

**DYNAMIC CHALLENGES FACING SME CONSULTING FIRMS IN THE
BUILT ENVIRONMENT SECTOR IN KWAZULU-NATAL PROVINCE – THE
ENTREPRENEURIAL APPROACH**

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DISSERTATION

Submitted to

The University of Liverpool
in partial fulfilment for the degree of
Doctor of Business Administration (DBA)

29 July 2022

DECLARATION

I hereby certify that this dissertation constitutes my product, that where the language of others is set forth, quotation marks so indicate, and that appropriate credit is given where I have used the language, ideas, expressions or writings of another.

I declare that the dissertation describes original work that has not previously been presented for the award of any other degree of any institution.

Signed... 

Wordsworth Harold Zami Ndlela

ACKNOWLEDGEMENTS

I thank God Almighty for giving me courage, hope, and a drive throughout my research work. I thank God, my good Father, for seeing me through all the challenges of life.

I am deeply grateful for the continuous support, and patience of my Supervisor Dr John Byrom. I am also thankful for his relentless mentorship, insightful comments, and encouragement during the years of my project. Without his continuous encouragement, trust, motivation and immense knowledge, and sometimes gentle nudging, this thesis would not have been accomplished. His dynamism, vision, sincerity, and motivation have deeply inspired me. I am tremendously appreciative for what he has presented me with. I would also like to thank him for his friendship, empathy and honesty.

I am also thankful to the DBA cohort group for their feedback, cooperation, patience, and support that gave me a glimmer of hope for thesis normalcy.

Special gratitude goes to my youngster Luyanda “Lulu” Siphesihle Fay, who has been my pillar of strength, best friend, and a great companion. “Lulu” my Angel, you supported, encouraged, entertained, and helped me get through this agonising period and other life difficulties in the most positive way. I genuinely thank you my baby, for sticking by my side, even when I was down and out. I feel that what we both learned about life strengthened our commitment and determination to each other and to live life to its fullest. You are really a wonderful gift, and the reason why I am still alive. With your supportive attitude, good nature, and your heart-warming kindness, you made studying DBA no more a solitary endeavour but a marvel to immerse oneself in.

To my family at large, given all horrendous experience we shared, you were forced to grudgingly learn to accept my separation from you and still gave me nothing but support. My love and gratitude for you can hardly be expressed in words. Thank you for encouraging me in all my pursuits and inspiring me to follow my dreams. I, therefore, dedicate this thesis to all of you: Xolani, Blessing, Lwazi Lindelani, and Khanyisile Nondumiso. “*Ngithi kini Thokola Themba amathunzi ayewukela*”. Dumisani Mazwendoda Theophilus “Afa – Dum-Dum” mntakama, my only brother, you are always in my heart. *This one is for you*. I will not forget to express my deepest gratitude to Nomsa “MamD”, Megan, Charleen, Nereis, and all my Delca colleagues, for being supportive of my career endeavours and actively providing me with all administration support. Richard, Hans, and Mercy (my partners) for allowing me to pursue my dream – no words can express my gratitude, I will forever be grateful to you. To God, the Creator of all things, true Source of light and wisdom, lofty origin of all being, ngithi Thixo uyithemba labobonke abakwethembayo Nzulu yemfihlakalo. Ngyabonga ngokwelula.

ABSTRACT

The consulting SME firms in the built environment sector of KwaZulu-Natal face challenges that prohibit them from sustaining and growing their businesses. This has a propensity to thwart the government's ambition of empowering the SMEs as partners of choice to improve the economy, alleviate poverty and eradicate unemployment. The blame is usually leveled against MNEs, the globalized business environment, and the government's lack of support. Whilst that is partly true, however, the other stark reality is that the business environment is rapidly and forever evolving, and local consulting SMEs are still entrenched in their traditional, dependent practices of doing business. It is concerning that in KwaZulu-Natal, established and fledgling SME companies in this sector are collapsing at an alarming rate. What is also worth noting is these companies are often portrayed as helpless, failing "fly-by-night entities that perpetually require government assistance to stay in business more like "tenderpreneurs" than entrepreneurs. Within this context, the study aimed to explore the challenges facing SME consulting firms in the built environment sector in KwaZulu-Natal and developed some guidelines that can be used to help them towards a paradigm shift so as to embrace independence as well as new trends to compete more effectively locally and globally. Methodologically, the study was informed by the interpretive research paradigm. The idea was to elicit the underlying feelings, thoughts, and experiences of SME owners, managers, and other employees of different ages, different qualifications operating at different levels of their organizations. Drawing from social constructivist understandings, the researcher established relations and interactions with the conveniently, and purposively selected SME companies (5 in total), yielding 20 participants. The intention was to obtain deeper insights into their personal experiences and viewpoints about their business world. Data was collected through elaborate and in-depth interviews, observations, and was enhanced through personal reflections. Data were analyzed using content, and thematic analysis, and was managed using NVivo, a qualitative data analysis software. The intention was to generate actionable knowledge to help provide practical solutions to the challenges and realities faced by these SMEs in their business milieu.

