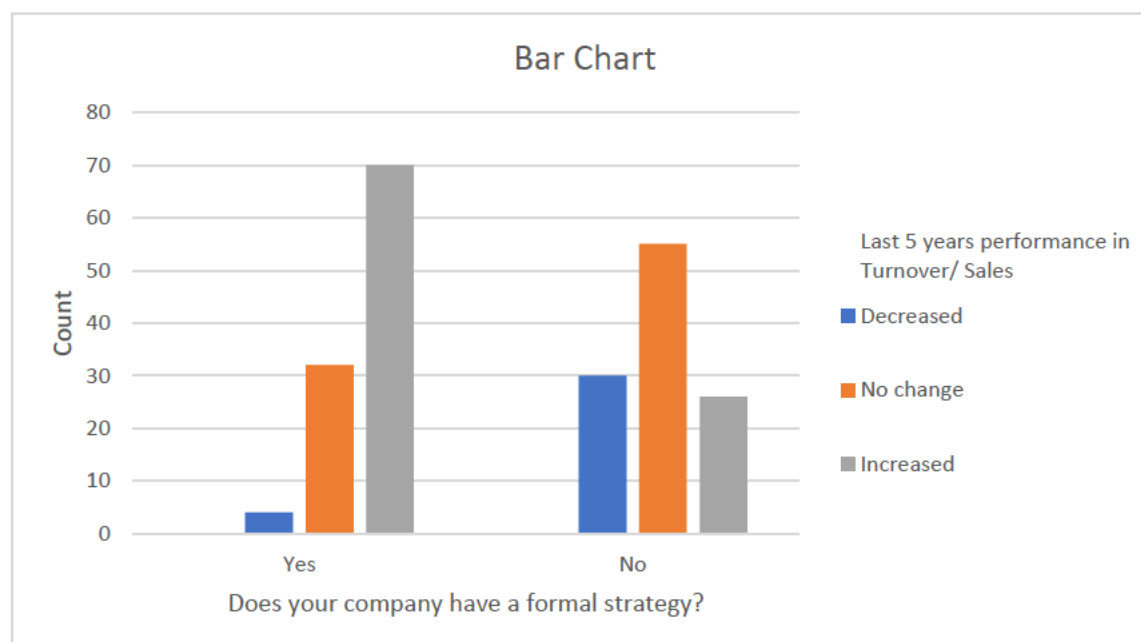


Figure 15: Crosstabulation – formal strategy * turnover/sales

Table 31 and Figure 17 show that of the 217 who responded to the question regarding having a formal strategy, 30 respondents indicated that they do not have a formal strategy and those companies experienced a decrease in their sales, with 55 companies without a formal strategy experiencing no change in the number of sales and turnover, while only 26 companies experienced an increase in turnover and sales even though they did not have a formal strategy. This is a worse outcome than companies with a formal strategy where only four of those companies experienced a decline in turnover with 32 companies showing no change in their sales and turnover, while 70 companies had an increase in sales and turnover.

Table 32: Crosstabulation – formal strategy * net profit

Does your company have a formal strategy? * Last 5 years' performance in Net profit Crosstabulation					
Count					
		Last 5 years' performance in Net profit			Total
		Decreased	No change	Increased	
Does your company have a formal strategy?	Yes	10	13	83	106
	No	41	40	30	111
Total		51	53	113	217

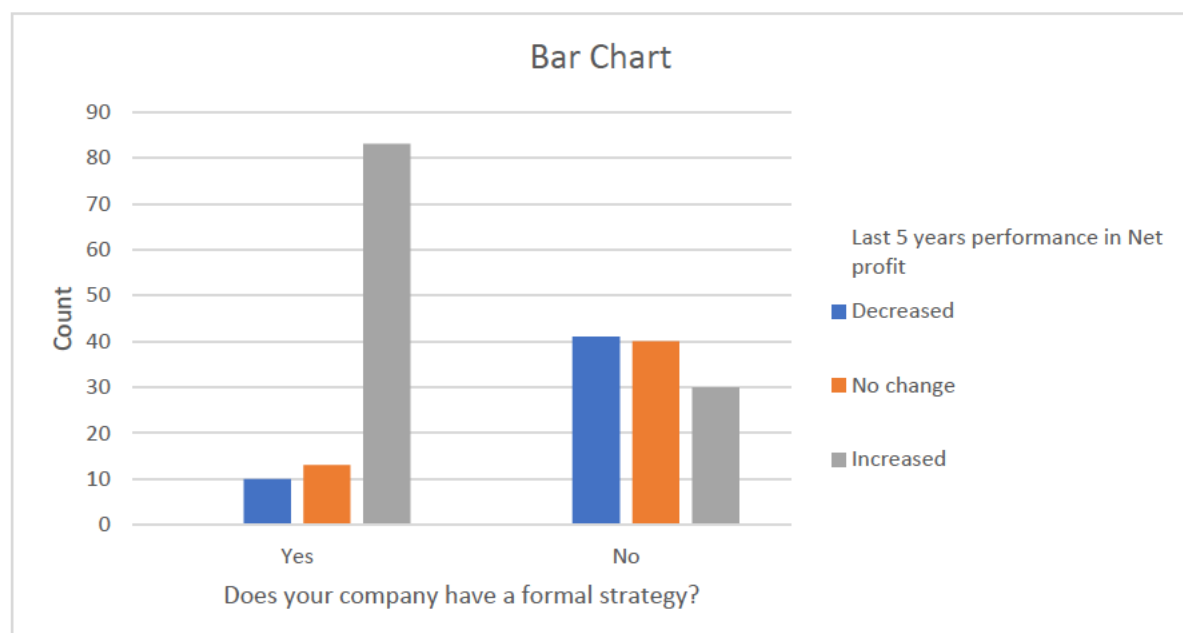


Figure 16: Crosstabulation – formal strategy * net profit

Table 31 and Figure 18 show that out of 217 respondents, 111 indicated that their companies do not have a formal strategy. Of those companies without a formal strategy, 41 experienced a decrease in profit, with 40 experiencing no change while only 30 experienced an increase in profit compared to companies with a strategy, where only 10 companies experienced a decrease in profit, 13 had no change in profit, and 83 increased their profit margin.

Table 33: Crosstabulation – formal strategy * value of assets

Does your company have a formal strategy? * Last 5 years' performance in Value of assets Crosstabulation					
Count					
		Last 5 years' performance in Value of assets			Total
		Decreased	No change	Increased	
Does your company have a formal strategy?	Yes	3	37	66	106
	No	22	69	20	111
Total		25	106	86	217

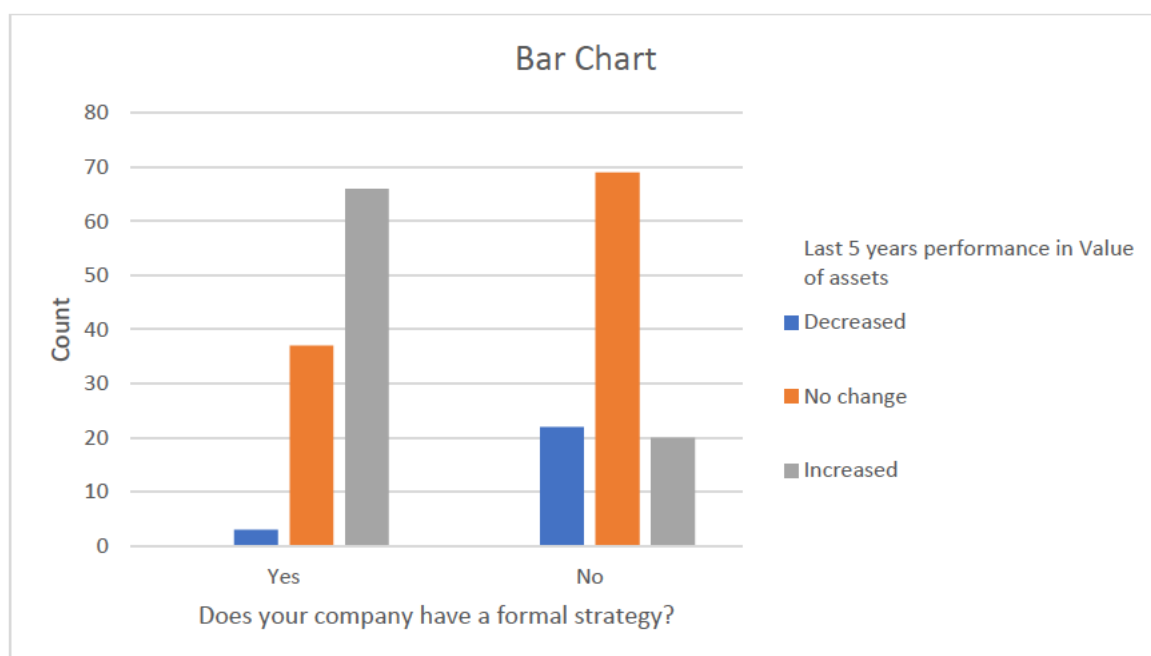


Figure 17: Crosstabulation – formal strategy * value of assets

Table 32 and Figure 19 show the statistical results from 217 respondents in answer to the question about having a formal strategy. Twenty-two out of 111 respondents whose companies do not have a formal strategy indicated that they experienced a decrease in asset value, 69 companies experienced no change in asset value, and only 20 companies experienced an increase in asset value. These results were a lot worse than companies with a formal strategy where only three companies experienced a decrease in asset value, 37 experienced no change, and 66 achieved an increase in asset value.