The findings revealed several internal and external challenges. The most noteworthy internal challenges were a lack of financial discipline, a lack of managerial skills, failure to utilize internal resources as resources for competitiveness, a lack of strategic planning, and organizational inertia to change, among others. The most prominent external challenges included a culture of corruption and bribery, the brain drain, globalization, and economic liberalization, money laundering, bank lending models, public sector procurement policy, and a lack of trust in strategic alliances, among others. The study contributes to the prevailing theoretical understandings of SMEs by unveiling knowledge systems that are often taken for granted by SME owners and managers. It is argued that localized understandings of existing theories are needed to help utilize local knowledge systems more effectively. This encourages SMEs to focus on utilizing their competitive advantage founded on their internal resources to participate and contend more effectively locally and globally. Guidelines were also developed with the idea to assist SMEs to be more independent, sustainable, and competitive in the face of the fluid and ever-changing business world.

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ABBREVIATIONS AND ACRONYMS

ANC	African National Congress
B-BBEE	Broad-Based Black Economic Empowerment
BEE	Black Economic Empowerment
BRICS	Brazil, Russia, India, China, and South Africa
CBE	Council of Black Engineers
DBSA	Development Bank of South Africa
DTI	Department of Trade and Industry
ECSA	Engineering Council of South Africa
ED	Enterprise Development
GDP	Gross Domestic Product
GVA	Gross Value Added
IDC	Industrial Development Corporation
JVs	Joint Ventures
KZN	KwaZulu-Natal
LED	Local Economic Development
M&E	Monitor and Evaluation
MNCs	Multinational Corporations
MNEs	Multinational Enterprises
NDP	National Development Programme
NYDA	National Youth Development Agency
OECD	Organisation for Economic Co-operation and Development
R&D	Research and Development
RBV	Resource-Based View
SACE	South African Civil Engineers
SACPCMP	South African Council for the Project and Construction Management Professions
SAMAF	The South African Micro-Finance Apex Fund
SARS	South African Revenue Services
SEDA	Small Enterprise Development Agency
SEFA	Small Enterprise Finance Agency
SMEs	Small and Medium-size Enterprises
SMMEs	Small, Medium and Micro Enterprises

CHAPTER 1: INTRODUCTION

1.0 Introduction

This chapter introduces the thesis. It outlines the research problem, research aim, research questions, and objectives. It also provides an overview of the thesis. Firstly, it provides the background to the research with the intention of helping to understand the relevant background information. This is followed by providing a statement of motivation for the research, and the research problem statement. Thereafter, research questions, and the corresponding objectives are stated. The significance of the study is outlined, and definition of key terms provided. A brief overview of the research methodology is also provided, and an overview of the chapter is also provided.

1.1 Background to the research

SMEs are critical to South Africa's national economy, as measured by the Gross Domestic Product (GDP) (Lings, 2014). For instance, it is estimated that 91% of the formal business entities are SMEs, and they contribute between 52 to 57% to GDP and provide about 61% to employment (Pike, Puchert, and Chinyamurindi, 2018). The policy makers have several initiatives to help SMEs to be creative, innovative, and competitive (George, McGahan, and Prabhu, 2012). For instance, the cooperative incentive scheme, black business supplier development programme, South African Micro-Finance Apex Fund, Technology for Sustainable Livelihoods, Technology for Women in Business, and so forth. However, small, and medium enterprises (SMEs) in South Africa must be viewed within the context of a history of apartheid that disempowered certain communities and created barriers for some to access the resources needed to stimulate business activity. Because of this, the study was mainly focused on black-owned SMEs. The literature suggests that since 1994, the South African government successfully transcended political barriers caused by apartheid and created an enabling environment for SMEs to be empowered and thrive (Lings, 2014). Initiatives and Policies have been developed and implemented to stabilise the market economy and reduce the barriers that impede the smooth functioning of the market (Smit *et al.*, 2013).