4.22 Does your company have a formal strategy?

Table 34: Crosstabulation – formal strategy * products/services

Does your company have a formal strategy? * Last 5 years' performance in the number of new products/services introduced Crosstabulation					
Count					
		Last 5 years' performance in the number of new products/services introduced			Total
		Decreased	No change	Increased	
Does your company have a formal strategy?	Yes	1	66	39	106
	No	6	86	19	111
Total		7	152	58	217

Table 33 shows that 6 (six) out of 217 respondents from companies without a formal strategy indicated a decrease in the number of services or products that their company introduced to the market, compared to only one company with a formal strategy that experienced a decrease in the number of services provided while having a formal strategy. Eighty-six respondents from companies without a formal strategy experienced no change in the number of services or products introduced, and only 19 respondents experienced an increase in the number of services and products introduced to the market within the period of measure. The result proves that there is a positive correlation between companies that have a formal strategy and performance in terms of asset values. Companies with formal strategies did experience an increase in the value of assets over five years.

4.23 The correlation between formal strategy and performance in the market

Table 35: Correlation analysis

Correlations											
		Is your company strategy reviewed annually?	Do all your employees know your strategy?	Was a plan followed to develop your company	Companies' growth is based on how good their	Companies need strategies to	It is important for companies to be aligned with a	Last 5 years' performance in the number of new products/services	Last 5 years' performance in Value of assets	Last 5 years' performance in Net profit	Last 5 years' performance in Turnover/ Sales
Last 5 years' performance in Turnover/ Sales	Pearson Correlation	-.362**	-.213	-.317**	.322**	.437**	.185	.343**	.512**	.704**	1
	Sig. (2-tailed)	.000	.028	.001	.001	.000	.057	.000	.000	.000	
	N	106	106	106	106	106	106	217	217	217	217
Last 5 years' performance in Net profit	Pearson Correlation	-.196*	-.059	-.442**	.195*	.288**	.172	.368**	.662**	1	.704**
	Sig. (2-tailed)	.044	.549	.000	.045	.003	.078	.000	.000		.000
	N	106	106	106	106	106	106	217	217	217	217
Last 5 years' performance in Value of assets	Pearson Correlation	-.259**	-.020	-.257**	.121	.267**	.162	.449**	1	.662**	.512**
	Sig. (2-tailed)	.007	.837	.008	.215	.006	.097	.000		.000	.000
	N	106	106	106	106	106	106	217	217	217	217

Last 5 years' performance in the number of new products/services introduced	Pearson Correlation	.343**	.368**	.449**	1	.260**	.214*	.357**	-.236*	-.176	-.298**
	Sig. (2-tailed)	.000	.000	.000		.007	.028	.000	.015	.071	.002
	N	217	217	217	217	106	106	106	106	106	106
It is important for companies to be aligned with a strategy	Pearson Correlation	.185	.172	.162	.260**	1	.195*	.506**	-.124	-.281**	-.285**
	Sig. (2-tailed)	.057	.078	.097	.007		.045	.000	.205	.004	.003
	N	106	106	106	106	106	106	106	106	106	106
Companies need strategies to succeed	Pearson Correlation	.437**	.288**	.267**	.214*	.195*	1	.238*	-.043	-.265**	-.103
	Sig. (2-tailed)	.000	.003	.006	.028	.045		.014	.662	.006	.292
	N	106	106	106	106	106	106	106	106	106	106
Companies' growth is based on how good their strategy is	Pearson Correlation	.322**	.195*	.121	.357**	.506**	.238*	1	-.225*	-.296**	-.249*
	Sig. (2-tailed)	.001	.045	.215	.000	.000	.014		.020	.002	.010
	N	106	106	106	106	106	106	106	106	106	106
Was a plan followed to develop your company strategy?	Pearson Correlation	-.317**	-.442**	-.257**	-.236*	-.124	-.043	-.225*	1	.050	.345**
	Sig. (2-tailed)	.001	.000	.008	.015	.205	.662	.020		.610	.000
	N	106	106	106	106	106	106	106	106	106	106

Do all your employees know your strategy?	Pearson Correlation	-.213*	-.059	-.020	-.176	-.281**	-.265**	-.296**	.050	1	.253**
	Sig. (2-tailed)	.028	.549	.837	.071	.004	.006	.002	.610		.009
	N	106	106	106	106	106	106	106	106	106	106
Is your company strategy reviewed annually	Pearson Correlation	-.362**	-.196*	-.259**	-.298**	-.285**	-.103	-.249*	.345**	.253**	1
	Sig. (2-tailed)	.000	.044	.007	.002	.003	.292	.010	.000	.009	
	N	106	106	106	106	106	106	106	106	106	106
**. Correlation is significant at the 0.01 level (2-tailed).											
*. Correlation is significant at the 0.05 level (2-tailed).											

4.24 Company Growth measured by turnover and the number of sales.

The growth of the companies using a strategy was measured against the number of sales and turnover. Table 35 show that there is a significant relationship ($r = 0,317$) between companies that followed a strategic process to develop their strategy in relation to growth measured in number of sales and turn over with a high significant correlation ($p < 0.02$)

4.25 Company Growth measured by net profit.

Growth was also measured in terms of net profit. The result from Table 35 shows that there is a significant relationship ($r = 0,442$) between companies that followed a strategic process to develop their strategy and growth posture measured in net profit value. It also proves that there is a high significant correlation ($p < 0,002$) between companies that have followed a strategic process to develop their strategy in relation to growth measured based on their net profit.

4.26 Asset value as a measure of success -The relationship between companies that follow a formal process to develop their strategy and level of growth of their asset values.

To establish whether there is a relationship between companies that followed a formal process to develop their strategy and the level of growth for their asset values. The statistical results showed that there is a significant relationship ($r = 0.257$) and a significant correlation of $p < .008$. This proves that companies that do not follow a formal process to develop their strategy, and do not grow their asset value as much as companies that follow a formal process in developing their strategy.

4.27 The number of new products introduced by the companies as a measure of success.

The results showed that there is a moderate relationship of 0.257 with a moderate correlation of $p = 0.008$ in relation to companies that followed a formal strategy and the number of new services or products.

4.28 The relationship between companies that follow a formal strategy and the level of knowledge of their strategies by their employees.

To prove whether there is a relationship between companies that follow the formal process to develop their strategies and the level of knowledge of their strategy by their employees. The results showed that there is a significant relationship of 0.050 with a moderate correlation of $p = .610$.

4.29 The relationship between the annual review of company strategies and the following of a formal process to develop a strategy.

The results showed that there is a significant relationship ($r = 0.345$) and significant correlation ($p = .000$) between companies that followed a formal process to develop their strategy and the annual review of their strategies.

4.30 The importance of strategic alignment to company growth

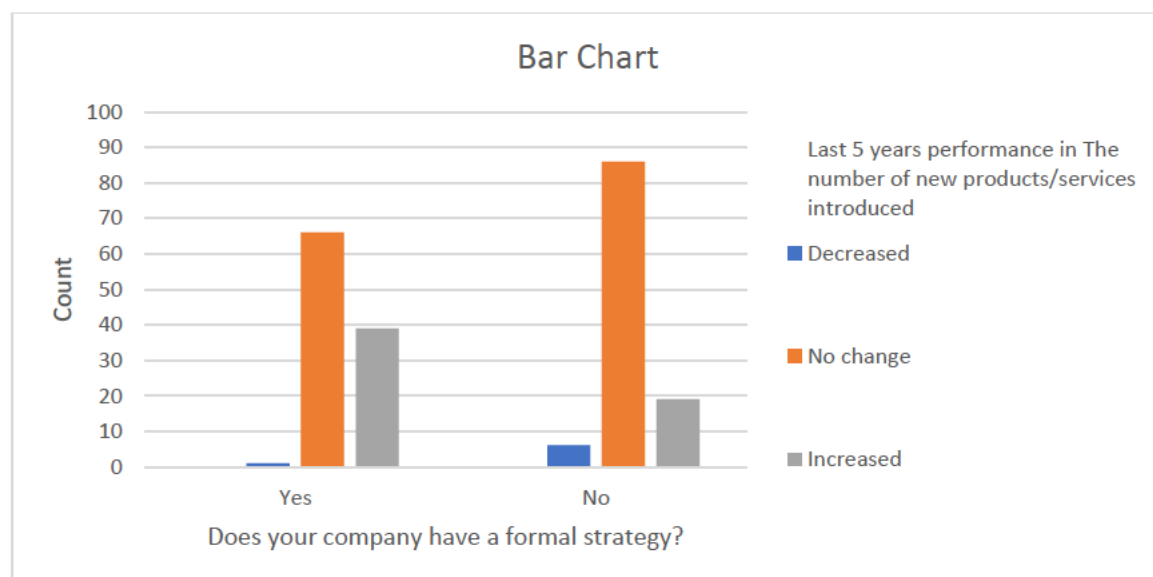


Figure 18: Strategic alignment and new products/services

4.31 Correlation between adoption of strategic planning and business growth

Table 36: Correlation between strategic planning and business growth

Correlations				
		Business Growth	Adoption of Strategic Planning	Strategy Development and Review
Business Growth	Pearson Correlation	1	.426**	-.338**
	Sig. (2-tailed)		.000	.000
	N	217	106	106
Adoption of Strategic Planning	Pearson Correlation	.426**	1	-.435**
	Sig. (2-tailed)	.000		.000
	N	106	106	106
Strategy Development, Choice, and Review	Pearson Correlation	-.338**	-.435**	1
	Sig. (2-tailed)	.000	.000	
	N	106	106	106
**. Correlation is significant at the 0.01 level (2-tailed).				

Table 36 shows that there is a moderate ($p = .426$) relationship between business growth and strategic planning and a moderate ($p = -0.338$) relationship between business growth and strategic development and review. There is a moderate relationship between the adoption of strategic planning ($p = 0.426$) and business growth, with a moderate correlation between the adoption of strategic planning and strategy development and review. Concerning strategy development and review, the table shows that there is a moderate relationship between strategy development choice and review.

4.32 Influence of adoption of strategic planning on business growth

To ascertain whether there is a correlation between the adoption of strategic planning and the business growth of SMEs. An analysis of the Pearson chi-square test results ($p < .005$) revealed that statistically there was a significant correlation between the adoption of strategic planning and business growth of SMEs.

Table 37 shows that the adoption of strategic planning accounts for 18.2% ($R^2 = 0.182$) of the variance in business growth, $F(1, 104) = 23.064$, $p < .005$. Adoption of strategic planning significantly predicts business growth, $\beta = .581$, $p < .005$.

Table 37: Influence of strategic planning on business growth

Model Summary								
Model	R	R Square	Adjusted Square	R	Std. The error in the estimate			
1	.426 ^a	.182	.174		1.647			
a. Predictors: (Constant), Adoption of Strategic Planning								
ANOVA								
Model		Sum of Squares	Df	Mean Square	F	Sig.		
1	Regression	62.552	1	62.552	23.064	.000 ^b		
	Residual	282.052	104	2.712				
	Total	344.604	105					
a. Dependent Variable: Business Growth								
b. Predictors: (Constant), Adoption of Strategic Planning								
Coefficients								
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.	95.0% Confidence Interval for B	
		B	Std. Error	Beta			Lower Bound	Upper Bound
1	(Constant)	2.844	1.553		1.831	.070	-.236	5.924
	Adoption of Strategic Planning	.581	.121	.426	4.803	.000	.341	.821
a. Dependent Variable: Business Growth								

4.33 Influence of strategy development and review on business growth

Another important aim of the study was to ascertain whether there was a correlation between strategy development, review, and the business growth of SMEs. An analysis of the Pearson chi-square test results ($p < .005$) revealed that statistically there was a

significant correlation between strategy development, review, and business growth in the business sector of SMEs.

Table 38 shows that the adoption of strategy development and review of the business growth, accounts for 11.4 % ($R^2 = 0,114$) of the variance in business growth, $F(1, 104) = 13.402$, $p < .005$. Therefore, the adoption of strategy development and review significantly predicts business growth, with a standard co-efficiency between $\beta = -0,501$ and $\beta = 0.338$, and $p < .005$.

Table 38: Influence of strategy development and review on business growth

Model Summary								
Model	R	R Square	Adjusted Square	R	Std. The error in the Estimate			
1	.338 ^a	.114	.106		1.713			
a. Predictors: (Constant), Strategy Development and Review								
ANOVA								
Model		Sum of Squares	Df	Mean Square	F	Sig.		
1	Regression	39.337	1	39.337	13.402	.000 ^b		
	Residual	305.266	104	2.935				
	Total	344.604	105					
a. Dependent Variable: Business Growth								
b. Predictors: (Constant), Strategy Development and Review								
Coefficients								
		Unstandardized Coefficients		Standardized Coefficients	T	Sig.	95.0% Confidence Interval for B	
		B	Std. Error	Beta			Lower Bound	Upper Bound
1	(Constant)	12.367	.598		20.682	.000	11.181	13.552
	Strategy Development and Review	-.501	.137	-.338	-3.661	.000	-.772	-.230
a. Dependent Variable: Business Growth								

4.34 Summary

Results from the table showing correlation analyses are based on the overall single measure related to the three major constructs.

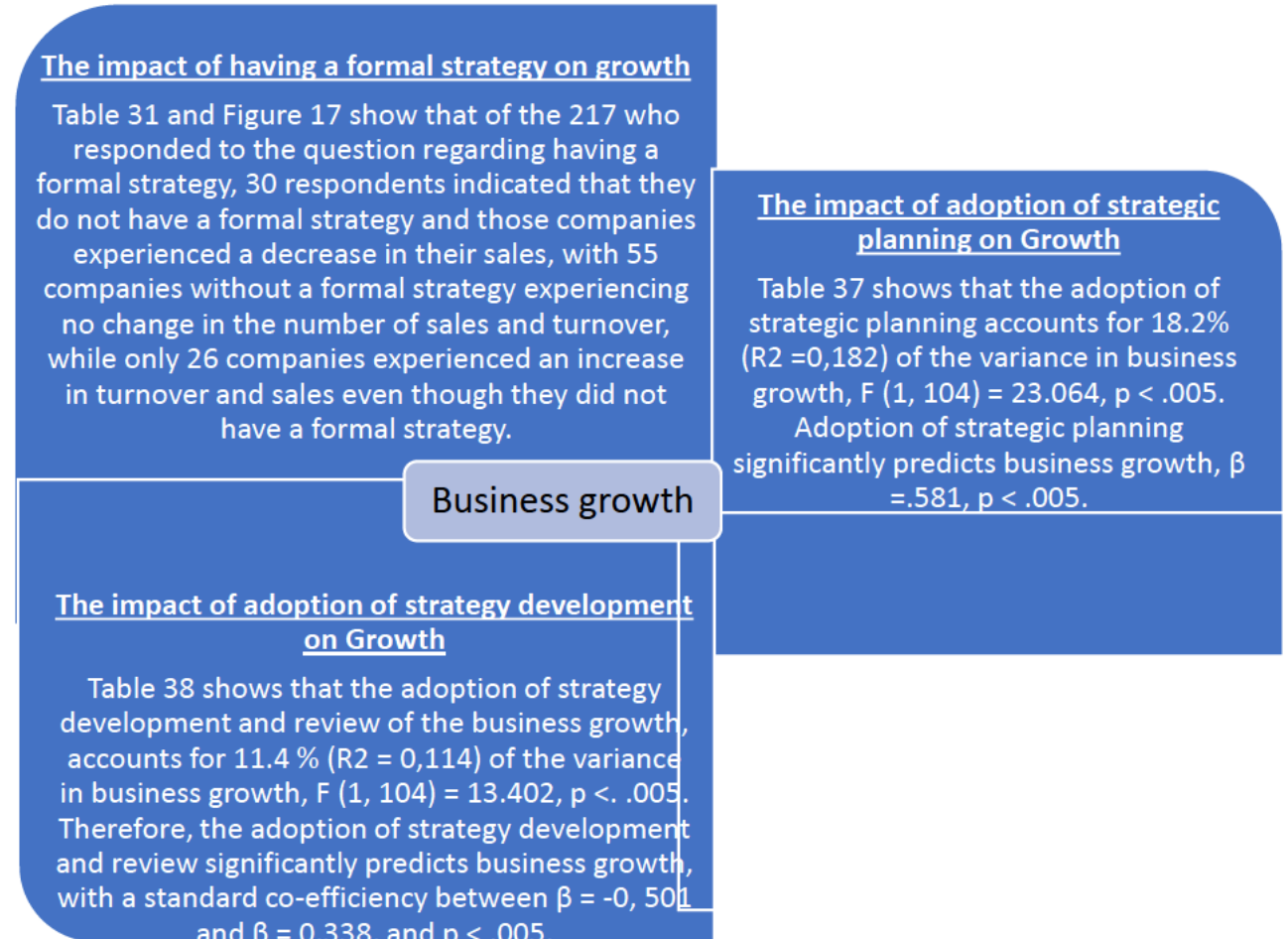


Figure 19 : Single Measure based Hypothesis on the three major construct.

Demonstration of the conclusion of the hypothesis based on the overall single measure related to the three major constructs- by the researcher.

The data analysis for this study was performed to determine whether there is a correlation between the performance of SMEs (as defined by growth) and the usage of a structured strategic planning process. The questionnaire-collected data for this study provided the analysis, interpretation, and discussion of the impact of strategic planning on the growth posture of SMEs in the eThekwin area of KwaZulu-Natal.

The study's data analysis, examination of literature, and conclusions lead to the conclusion that a strategic process for developing a firm strategy had a considerable

favourable impact on the growth posture of companies that used strategic planning process to develop their strategies.