Since 1994, after the first democratic elections, the government has been focused on creating an enabling environment for SMEs. Enabling environment in this denotes, creating space and regulatory frameworks to empower and accommodate the previously marginalised groups to thrive (Lings, 2014; Smit *et al.*, 2013). For instance, the South African National Development Plan (NDP) was developed to help eradicate poverty and reduce inequality by the year 2030. This has focused more on small and medium-sized enterprises (SMEs) to help stimulate economic growth and create jobs. In fact, in 2014, a specific Ministry of Small Business Development was

established. The intention is to help support and empower SMEs to think differently when doing business.

Whilst the government intention is good, however, there is a growing dependency of SMEs on government and public sector projects. As a way of normalising the situation, the government has developed the black economic empowerment (BEE) policy which replaced Affirmative action. The aim of this policy is to advance economic transformation and enhance the exclusive economic participation of Black people (African, Coloured, and Indian people who are South African citizens) in the South African economy (Pike, Puchert, and Chinyamurindi, 2018). Therefore, the BEE status of a firm has become a major factor in the evaluation of bids for public sector projects. However, there are increasing concerns on SMEs dependency on public sector projects that are acquired using their BEE status as the competitive edge (Wachira, 2020). Rather, the focus has been on the BEE status of the firm, and less on their ability to perform on given projects. This has undermined the quality-of-service delivery (Moalusi, 2020). In other words, the BEE policy has created a situation whereby firms fail to survive if there is no work in the public sector. Rather than focussing on securing contracts in the private sector, some SMEs rely on the BEE status to secure public sector projects. This must be understood within a context where there is an oversupply of consulting firms for public sector projects. As such, there is a growing malpractices including under-pricing of bids to secure contracts. This is worsened by a procurement system of delayed payments, thereby affecting the working capital of the SMEs (Chiloane-Tsoka, 2013). This forces SMEs to either abandon projects or produce sub-standard work.

The focus on government projects, and BEE status as a resource for competitiveness, has resulted in many inward focused SMEs. Yet, the literature reveals that there is growing competition from multi-national corporations in South Africa (Li, and Fleury, 2020; Wood, and Bischoff, 2020). Given the encroachment of MNEs on the South African market, there is a need for the local black-owned consulting SMEs (small-medium enterprise) to adapt to the competitive pressures. Rather than competing based on their BEE status, SMEs should compete on their competencies such as skilled staff, creativity, innovativeness, management skills, and so forth. Yet, SMEs attribute their failure to external factors, and ignoring the internal factors (Bushe, 2019; Mafundu, and Mafini, 2019). In this vein, the current study explores both the internal and external challenges facing SMEs with the intention of unpacking the key reasons why SMEs within the built environment sector in South Africa fail. Yet, previous studies have found that entrepreneurship practice in the form of either small or medium sized businesses is a source of empowerment and economic survival for many people in South Africa (Mafundu and Mafini, 2019). Of interest to the current study, are the small enterprises that undertake their activities within the KwaZulu-Natal province.

Nwachukwu (2012) suggests that expanding the role and input of SMEs in the economy helps to ensure sustainable development of the country and the realisation of its objectives. However, the survival of SMEs is threatened by the encroachment of MNEs on the South African market (Seeletse and MaseTshaba, 2016). MNEs are usually endowed with a significant and extensive range of human resources, funding, expertise, and advanced technological capabilities (Prashantham and Birkinshaw, 2020). The coexistence of SMEs and MNEs is usually a very controversial matter, with many conflicts (Ayandibu and Houghton, 2017). Kolk and Lenfant (2016) argue that SMEs and MNEs are required to find their optimal collaborative premise to render desired services to clients. Vahlne and Johanson (2013) and Kiran *et al.* (2013) insist that managers of both SMEs and MNEs are key pioneers to the development of organisational strategies, which impact on the alignment of resources, and strategies to local and foreign markets. There is thus, a growing body of literature that suggests that SMEs may now have to rely on networks and relationships to overcome challenges amidst the presence of MNEs (Mäkelä *et al.*, 2012).