CHAPTER 5: CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

Chapter 5 presents the findings from the research study that was conducted. The conclusion of this study is based on the findings from the data collected, analysed, and subsequently presented. This chapter also makes recommendations to address the challenges facing SMEs operating within the precincts of Kwazulu-Natal eThekweni Municipality to enrich them with strategic tools and process knowledge.

5.2 Findings relating to the literature review.

In summary, several studies have analysed the contribution of SMEs to economic development, and most of them have judged company performance based on their degree of growth and upliftment of SME owners' lifestyles (Chebo and Kute, 2019: 11; Gumbi, 2017: 2). However, most of the works of literature reviewed were not precise in evaluating the role that strategic planning plays in the growth of SMEs, given the challenges faced by SMEs in eThekweni, which some attribute to the global economy's low growth path (The Edge, 2017:13).

However, previous pieces of literature have indicated that owners and managers of SMEs have a competency gap when it comes to formal organizational knowledge, even though this business sector provides almost 97.5% of business in South Africa and contributes to about 35.8% of the Gross National Product. It contributes 54.4% to formal sectors which translate to the provision of more than 40% of all wages and salaries paid annually (Aigbavboa and Thwala, 2014: Abor and Quartey 2010).

Furthermore, the literature review indicates a level of doubt about whether the SME sector can be viewed as the only remedy for South Africa's economic challenges including economic growth, poverty alleviation, unemployment, and equality if SMEs are not provided with the necessary support (Mazibuko, 2021: 110).

The literature noted the substantial effort by the South African Government in trying to uplift the level of managerial skills in the sector through various training and support. The literature review highlighted that internationally, SMEs account for 60% to 70% of jobs with a large share in informal employment, indicating that they account for a larger share of new jobs, especially in countries that have displayed a strong employment

record. Some evidence points also to the importance of age, rather than size, in job creation (Dlamini and Garatsa 2021).

Most literature agrees that the challenges regarding the length of survival for SMEs are not only a South African phenomenon, with previous studies concurring that not more than one-half of new companies in the world survive for more than five years and only a fraction develop into high-growth firms which make important contributions to job creation (Organisation for Economic Co-operation and Development 2022:01; Dladla 2020; Dlamini and Cletos 2021).

The study through its literature review shows that not all SMEs are innovative but are often the driving force for economic growth; this is because SMEs can work outside of dominant paradigms which allows them to exploit technological and commercial opportunities that have been neglected by the more established companies (George, Walker, and Monster 2019). The literature reveals that SMEs can also enable the commercialisation of knowledge that would otherwise remain uncommercialised in universities and research organisations (Pascal 2017:6). The study further stated that SMEs create job opportunities across geographic areas and sectors, employing broad segments of the labour force, including low-skilled workers, and providing opportunities for skills development.

Previous research said that the SME sector has developed to the point where it may be used to stabilize the economy and aid in the development of jobs.

Previous pieces of literature indicated that the government is intervening, but more needs to be done to provide SMEs with fiscal management expertise. Other research has indicated that SME owners/managers do not bother acquiring strategic management skills because some SMEs are just engaged in survival.

The survey also revealed that SMEs are the most susceptible sector, and as a result, SMEs have a poor survival rate of 4-5 years of trading.

The study by Aigbavboa and Thwala (2014: 8) proved that SMEs that operate in the infrastructure sector are major contributors to the economy and are considered as leading the pack compared to others for reducing unemployment in South Africa as defined by the National Credit regulation Act; considering that the large companies are quick to shed jobs during challenging times. The literature did not rule out that SMEs across the whole world, as well as in South Africa, are still faced with numerous challenges that inhibit entrepreneurial growth.

5.3 Review of the findings of the study

The primary goal of this research was to evaluate and characterise the growth challenges encountered by SMEs in eThekweni Municipality. The study sought to determine whether there are any correlations between SMEs' failures and a lack of adherence to a structured strategic planning approach for strategy creation. It went on to investigate the amount of development of SMEs that followed a strategic plan before adopting a strategy for improving growth posture.

The objectives of the study were derived from the research question.

Objective 1: To examine whether the use of strategic planning influences SMEs' growth.

Objective 2: To investigate whether owners of small businesses understand the strategic planning approach for the growth of their businesses.

Objective 3: To assess the key contextual factors affecting the strategic planning process, specifically for SMEs in the infrastructure sector in South Africa.

Objective 4: To explore the measurement mechanisms that SMEs use to assess the success of their businesses.

The next section discusses the conclusions from the perspective of each research objective.

Objective 1: To examine whether the use of strategic planning influences SMEs' growth. The study sought to determine whether there is a correlation between strategic planning and the long-term performance of SMEs. Based on the survey and literature study results, the following conclusions and recommendations were qualified. Most respondents agreed that SMEs must follow a strategic planning process to develop their operations, emphasising the importance of SME managers/owners sticking to a strategic plan to create the company's strategy. The study also revealed that companies that do not have a strategic plan introduce fewer new products and services to the market.

Several variables could not be considered when the study conducted the regression analysis to explain the lack of growth in small businesses. It's important to note that

the specific variables to include in the regression model would be determined by the available data, as SMEs are still struggling to keep all records, and the context of the analysis was not going to gain much from other variables in order to determine whether or not SMEs owners used a structured approach in the development of their strategy. Human capital was conspicuously lacking from the list of variables. The skills, expertise, and experience of a company's workforce can influence its growth potential. Variables like employee training, education levels, or workforce demographics play a big role in the growth posture of the company. The study controls this variable as an alternate explanation that was contained in the number of years that the industry has been in business.

Additionally, the variables used for this study are not exhaustive, and other factors unique to the business and industry might be relevant and should be explored if data is available.

According to the findings of the survey, the SME sector is one of the possibilities that can be utilised to create employment, improve the economy, and relieve poverty, and respondents feel that strategy is a significant instrument to impact growth in their businesses. It was shown that most businesses prefer to design their strategy without the aid of third parties. Most SMEs surveyed in this study stated that they do not have a formal plan; only 111 of the 217 participants stated that their firms do not have a formal strategy. Of the companies without a formal strategy, 41 companies experienced a decrease in profit, 40 experienced no change, and only 30 experienced an increase in profit, compared to 10 companies with a strategy who experienced a decrease in profit, 13 companies had their profit margin remaining the same, and 83 experiencing an increase in profit margin.

The study found that companies with a history of operation for a longer period had higher yearly turnover than startups. Furthermore, as compared to businesses that have built their strategies using plans, organisations that do not follow any strategies have problems because of the exponential changes in the value of their assets.

According to the survey, businesses without a planned strategy saw a reduction in their asset value. Only one company with a formal strategy reported a decrease in the introduction of new services or products to the market, compared to six respondents from companies without a defined plan. Only 19 respondents without a formal strategy

witnessed an increase in the number of services and products introduced to the market during the measuring period, compared to the 86 respondents without one who saw no change in the number of services or commodities offered.

The findings of the report demonstrated that over the previous five years, SMEs' asset prices had declined. According to the respondents' statistical findings, the asset values of 22 of the 111 businesses without a clear plan decreased, 69 observed no change in asset values, and only 20 witnessed increases. Companies with a structured plan fared better; only three saw their asset values decline, 37 saw no change, and 66 saw increases.

The results showed that 25.8% of respondents thought their businesses were "unsuccessful," 4.1% said they were "very unsuccessful," and more. 31.8% of business owners assessed their operations as successful, 10.6% as extremely successful, and 27.6% were unsure if their businesses were successful or not.

Objective 2: To investigate whether owners of small businesses understand the strategic planning approach for the growth of their businesses. According to the survey, most SMEs lack formal strategies, and those that have did not construct their strategy using a structured strategic planning process. The results of this study show that SMEs do not evaluate their plans annually. Even though SMEs' employment levels are strongly correlated with the volume of services they offer. The survey also showed that SMEs with plans that are communicated to every employee have a better likelihood of expanding. And that most SMEs measure their performance by sales volume. Although respondents said it was important to measure their performance, most SMEs aim to expand to raise the value of their assets.

Objective 3: To assess the key contextual factors affecting the strategic planning process, specifically for SMEs in the infrastructure sector in South Africa. According to the respondents, most SMEs are dissatisfied with the rate of development and overall performance of their businesses. This piece of the literature demonstrated that SMEs do not survive in the market for long, with most enterprises failing to live more than three years, and that SMEs/managers require strategic management skills to avoid failure in the early phases of their business. This survey discovered that most SME owners started their businesses without sufficient planning or awareness of their

strengths and shortcomings, instead pursuing opportunities as they presented themselves.

Objective 4: To explore the measurement mechanisms that SMEs use to assess the success of their businesses. This objective was met, as the study found that 16.3% of SMEs utilise only turnover and number of sales as performance metrics, while 8.8% use a combination of turnover and net profit. According to the research, 3.2% use a combination of revenue, net profit, and the volume of new goods created by the firm. The number of sales combined with the number of new products introduced by the company is used by 1.4% of the firms studied, while the number of sales combined with the number of new products introduced by the company is used by 0.9% of the firms studied. According to the report, 41.5% of organisations use net profit as a success criterion. However, 14.3% considers both net profit and asset value. 1.8% of the companies examined employ net profit, asset worth, and the quantity of new goods offered by the firm. While 4.1% are solely based on asset value. It is also proved that 0.9% prefer the value of assets over the number of things offered.

5.4 Practical implications of the study

The results and findings of this research study should assist the South African Government and all government agencies with information and a referral point to address the key performance areas to support the growth of SMEs that operate within eThekweni Municipality in Kwazulu-Natal. The results of the study will assist the ministry of small business to develop the relevant innovative intervention of furnishing SMEs within the infrastructure sector with the necessary entrepreneurial support to catapult ideas that promote growth in the sector.

5.5 5.5. limitations of questions

Framing of questionnaires for this study on small and medium-sized enterprises (SMEs) and were challenging due to various limitations. Some of the causes of these limitations included:

- ❖ **Limited Resources:** SMEs often have limited financial and human resources compared to larger companies. As a result, conducting in-depth research or accessing comprehensive data can be difficult due to budget constraints and limited personnel.

- ❖ **Data Availability:** SMEs may not maintain extensive databases or have sophisticated data management systems, making it challenging to access relevant and comprehensive data for analysis.
- ❖ **Data Quality and Reliability:** Even if data is available, its quality and reliability may vary, as SMEs might not have robust data collection and validation processes in place.
- ❖ **Confidentiality Concerns:** SME owners and managers may be more cautious about sharing sensitive business information due to concerns about confidentiality and potential competitive disadvantage, making it harder to gather detailed insights.
- ❖ **Heterogeneity and Sample Size:** SMEs encompass a wide range of industries, sizes, and strategies. This heterogeneity can make it challenging to draw generalizable conclusions from a small sample size, especially if the sample is not representative.
- ❖ **Time Constraints:** SME owners and managers are often heavily involved in day-to-day operations, leaving them with limited time to participate in research or interviews.
- ❖ **Resistance to Change:** Some SME owners or managers might be hesitant to adopt new strategies or may be less open to sharing their current approaches due to fear of disrupting the status quo.
- ❖ **Limited Research on SMEs:** Compared to larger companies, there may be fewer academic studies or research available on SMEs' strategies, leading to a lack of established frameworks or benchmarks for analysis.

5.6 Recommendations

Taking into account the findings of the research study, the recommendations offered are to enhance the growth posture of the SMEs in KwaZulu-Natal within eThekweni Municipality.

- ❖ Entrepreneurial studies should be included in the curriculum of the lower levels of education to empower young entrepreneurs with business management skills.
- ❖ Small businesses should be mandated to state their strategic approach to business at companies' registration phases and also to boards like

infrastructure industry developmental boards (CIDB) to advance their business growth.

- ❖ All firms providing consultancy to clients and contracts in the infrastructure sector are encouraged to provide training that is aimed at improving the independence of SMEs through their competency level and abilities.
- ❖ There should be more seminars that are aimed at understanding the strengths and weaknesses of SMEs and measuring their pace of growth so that companies can be supported in areas of need.
- ❖ Moreover, the government should encourage cooperation between big and small firms to transfer journey learnings and experiences.
- ❖ The Ministry of Small Business Development should increase the number of free seminars, expos, and workshops to furnish SMEs with business management tools; these interventions are to be managed by eThekweni Municipality in conjunction with supporting agencies like SEDA, DTI, and the private sector.
- ❖ The Durban Chamber of Commerce and Industry (DCCI) should create a platform whereby SMEs in the eThekweni municipality can network with big enterprises and encourage participation which should include a reward system either through issuing of certification of attendance or participants rewarded with a point system that accumulates to a tangible recognition.
- ❖ Stakeholders like the South African Banking Association (SABA), South African reserve bank (SARB), and the Small Enterprise Development Agency (SEDA) should focus their assistance on providing financial management knowledge but also look on providing business managerial skills and strategy developmental assistance to SMEs to ensure growth in the SME sector.
- ❖ The government and the private sector need to ensure that are coordination in policies and designed programmes in the eThekweni area is functional and used by the sector.
- ❖ The local government could organise more intra-continental trade expos to assist alleviate the persistent difficulties that SMEs have in connecting with potential buyers. This will aid in reducing the aspect of rivalry among SMEs generated by over-dependence on a limited number of clients, such that a whole firm might be centred in a single local distributor in some situations. This will also benefit SMEs who want to employ diversity as a development strategy.

- ❖ SMEs need to be supported with computer skills to encourage the emergence of online marketplaces and micro sales platforms that allow manufacturers to access new markets as the other way of helping to penetrate new markets.
- ❖ Small business owners are encouraged to allow their staff to participate in decision-making to break free from owners' mindsets that result in micromanagement and lead to employees not even understanding the strategy of the organisation.
- ❖ All staff in the company should be encouraged to assume a more strategic role and to make use of performance management systems with clear day-to-day operating models. This can be achieved by clear management structures with defined roles and responsibilities, key performance indicators (KPIs), and designated decision-making.
- ❖ Small business owners are encouraged to apply prioritisation and strategic planning for them to focus on core areas that will yield noticeable growth results.
- ❖ SMEs should pursue several common strategies to support their growth posture, especially during the times when businesses are affected by pandemics like Covid 19, yet are expected to yield financial stability and access to new markets and customers.
- ❖ SMEs need to equip themselves with strategic tools to have a stable supply chain, strong customer engagement, and a sound post-crisis strategy.
- ❖ All stakeholders and other government agencies that are being tasked to improve skills and the knowledge of the SMEs within the infrastructure sector are to be mandated to report back to the government through the SME Ministry regarding their progress so that the challenges that are faced by SMEs are nationally known.
- ❖ SMEs are encouraged to develop clearer market access strategies to avoid following opportunities as they present themselves. This can allow SMEs an opportunity to be more structured in developing clear market approach strategies to increase their market share and reduce the risk inherent in concentrating their sales.
- ❖ SMEs are to be encouraged to rely mostly on quality and efficiencies to drive their sales and gain competitive urgency to support sales, while also potentially increasing asset values for their business.

- ❖ The government should provide the necessary resources to state agencies as a wing of government to realise the process of educating and training the SMEs.
- ❖ The government should build better and more secure trading places for SMEs in the city and places where SMEs can market their products so that SMEs can be approached for their services rather than relying on bidding for tenders.
- ❖ The government should take ownership of SME development and growth in appreciation of the fact that they are considered as a vehicle that can be used to alleviate poverty and stabilise the South African economy.
- ❖ SME support agencies should work to enhance the relationship between enterprises and SMEs to have buy-ins from experienced companies to mentor small companies. The mentorship to be formalised and be structured based on the skills of each SME that is to be mentored.
- ❖ The government to relook at the tender process to develop small companies to have long-term contracts with state-owned agencies rather than advertising tenders for a once-off supply of services that are continuously needed by the state.
- ❖ Private sector to be roped in to support the viability and sustainability of SMEs through partnership. This can be achieved through the utilisation of the private sector's competency levels, skills, and strategic approach to the market, which can be transferred to the SMEs during the incubation phase of small companies if big companies can be allowed to develop the incubation programmes.
- ❖ SMEs to be encouraged to drive innovation, research, and development, which can be used as key requisites for innovation, growth, and successful entrepreneurship.
- ❖ Government to invest in the skills and capabilities that SMEs need through the re-introduction of an apprenticeship system that can allow newly qualified graduates to serve at big enterprises before resources are allocated to SMEs. It is envisaged that the introduction of an apprenticeship system will assist local government by ensuring that entrepreneurs are supported with the skills and capabilities they need to rebuild and grow their businesses by tapping into the existing talent.
- ❖ SME managers to develop confidence and strategic expertise through training and development, post-basic education intervention, and advanced learning courses at institutions of higher learning to successfully grow their small

businesses. This will help in overcoming the range of unique and difficult challenges that SMEs face and enable them to achieve their long-term goals and have a sound strategy for the future and the expertise, to effectively manage all the facets of their businesses.

5.7 Limitations of the study

The study examined the impact of strategic planning on the growth posture of SMEs in KwaZulu-Natal, eThekweni Municipality area only. Consequently, the findings cannot be utilised in other Municipalities, other than KwaZulu-Natal eThekweni Municipality.

The study was conducted on the SMEs that are registered on the database of the Durban Chamber of Commerce, and the focus was on SMEs within the infrastructure sector. The questionnaires were administered through the gatekeeper portal to comply with the POPI act which is aimed at protecting personal information against sharing of personal information without the incumbent's consent.

The study was further conducted on SMEs that indicated their willingness to continue with the study after being informed about the aim of the study through the information form that accompanied the questionnaires, and SME owners had to subsequently sign the consent form. The conclusion and analysis of data are based on the responses from the SMEs that responded to the questionnaires.

5.8 Recommendations for further research

The research focuses on small and medium-sized firms in the infrastructure sector and presents additional concerns in light of the business environment's complexity and the pressure on them to survive and develop. The study's focal topic was SME behaviour in the corporate setting; in this context, future research may evaluate how the country's SME policies operate. The way policies are constructed appears to have space for improvement.

Since the current study discovered that SMEs are not mandated to develop strategies, future researchers may consider measuring the impact of including a strategic plan as a mandatory requirement for SMEs as part of company registration at the Company and Intellectual Property Registration Office (CIPRO) on SMEs' growth posture.