1.2 Motivation for the study

In South Africa, progress in the built environment is usually measured in physical terms, such as the number of new roads, new houses built, and the number of households provided with clean water, sanitation, electricity and many other required infrastructures. These are key challenges that are facing South Africa, and as such, there is increased business activity in this area. However, there are concerns over the quality of some of the housing, and other activities of the built environment sector that are undertaken by small and medium enterprises (Gunter and Massey, 2017). These concerns are around the levels of skills available, and projection completion rates (Amoah, Kajimo-Shakantu and van Schalkwyk, 2020). Yet, the built environment is crucial for the welfare of the citizenry, most of whom inherited a disintegrated and divided society from the apartheid system (Sisk, 2017). Since 1994, the South African government has provided around 3 million subsidised housing units for low-income beneficiaries (Franklin, 2020). It is of concern that many households living in informal or traditional dwellings (Kahanji, Walls, and Cicione, 2019), 27 years after the end of apartheid. There are also challenges in terms of access to clean water, and toilet facilities in some parts of the country (Hove, *et al.*, 2019). Against this background, the work of enterprises in the built environment sector becomes pivotal. Their capabilities and professionalism are important to ensure positive changes to the built environment. However, there are challenges that are encountered by enterprises operating in the built environment sector, particularly SMEs. This motivated the researcher to focus more on this study topic.

The researcher's motivation for embarking on this study came from the high number of black-owned SMEs in the built environment sector of KwaZulu-Natal that are failing. Whilst SMEs play a pivotal role in KwaZulu-Natal's economic growth, their failure entails increased unemployment

and poverty levels. To help avert such problems, the researcher has a keen interest to make a positive contribution towards creating sustainable enterprises, creating jobs, and helping to alleviate poverty in KwaZulu-Natal. The researcher is also keen on seeing young people apply their creative mindsets to help solve problems that are faced by KwaZulu-Natal province, as well as develop products and services that can compete effectively, both locally and internationally.

The author is a co-founder and a Managing Director for an SME for more than 25 years as an engineering company head in the built environment sector. As a co-founder and part of the executive of our company, the author has the responsibility to develop the strategic direction and the survival tactics for the company, and this requires strategic thinking and managerial skills. The challenges faced by SMEs in KZN motivated me to establish a deeper understanding of my own industry from an academic perspective, with the intention of acquiring the managerial and strategic thinking skills to help develop some solutions to the problems faced by SMEs in the built environment sector. The challenges affecting SMEs in KwaZulu-Natal province also affect my own firm.

Drawing from his more than 25 years as an engineering company head at the helm of an SME in KwaZulu-Natal, he has observed a lack of management proficiencies when interacting with SMEs as part of his daily professional role. The lack of skills, knowledge, and proficiencies amongst SME owners, managers, and their employees cannot be assumed for all SMEs without taking a comprehensive study. This has encouraged him to establish a deep understanding of these problems and develop some guidelines that can help to avert such shortcomings.

The study will focus on SMEs in the built environment sector in the KwaZulu Natal (KZN) province of South Africa, as the site of the investigation. Small and medium-sized organisation internal business failure factors in KZN is a fast-developing study area (Sitharam, and Hoque, 2016) because of its unique context, and emerging managerial ethos (Naude, and Chiweshe, 2017). The current study gives more focused attention to the challenges on the conduct of SMEs in the built environment sector, and their financial management practices in KZN. The literature posits that the rationale behind focusing on financial management practices of SMEs is the impact it poses upon their performance (Omsa, Ridwan, and Jayadi, 2017). Sound and effective financial management requires specific managerial skills, and work ethos. Yet, the literature reveals these skills are lacking amongst SMEs owners/managers in South Africa (Ngibe, and Lekhanya, 2019).

1.3 Research Problem Statement

Whilst the business environment is evolving, local consulting SMEs are still entrenched in their traditional practices. It is concerning that in KwaZulu-Natal, black-owned SMEs in the built environment sector are collapsing. In fact, it is estimated that the failure rate of SMEs in South Africa is between 70% and 80% (Adeniran and Johnston, 2011; Bushe, 2019; Oni, Agbobli, and

Iwu, 2019), and this has stagnated over the years. Within this statistic, are SMEs in the built environment sector. Whilst South Africa has supported and encouraged global economic integration, it has also created a government dependency syndrome for local SMEs. The government dependency syndrome is also embedded in public procurement policies (Agbobli, and Iwu, 2019). In this sense, SMEs in KwaZulu-Natal are more focused on the local market, rather than the global market. Yet, a lot of SMEs in other countries are internationalising their products and services (Ayandibu and Houghton, 2017). MNEs have entered the South African market, and use their broad human resources, financial standing, proficiencies, and technology to outperform the SMEs (Seeletse and MaseTshaba, 2016). Competition has forced many SMEs to find it hard to survive (Bushe, 2019), with some becoming objects of business failure. Of concern is that the same failing SMEs continue to be awarded new contracts in the public sector with a view of supporting and sustaining them. This amounts to riding a dead horse. In this vein, there is a need to explore the fundamental and specific challenges facing SMEs with the intention of developing practical guidelines that can help to ensure their sustainability and competitiveness.

Whilst studies have been conducted surrounding SMEs in South Africa, there is a dearth of studies that try to bring practical solutions to the challenges faced by SMEs in the built environment sector. Moreover, some studies have been conducted by researchers who are not business or scholar practitioners but strictly located in academic institutions. In a similar vein, there has been less focus on black-owned SMEs in the built environment sector. In this study, the researcher is an insider, and a scholar-practitioner, with over 25 years working experience as an engineering company head in the built environment sector and focuses on challenges faced by black-owned SMEs in the built environment sector. Although there has been a growing interest in SMEs owned by women, this study is more focused on black-owned SMEs whether run by men or women.

1.4 Research Aim/Questions/Objectives

This section presents the research aim and aligns the research questions to the research objectives.

1.4.1 Research Aim: The study seeks to explore the challenges facing SME consulting firms in the built environment sector in KwaZulu-Natal and developed some guidelines that can be used to help SMEs to compete more effectively.

1.4.2 Research Questions

The research questions are:

- What are the gaps in knowledge in the literature surrounding SMEs, and the associated ecological systems?
- What are the internal challenges faced by SMEs in the built environment sector in KwaZulu-Natal?
- What are the external challenges faced by SMEs in the built environment sector in KwaZulu-Natal?

- How do SME consulting firms perceive the public procurement policy system in South Africa?
- What guidelines can be developed to help SMEs in the built environment to compete more effectively?

1.4.3 Research Objectives

The main objectives of this study have been demonstrated below:

- To critically review the literature surrounding SMEs, and the associated ecological systems.
- To determine the internal challenges faced by SMEs in the built environment sector in KwaZulu-Natal
- To ascertain the external challenges faced by SMEs in the build environment sector in KwaZulu-Natal
- To determine the perceptions of SME consulting firms on the public procurement policy system in South Africa
- To develop some guidelines that can be used by SMEs in the built environment to compete more effectively.

1.5 Significance of the study

The significance is to explore challenges faced by SMEs and developing some survival tactics using guidelines that could help to achieve competitive advantage that would contribute towards job creation, poverty alleviation, and competitiveness of businesses in KwaZulu-Natal province. Insights from the study would also help local SMEs to find new ways of doing business amidst new trends of doing business. This would also entail a paradigm shift in the management of local SMEs and make managers and owners of SMEs appreciate the opportunities availed by globalisation. Local SMEs will thus be encouraged to minimise their dependency on the government's and public sector projects but consider creating firms that can utilise their competencies to compete effectively.

Drawing from the lived experiences of SME owners, and practitioners will help to develop practical solutions to the challenges faced by the firms. Further, this study is in sync with the South African government's focus on small emerging consulting firms as better positioned to create jobs, reduce unemployment, and contribute to the local economic development agenda (Ayandibu and Houghton, 2017).