The study cited the availability of information relating to SMEs' performance results as a challenge, which may inspire other scholars to measure the impact and effectiveness of government support provided through agencies such as the Small and Medium-sized Enterprises Agency (SEDA) to SMEs post-registration. It should be investigated if these initiatives provide data on the growth of SMEs and whether they assess the knowledge of SMEs' plans based on their competency level and resources. This will enable each organisation to receive help that is tailored to their specific needs.

Furthermore, studies must be conducted to determine whether the Department of Small Business Development and support services for small enterprises provide SMEs with all of the information they need to start their business by allocating additional dedicated human resources to assist struggling small businesses and new market entrants.

Future studies may be interested in investigating the need to quantify the impact of incubation intervention on small companies in terms of growth improvement, as well as determine whether the relationship between big and small companies can be improved by introducing incentives for big companies willing to develop small companies.

Other pieces of literature reviewed by this study noted the registration process and the challenges faced by SMEs owners, which may be addressed further by testing whether the credit scoring method involved in the B-BBEE process on the element of empowerment is yielding the expected results and assisting with the growth of SMEs. Furthermore, by investigating various techniques within the B-BBEE framework that will assist the sector in acquiring additional skills and improving human resource management expertise, which is necessary by commercial companies in order to survive and flourish. According to the findings of this survey, many respondents do not have strategic tools to help them grow their company.

Future research should assess the role of government agencies, such as the Department of Small Business, the National Youth Development Agency (NYDA), and other institutions, to determine whether their contributions are still relevant in this age

and time, in terms of the technology they use to assess their clients' readiness to compete in the corporate world. Also recommended are instruments for measuring the performance of government agencies using key performance indicators and key performance outputs on a regular basis in order to contribute to the growth and development of SMEs.

The study did not test the performance of major organisations in terms of the influence of the following structured method on strategy formulation; thus, future research may be necessary to conduct the same study on corporate companies. In addition, the same study may be conducted on other municipalities in South Africa for comparison reasons.

5.9 Conclusion

SMEs play a crucial role in job creation, poverty alleviation, and improvement of economic growth in the country's GDP. These factors are very important in the governing of the country and the role that South Africa can play in the world. The study found that SMEs have the potential to contribute to the country's economic emancipation. However, the study also found that there are challenges that cause failure in the SME sector. These factors are internal, as caused by each company's wrongdoing while others are a result of external factors that are beyond companies control but could have been avoided with strategies that are tailor-made to suit the capabilities of each company.

The study proved that SMEs could contribute to the South African economy in such a way as to attract foreign investors, in this way contributing immensely to the country's economy. The assessment and analysis of a company's capabilities were found to be the key factor in the early developmental stage of the SME formation and should be aligned to a structured strategic planning process. The process of developing a strategy should be treated as a project on its own to ensure that each step of the way is followed, documented, and analysed.

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ANNEXURES



Appendix 1: Consent Form

CONSENT FORM

Full Title of the Study: The influence of Strategic Planning on the Growth Posture of Small and Medium-sized Enterprises (SMEs) within the infrastructure sector in eThekwin, KwaZulu-Natal.

Names of Researcher/s: Goodman Zwelihle Zuma

Statement of Agreement to Participate in the Research Study:


I hereby confirm that I have been informed by the researcher, **Goodman Zwelihle Zuma**, about the nature, conduct, benefits, and risks of this study - Research Ethics Clearance Number: -IREC 002/21

- 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.
- Given 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 this research that may relate to my participation will be made available to me.

_____	_____	_____	_____
Full Name of Participant	Date	Time	Signature /
Thumbprint	Right		

I, Goodman Zwelihle Zuma, herewith confirm that the above participant has been fully informed about the nature, conduct, and risks of the above study.

Goodman Zwelihle Zuma		
_____	_____	_____
Full Name of Researcher	Date	Signature

_____	_____	_____
Full Name of Witness (If applicable)	Date	Signature

Appendix 2: Letter Of Information



LETTER OF INFORMATION

Title of the Research Study: The influence of Strategic Planning on the Growth Posture of Small and Medium-sized Enterprises (SMEs) within the infrastructure sector in eThekweni, KwaZulu-Natal

Principal Investigator/s/researcher: Goodman Zwelihle Zuma

Qualification for which student is registered: Master of Management Sciences (Business Administration)

Supervisor/s: Supervisor: Dr Gustave Kankisingi

Supervisor's Qualifications: Ph.D.

Dear Respondent,

I am a student at DUT doing research for my degree in Master of Management (Business Administration)

I would like to invite you to participate in the research.

Research is a systematic search or inquiry for generalised new knowledge.

You are requested to participate in this research by answering questionnaires that are aimed at understanding the influence of strategic planning in the growth posture of Small and Medium-Sized Enterprises (SMEs).

As a participant, you are free to ask any question before and during the process of answering questions to gain more clarity on what the questions are intended to ask.

You are also free to take the questionnaires home so that you can discuss them with other family members for support and clarity. You are under no obligation to commit to participating in this survey at this stage, should you choose not to participate in this survey, it will be appreciated if you can indicate to us the reasons thereof.

The Aim of the study:

This study aims to examine whether there is a correlation between strategic planning and the growth of Small and Medium-size Enterprises (SMEs).

This aim will be achieved through the following objectives:

- To identify the extent to which strategy planning influences the growth of SMEs
- To determine whether owners of small businesses understand their strategic approach to business.
- To ascertain whether there is a relationship between strategic planning and the growth of SMEs

The questionnaire should take approximately 20 minutes to complete.

Procedures: Questionnaires together with a consent form will be emailed to you using the email address provided at the Durban of Chamber database for registration. You will be expected to indicate whether you are willing to participate in the survey by filling out and returning the consent form before answering the questionnaires.

Once all questionnaires are answered, you are requested to submit them back to the researcher using the same email that was used to issue the questionnaires. The estimated number of participants for this study is 239 drawn from the Durban Business Chamber data for all SMEs that fall within the infrastructure sector in the eThekweni region.

Risks or Discomforts to the Participant 14 November 2021

You will not be asked to perform any acts or make statements that might be expected to cause discomfort, compromise them, diminish their self-esteem, or cause them to experience embarrassment or regret. There are no foreseeable adverse reactions.

Benefits.

The benefits of the research include the following:

- The findings of the study may benefit SMEs in the eThekweni region by identifying that entrepreneurial behaviour that is positively correlated to growth.
- It is envisaged that the research results will be published in an accredited journal.

Withdrawal.

You may withdraw from participation in this study at any point voluntarily, and for your own personal reasons, like a lack of time. There will be no adverse consequences for withdrawals.

Remuneration

Participation in this study is free and there will be no monetary remuneration for participation.

Costs of the Study: You are not expected to cover any costs towards the study.

Confidentiality:

The data collection process will not involve access to confidential personal data. You are assured of the anonymity and confidentiality of your responses. The completed questionnaires, which do not contain your name or your enterprise, will be stored for a period of five years, and will, thereafter, be shredded or deleted from the system.

Research-related Injury

There is no anticipated injury to yourself as the participants and you will not perform any physical acts.

Storage of all electronic and hard copies including tape recordings:

This study will ensure that collected data will be stored and treated in a professional manner, which is aimed at not exposing the identity of the participants' names, organisations, and any other information that could jeopardise ethics and confidentiality. Information in the system's folder will be accessible through logging-in credentials after data collection to ensure controls and only the researcher and the analyst will have access to data for collection, analysing and reporting purposes. The system will record all access to information.

Data will be stored for a period of 5 years in the system's subfolder labelled "The influence of Strategic Planning on the Growth Posture of Small and Medium-sized Enterprises (SMEs) within the Infrastructure Sector in eThekweni, KwaZulu-Natal" once the 5-year period has lapsed data will be disposed of electronically. The certification of data wiping will be obtained from the software administrator.

Persons to contact in the Event of Any Problems or Queries: Please contact the researcher, Mr. Zwelihle Zuma (cell. no.: 082 561 2593), or the supervisor, Dr Gustave Kankisingi @dut.ac.za; or 031 – 3735147). the Institutional Research Ethics Administrator on 031 373 2375. Complaints can be reported to the Director: Research and Postgraduate Support Dr L Linganiso on 031 373 2577 or researchdirector@dut.ac.za.

General:

Please note: A copy of the information letter translated into IsiZulu is available on request.

Appendix 3: Questionnaires

Questionnaires.

The questionnaires will be structured in seven sections:

- ❖ Section 1- Serves as a notification that a company has been nominated to participate in the survey.
- ❖ Section 2- Serves as a recruitment process, whereby a company will be directed to a letter of information and will indicate their willingness to participate in the survey or not. Should a company opt not to participate? The system will direct the participant to an optional page to state the reason/s thereof and subsequently to a submit page.
- ❖ Section 3 – Questionnaires - which will only be available to companies who voluntarily wish to participate in the survey. Part one of section 3 will be about company information, which will exclude personal information and company names. This part of the section will only collect data like years of service, sector of operation, and the number of employees.
- ❖ Section 4- This section will be covered in two sub-sections. The first sub-section will assess if a company has a formal strategy or not, depending on the answer to sub-section one. The questionnaires will lead participants to a relevant set of questions.
- ❖ Section 5- will assess the company's growth.
- ❖ Section 6- evaluates the overall performance of a company.
- ❖ Section 7- is a closing summary and submitting section.