The study focuses on a specific region in South Africa, that is KwaZulu-Natal province. Here, insights are drawn from consulting SMEs in the built environment sector. The rationale behind selecting and concentrating in KwaZulu-Natal consulting firms is that they are within close range

for observation and interaction. It is hoped that insights from this study may help to inform management practices in other provinces of South Africa.

1.6 Definition of Key Terms

Small and medium enterprise (SME): Within the South African context, an SME is defined as an enterprise possessing one or more of the following features: fewer than 200 employees, annual turnover of a minimum of R64million, capital assets less than R10million, and direct managerial involvement by owners (Cant, and Wiid, 2016).

Multinational Enterprises (MNEs): An MNE is defined as a business that possesses assets or workers in various countries. Multinational enterprises enjoy substantial and broad human resources, financial standing, proficiencies, technology, and enjoy a significant competitive advantage in many markets (Hennart, 2012).

Entrepreneur: is a person who runs their own business with innovative ideas instead of working for others (Ghose, 2016).

Internationalisation: this refers to an awareness of direct and indirect inspiration of foreign business activities a firm's future, and the undertaking of business activities in other countries (Kiran, Majumdar, and Kishore, 2013).

Entrepreneurship: is the procedure of planning, launching, and running a new business with liable to risks and profit at own while the entrepreneur is a person who runs their own business with innovative ideas instead of working for others (Ghose, 2016).

Built environment: this is defined as the human-made environment that provides the setting for human activity, ranging in scale from buildings to cities and beyond, including infrastructural developments (Adebusoye, Phalkey, Leonardi-Bee, and Chattopadhyay, 2020).

1.7 Brief discussion of Research Methodology

There are a broad range of methodological approaches for management research from scientific and objective (positivist) through to the subjective (interpretive) (Saunders et al., 2009). Realism is based on the scientific facts. It is far from the human perception and beliefs (Bryman, 2006). Positivism describes the complexities which are explained by the prevailing physical science theories (Denscombe, 2014). This method gives priority to an understanding of the subject matter; generate ideas and proper interpretation of the subject matter. On the other hand, interpretivism involves the study that integrates human interest. Researchers believe that interpretivism access the reality that is socially constructed (Scott, 2007). Such a reality is embedded in individual experiences and observations and is often culturally constructed.

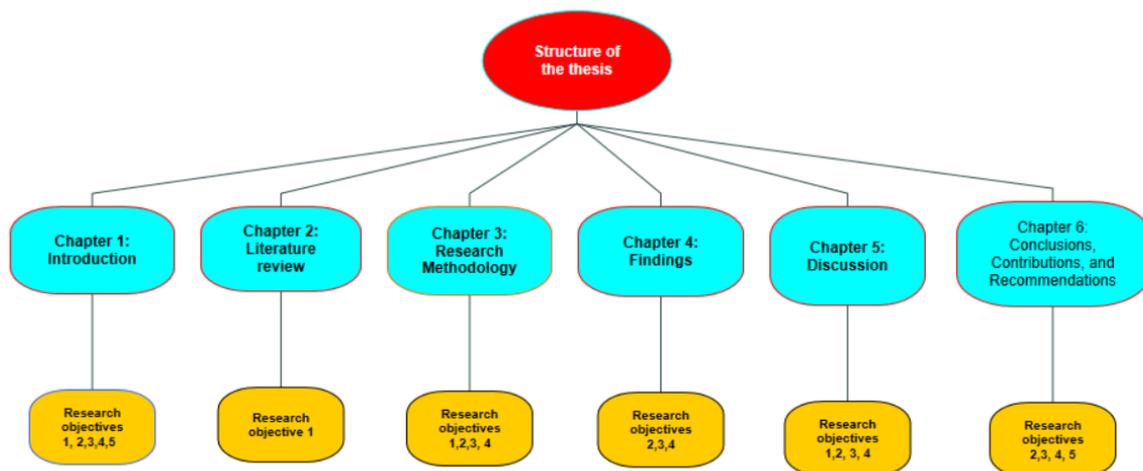
The study was informed by the interpretive research paradigm. The idea was to get the underlying feelings, thoughts, and experiences of SME owners, managers, and other employees at different

level of the organisation. Thus, drawing from social constructivist understandings, this researcher established interactions with the conveniently selected case study companies (6 in total). The intention was to obtain deeper insights into their personal experiences. Data was collected using in-depth interviews and observations. This was enhanced by the researcher’s personal reflections. Participants were selected from different levels of the organisations to engage in the interviews. Similarly, in-person observations were conducted on multiple days within the same SME. These data sets were using concurrently to help answer the research questions. This helped the researcher to obtain deeper insights about the challenges facing SMEs in the built environment sector.