The influence of Strategic Planning on the Growth Posture of Small and Medium-sized Enterprises (SMEs) within the Infrastructure Sector in eThekweni, KwaZulu-Natal.

Question 1

What is the number of (full-time) employees in your company?	Choose one applicable answer	Answer codes
	Less than 50 employees	1
	51 to 100 employees	2
	101 to 150 employees	3
	151 to 200 employees	4
	201 to 250 employees	5
	Above 250 employees	6

Question 2.

For how long your company has been in business?	Choose one applicable answer	Answer codes
	Less than 5 years	1
	Between 5 and 10 years	2
	Between 11 and 15 years	3
	Between 16 and 20 years	4
	Over 20 years	5

Question 3

How many services does your company provide?	Choose one applicable answer	Answer codes
	3.1 Less than 2 services	1
	3.2 Between 3 and 5 services	2
	3.3 Between 6 and 10 services	3
	3.4 Between 11 and 15 services	4
	3.5 16 and above services	5

Question 4.

In the last 5 years, what was your company's financial annual turnover?	Choose one applicable answer	Answer codes
	3.1 Less than R250 000	1
	3.2 Between R251000 and R 500 000	2
	3.3 Between R501 000 and R1000 000	3
	3.4 Between R1010 000 and R5000 000	4
	3.5 above R 5000 000	5

Question 5

Does your company have a formal strategy?	Choose one applicable answer	Codes
	Yes	1
	No	2

If your answer is “Yes” on above question, please proceed to the next question. If Your answer is “No” please proceed to question 14

Question 6 (only to be answered if the respondents answered yes on Question 5)

Was a plan followed to develop your company strategy?	Choose one applicable answer	Codes
	Yes	1
	No	2
	Not sure	3

Question 7 (only to be answered if the respondents answered yes on Question 5)

	Choose one applicable answer	Question 7
Do all your employees know your strategy?	Yes	1
	No	2
	Not Sure	3

Question 8 (only to be answered if the respondents answered yes on Question 5)

How was the strategy developed?	Choose one applicable answer	Question 8
The strategy was developed by the owner/s or manager/s only		1
Everybody in the company contributed to the strategy development in one way or the other		2
The strategy was developed by the third party		3

Question 9 (only to be answered if the responder answered yes on Question 5)

Please indicate the extent to which you agree or disagree with the following statements: [It is important for companies to be aligned to a strategy]	Strongly Disagree	Disagree	Neither agree/Disagree	Agree	Strongly Agree
Answer codes	1	2	3	4	5

Question 10 (only to be answered if the respondents answered yes on Question 5)

Please indicate the extent to which you agree or disagree with the following statements: [Companies' growth is based on how good their strategy is]	Strongly disagree	Disagree	Neither agree/Disagree	Agree	Strongly Agree
	1	2	3	4	5

Question 11(only to be answered if the responder answered yes on Question 5)

Please indicate the extent to which you agree or disagree with the following statements: [Companies do not need strategies to succeed]	Strongly disagree	Disagree	Neither agree/Disagree	Agree	Strongly Agree
	1	2	3	4	5

Question 12 (only to be answered if the responder answered yes on Question 5)

Is your company strategy reviewed annually	Choose one applicable answer	Answer codes
Yes		1
No		2
Not sure		3

Question 13 (only to be answered if the responder answered yes on Question 5)

What strategy/strategies does your company use to remain competitive in the business?	Choose applicable answer/s	Answer codes
Quality Strategy		1
Pricing Strategy		2
Product / Service Differentiation		3
Innovative		4
Sales		5
Customer focus		6
Marketing		7
Technological advantage		8
Sustainability		9

Question 14

Which of the following measure/measures do you use to evaluate the performance of your company?	Choose applicable answer/s	Answer codes
Turnover/ number of Sales		1
Net profit		2
Value of assets		3
Number of new product products/ services introduced		4

Question 15

How has the company been performing in the last 5 years regarding the following? [Turnover/ Sales]	Decreased	No Change	Increased
	1	2	3

Question 16

How has the company been performing in the last 5 years regarding the following? [Net profit]	Decreased	No Change	Increased
	1	2	3

Question 17

How has the company been performing in the last 5 years regarding the following? [Value of assets]	Decreased	No Change	Increased
	1	2	3

Question 18

	Decreased	No Change	Increased
How has the company been performing in the last 5 years regarding the following? [The number of new products/services introduced]	1	2	3

Question 19.

	Choose one applicable answer	Answer codes
How would you rate the overall success of your business? On a scale of 1 to 5. (5 being very successful)		1
		2
		3
		4
		5

Thank you for taking part in the survey. You are assured that all your responses will remain strictly confidential.

Please submit your answers by pressing submit at the end of the questionnaires.

Appendix 3 b- Imibuzo ngolimi lwesiZulu

Imibuzo izobekwa ngezigaba ezingu-7:

- Isigaba 1- Serves njengesaziso sokuthi inkampani iqokwe ukubamba iqhaza kulolu cwaningo.
- Isigaba 2- Isebenza njengenqubo yokugasha, lapho inkampani izoqondiswa encwadini yolwazi futhi ikhiqize ukuzimisela kwabo ukubamba iqhaza kulolu cwaningo noma cha Ufuna ukulahla uSathane? The system will guide that obambe iqhaza ekhasini lokuzikhethela ukusho isizathu/ s salo kanye emva kwalokho ekhasini lokuqondisa.
- Isigaba 3 – Imibuzo – itholakala kuphela ezinkampanini ezifisa ukuthi ngokuzithandela zibambe iqhaza kulolu cwaningo. Enye ingxenye yesigaba 3 izoba mayelana nolwazi lwenkampani, oluzokhipha ulwazi lomuntu siqu namagama enkampani. Le ngxenye yesigaba izoqoqa kuphela ulwazi olufana neminyaka yokusebenza, imboni yokusebenza, kanye nentengo yabasebenzi.
- Isigaba 4- Lesi sigaba sizohlenganiswa nezigaba ezimbili. Isigaba sokuqala sizohlola ukuthi inkampani esemthethweni inesikhulu noma cha, kuye ngokuthi impendulo yokuqala yesigaba esincane. Imibuzo izohola abahlanganyeli endaweni yemibuzo efanele.
- Isigaba 5- sizohlola ukukhula kwenkampani.
- Isigaba 6- hlola ukusebenza okujwayelekile kwenkampani.
- Isigaba 7- isifinyezo sokuvala kanye nesigaba sokulethwa.

Ithonya lokuhlela Amasu esimweni esincane sokukhula kwamabhizinisi amancane naphakathi (SME) ngaphakathi kweMboni yeNgqalasizinda eThekwini, KwaZulu-Natal.

Umbuzo 1

Yini inani lokusebenza (ukusebenza ngokugcwele) enkampanini yakho?	Khetha impendulo eyodwa esebezayo	Phendula amakhodi
	Abasebenzi abangaphansi kuka-50	1
	Mina 51-100	2
	101 kuya ku-150	3
	151 kuya ku-200	4
	201 by 250	5
	Abasebenzi abangaphezu kuka-250	6

Umbuzo 2.

Isikhathi esingakanani inkampani yakho kufanele ibhizinisi?	Khetha impendulo eyodwa esebenzayo	Phendula amakhodi
	Ngaphansi kweminyaka engu-5	1
	Phakathi kweminyaka engu-5 no-10	2
	Phakathi kweminyaka engu-11 neminyaka engu-15	3
	Phakathi kweminyaka engu-16 no-20	4
	Iminyaka engaphezu kwengu-20	5

Umbuzo 3

Izinsizakalo ezinikezwa kanjani yinkampani yakho?	Khetha impendulo eyodwa esebenzayo	Phendula amakhodi
	3.1 Izinsizakalo ezingaphansi kuka-2	1
	3.2 Phakathi kwezinsizakalo ze-3 ne-5	2
	3.3 Phakathi kwezinsizakalo ze-6 ne-10	3
	3.4 Ngesikhathi sezinsizakalo ze-11 nezinsizakalo ze-15	4
	3.5 16 nezinsizakalo eziningi	5

Umbuzo 4.