1.8 Structure of the Thesis

The structure of the thesis is as illustrated in figure 1.1. Each of the chapters is aligned to the research objectives.

Figure 1. 1: Structure of the thesis



Source: Author’s own construction

Chapter 1: This chapter discuss the background of the study and identifies the research gap by positioning within the literature surrounding SMEs and noting the dearth of studies surrounding challenges faced by black-owned SMEs in the built environment sector. It also outlines the problem that the study is grappling with, then outlines the research questions, and research objectives. A justification of the study is also presented. Also, within this chapter is a brief outline of the methodology, and scope of the study.

Chapter 2: This chapter critically reviews the relevant academic literature and positions the current study within ongoing academic debates. Theories such as resource based, stakeholder, network, and ecological systems theory are reviewed and positioned within the wider debate surrounding challenges faced by SMEs in South Africa.

Chapter 3: This chapter discusses the research methodology. It starts by outlining the philosophical debates, then justifying the research philosophy underpinning this study. Data sources such as in-depth interviews, and in-person observations are used to help answer the research questions. The chapter also discusses the research approach, research strategy, sampling, pilot study, ethical issues, and outlines how data was analysed. Case study and Action research is discussed in detail, and the chapter gives a detail reflective statement.

Chapter 4: This chapter presents the interviews and observations concurrently. This is done using content and thematic analysis techniques. Firstly, the text obtained from the data sources is quantified to help determine the patterns in the data sets. This practice is consistent with a growing number of qualitative studies that quantify qualitative data. This is then followed by thematic analysis to give the context in which words were used. The results are organised in accordance with themes that emerged from the analysis. Extracts from the interviews, and the observations are presented and interpreted. In other words, these extracts are given meaning.

Chapter 5: This chapter presents the discussion of the findings in conjunction with the literature. Here, insights from the findings are compared with what the literature says, and theoretical arguments are developed. This is also followed by developing practical arguments. The study develops some guidelines that can be used to help overcome some of the challenges that are faced by SMEs in the built environment sector. Here, practical suggestions on meeting the costs of the suggested actions are given.

Chapter 6: This chapter presents the conclusions and suggestions. It first starts by revisiting the research objectives, and then outlines how each of the objectives was addressed. A conclusive

statement is then drawn for each of the objectives, and associated research questions. The study proposes some solutions to the challenges that are faced by SMEs in the built environment sector. The study contributes to the development of localised understandings of the resource base view, shareholder, and network theories. The ecological systems theory is allied with other theories to help understand the challenges faced by SMEs for deeply and develop practical solutions. Practical and managerial contributions of the study are outlined. Directions for future research are also suggested. Finally, the study limitations are acknowledged.

1.9 Chapter Summary

This chapter has discussed the background to the study. It has outlined the research problem. From the research problem, research questions and objectives were developed with the intention of making the study more focused. A rationale and justification of the study is also outlined, as well as a brief outline of the methodology. Of interest to this thesis is research that will help to improve practice. The researcher is a scholar-practitioner and sought to engage in research to help find solutions to challenges faced by SMEs in the built environment sector because this is where the Scholar-researcher has been practicing for over 25 years. As such, the researcher was an insider to the built environment sector and had prior understanding of some of the challenges. However, by taking time out to position within an academic environment and try to understand the challenges faced by SMEs in the built environment sector, helped to deepen thinking, and develop skills that helped to develop practical solutions. In other words, the research was not only conducted for academic purposes, but to help develop practical solutions that will help managers of SMEs in the built environment sector. The chapter then ends by outlining the structure of the thesis. The next chapter critically reviews the literature.