Kulokhu eminyakeni engu-5 edlule ingabe ukuguqulwa konyaka wakho wezimali?	Khetha impendulo eyodwa esebenzayo	Phendula amakhodi
	3.1 Ngaphansi kuka-R250 000	1
	3.2 Phakathi kuka-R251000 akukho R 500 000	2

	3.3 Phakathi kuka-R501 000 akukho R1000 000	3
	3.4 Phakathi kuka-R1010 000 akukho R5000 000	4
	3.5 ngenhla R 5000 000	5

Ukuthuthukiswa kwamaqhinga kanye ne-nokubuyekeza (Q6, 7, no-12)

Umbuzo 5

Ingabe inkampani yakho esemthethweni ineqhinga?	Khetha impendulo eyodwa esebenzayo	Amakhodi
	Yebo	1
	Cha	2

Impendulo yakho ithi "Yebo" embuzweni ongenhla, sicela uye embuzweni olandelayo. An Impendulo Yakho ithi "Cha" sicela uqhubeke nombuzo 14

Umbuzo 6 (phendula kuphela impendulo yokuphendula ngoyebo kuMbuzo 5)

Ingabe kulandelwa uhlelo lokuthuthukisa udaba lwenkampani yakho?	Khetha impendulo eyodwa esebenzayo	Amakhodi
	Yebo	1
	Cha	2
	Nginombolo	3
	N/A	4

Umbuzo 7 (uphendula kuphela impendulo yokuphendula ngoyebo kuMbuzo 5)

Ingabe bonke abasebenzi bakho bayalazi isu lakho?	Khetha impendulo eyodwa esebenzayo	Umbuzo 7
	Yebo	1
	Cha	2
	Nginombolo	3
	N/A	4

Umbuzo 8 (phendula kuphela impendulo yokuphendula ngoyebo kuMbuzo 5)

Amaqhinga athuthukiswa kanjani?	Khetha impendulo eyodwa esebenzayo	Umbuzo 8
Iqhinga lakhiwa ngumnikazi/umnikazi/umphathi/s kuphela		1
Wonke umuntu enkampanini wabeka isandla isu ukuthuthukiswa ngendlela eyodwa noma enye		2
Iqhinga lakhiwa ngumuntu wesithathu		3
N/A		4

Umbuzo 12 (uphendula kuphela impendulo yokuphendula ngoyebo kuMbuzo 5)

Ingabe isu lakho lenkampani libuyekeziwe unyaka	Khetha impendulo eyodwa esebenzayo	Phendula amakhodi
Yebo		1
Cha		2
Nginombolo		3
N/A		4

Hlela amasu okwamukelwa nge-SMME (Q9, 10 no-11)

Umbuzo 9 (uphendula kuphela impendulo kayebo kuMbuzo 5)

Sicela ubonise ukuthi indlela yokuvumelana nenani noma ayivumeli lokho izitatimende ezilandelayo: [Kubalulekile ukuthi izinkampani zihambisane namaqhinga]	Ukuzivumelanisa nezimo okuhle kakhulu	Ukungavumelani	Cha Vumelana / Vumelana	Vumelana	Vumelana
Phendula amakhodi	1	2	3	4	5

Umbuzo 10 (uphendula kuphela impendulo yokuphendula ngoyebo kuMbuzo 5)

Sicela ubonise ukuthi indlela yokuvumelana nenani noma ukungavumelani nalokho izitatimende ezilandelayo: [Ukukhula kwezinkampani kusekelwe ekutheni isu labo yindlela yokuba kuhle]	Ukuzivumelanisa nezimo ngokuqinile	Ukungavumelani	Cha Vumelana / Vumelana	Vumelana	Vumelana
	1	2	3	4	5

Umbuzo 11 (uphendula kuphela impendulo yokuphendula njengoyebo kuMbuzo 5)

Sicela ubonise indlela yokuvuma ukuthi ungavumelani kanjani noma cha nokuthi yiziphi izitatimende ezilandelayo: [Izinkampani zidinga amasu aphumelelayo]	Ukuzivumelanisa nezimo ngokuqinile	Ukungavumelani	Cha Vumelana / Vumelana	Vumelana	Vumelana
	1	2	3	4	5

Umbuzo 13 (phendula impendulo kuphela ngoyebo kuMbuzo 5) Izinhlobo ze-zamasu

Noma yiliphi Isu / amasu inkampani yakho esetshenziselwa ukuhlala ukuncintisana ebhizinisini?	Khetha impendulo/i-active s	Phendula amakhodi
Quality Strategy		1

Pricing Strategy		2
Umkhiqizo / Service Differentiation		3
Innovative		4
Sales		5
Customer Focus		6
Marketing		7
Inzuzo yezobuchwepheshe		8
Ukusimama		9

Ukukhula Kwebhizinisi (izinto ze-4 ezivela ku-Q15, 16, 17 no-18)

Umbuzo 14 (isilinganiso sokukhula)

Yiziphi izinyathelo eziqwayelele / ezilandelayo ongazisebenzisa ukuhlola ukusebenza kwenkampani yakho?	Khetha impendulo/i-active s	Phendula amakhodi
Turnover/ number of Sales		1
Net Profit		2
Inani Material		3
Inani lomkhiqizo / izinsizakalo ezintsha zisungulwe		4

Umbuzo 15

Le nkampani wenziwe kanjani eminyakeni engu-5 edlule mayelana nalokhu okulandelayo? [Turnover/ Sales]	Kwehle	Akukho Shintsha	Ukwanda
	1	2	3

Umbuzo 16

Le nkampani wenziwe kanjani eminyakeni engu-5 edlule mayelana nalokhu okulandelayo? [Inzuzo engenayo]	Kwehle	Akukho Shintsha	Ukwanda
	1	2	3

Umbuzo 17

Le nkampani wenziwe kanjani eminyakeni engu-5 edlule mayelana nalokhu okulandelayo? [Property Price]	Kwehle	Akukho Shintsha	Ukwanda
	1	2	3

Umbuzo 18

Le nkampani wenziwe kanjani eminyakeni engu-5 edlule mayelana nalokhu okulandelayo? [Intengo yemikhiqizo / izinsizakalo ezintsha zisungulwe]	Kwehle	Akukho Shintsha	Ukwanda
	1	2	3

Umbuzo 19.

Ufuna ukuba uthisha omuhle? Isinyathelo 1 kuya ku-5. (5 of 5)	Khetha impendulo eyodwa esebenzayo	Phendula amakhodi
	Impumpumelelo kakhulu	1
	Akuphumelelanga	2
	Akukho okusebenzayo / Okuphumelelayo	3
	Uphumelele	4
	Phumelela kakhulu	5

Siyabonga ngokubamba iqhaza kulolu cwaningo. Kuqinisekisiwe ukuthi zonke izimpendulo zakho ziyimfihlo ngokuqinile. Sicela uthumele izimpendulo zakho ngokucindezela ukuhambisa ukuphela kwemibuzo



Appendix 4: Gatekeeper Letter

Gatekeeper Letter

Durban Chamber of Commerce
101 Isaiah Ntshangase Road, Stamford Hill,
Durban 4001

Request for Permission to Conduct Research

Dear Sir/madam

My name is Goodman Zuma, a master's business administration student at the Durban University of Technology. The research I wish to conduct for my master's dissertation involves The influence of Strategic Planning on the Growth Posture of Small and Medium-sized Enterprises (SMEs) within the Infrastructure Sector in eThekweni, KwaZulu-Natal.

I am hereby seeking your consent to conduct a survey on Small and Medium-sized enterprises (SMEs) that are registered in your database. This will be done by sending them a link using their email addresses. This study will employ the survey electronic method of data collection called Google forms, which is freely available on Microsoft platforms. All documents will be uploaded to the software system, including letters of information, consent form and questionnaires. The opening page in the link will further illustrate the voluntary participation where respondents will be given the option to either continue with the survey or opt-out using the "agree" button which will automatically allow a participant to proceed or an "Not agree" which will send another page where a participant can state the reason for not willing to participate.

The sampling data will exclude the following companies from the database:

- ❖ Companies that fall under the category of SMMEs.
- ❖ Companies that fall under the category of corporate companies

- ❖ Companies that fall out of the sector of infrastructure.
- ❖ Companies that are not willing to participate in the study.
- ❖ Companies that reside outside the province of KZN
- ❖ Companies that are de-registered from the database and have not been active in business for the past 5 years.

The study will only include the following companies:

- ❖ Companies that employ up to 250 total full-time equivalents to paid employees. With an annual turnover of less than or equal to R 170 million.
- ❖ Companies that fall under the category of SME as stipulated in the amended government gazette dated 24 March 2019.
- ❖ Companies that meet the above criteria and render their business within Kwazulu-Natal province, eThekweni Region.
- ❖ Companies that meet the above criteria and are active in business according to information from the Durban Chamber of Commerce database.
- ❖ Companies that meet the above criteria and are willing to participate in the survey.
- ❖ Companies that meet the above criteria and fall within the infrastructure sector.

The simple role that is requested from you, as a gatekeeper is the distribution of links to all infrastructure sector service providers that fall within the category of SMEs and are registered in **PG 2a**.

42 Form PG 2a – 2020 Updated 14/05/2021.

Your database of suppliers. All matters of clarity and questions will be directed to the researcher as indicated in the questionnaire's letter of information.

All data and conclusions collected from the questionnaires will be kept strictly confidential and anonymity will be maintained. The data gathered from these research methods will be reported in a research paper available to all participants upon completion.

I have provided you with a copy of my proposal which includes copies of the data collection tools and consent forms to be used in the research process, as well as a copy of the approval letter which I received from the Institutional Research Ethics Committee (IREC).

If you require any further information, please do not hesitate to contact me on cell phone number 0825612593 or email me at gzzuma@gmail.com.

Thank you for your time and consideration in this matter.

Yours sincerely,

Goodman Zwelihle Zuma,

(Student at Durban University of Technology)