CHAPTER 2: LITERATURE REVIEW AND THEORETICAL FRAMEWORK

2.0. Introduction

This chapter critically reviews concepts surrounding small and medium enterprises (SMEs). The intention is to identify gaps in knowledge, and then develop a conceptual framework that will help to position the study more strongly within ongoing academic debates. The chapter also pays attention to the challenges causing failure of KwaZulu- Natal (KZN) South African consulting SMEs firms in the built environment sector to sustain their business amidst globalization and existence of Multinational Enterprises (MNEs) within the industry. This discussion is informed by insights from different theories including the Ecological Systems theory (EST), Resource-based view theory (RBV), Stakeholder theory (ST), as well as the Network theory (NT). The concepts of globalization and organizational transformation also provide insight into the challenges faced by KZN SMEs. Whilst external factors have been extensively explored, the author also emphasizes the effect of the internal business factors as the major contributing factor as well. The author concludes the review by developing a theoretical or conceptual framework of *why the study matters*, and then enhancing its dimensions using the ecological systems theory. This helped to bring into context, the impact of globalization on the local SMEs.

2.1 The literature research strategy

The literature followed a non-systematic review. The intention was to include all the relevant articles surrounding the research topic. However, there was a strong bias towards research articles that were published from the year 2000 onwards. This had to be published in either peer reviewed journals, academic books, industry reports, and government reports. Most important of all, the full version of the work had to be accessible using the university library system and had to be published in English. Different databases including Google Scholar, ProQuest, JSTOR, and Emerald were searched. Articles were screened first by topic, and then by reading through the abstracts. Search terms for each specific theme were used as illustrated in table 2.1. The search strategy was modified for each emergent theme with the intention of accessing relevant articles within that theme. For instance, in defining SMEs, search terms included definition of SMEs, SME, what is an SMEs, and SME in South Africa. Similarly, for SMEs in the built environment sector sub-theme, search terms were modified to include SMEs and build environment, SME, and construction industry. Although the dates of the publication did not form part of the exclusion.

Table 2. 1: Literature search strategy

Topic	Search terms	Language	Inclusion criteria
What are SMEs	SMEs in South Africa; SMEs; SMEs and GDP; SMEs and jobs; Government support and SMEs	English	Year 2000 onwards Peer reviewed publication Government reports Full articles accessible
SMEs in the built environment	Built environment; SMEs and the built environment	English	Year 2000 onwards; Peer reviewed publication Industry reports Full articles accessible
Challenges faced by SMEs	Challenges faced by SMEs	English	Year 2000 onwards Peer reviewed publication Government reports Industry reports Full articles accessible
Apartheid and SMEs	SMEs and Apartheid; apartheid and the economy	English	Year 2000 onwards Focus on South Africa Peer reviewed publication Government sources Full articles accessible
Factors affecting SMEs in South Africa	Brain drain, skills and SMEs, SMEs and performance; SMEs and internal factors; SMEs and external factors	English	Year 2000 onwards Focus on South Africa Peer reviewed publication Full articles accessible
Resource based theory	Vital resources; strength of the organisation; organisational resources	English	Year 2000 onwards Peer reviewed Peer reviewed Academic Books Full articles accessible
Stakeholder theory	Stakeholders; stakeholder theory	English	Year 2000 onwards Peer reviewed Academic books Full articles accessible
Network theory	Network theory, networks	English	Year 2000 onwards Peer reviewed publication Academic books Full articles accessible
Internationalisation and SMEs	Globalisation and SMEs, Internationalisation and SMEs	English	Year 2000 onwards Peer reviewed publication Academic books Full articles accessible
Ecological systems theory	Ecological systems theory; ecological system	English	Year 2000 onwards Peer reviewed publication Academic books Full articles accessible

I learnt that some articles of interest were only accessible as abstracts, and these were excluded. Others were published in other South African languages such as Afrikaans, isiZulu, isiXhosa, and so forth, were not included. Similarly, there were articles published in other languages such as French, Dutch, Spanish, and so forth, and these were not included. This is because the medium of instruction for the research programme was English, and the degree being awarded by an English university. Some articles were not included because the university library permissions did not allow for the full articles to be accessed. However, some articles were made available through the inter-library loan scheme. The focus was on articles that were published from the year 2000 onwards because this helped to understand the challenges over a period, and within a changing business environment. Government reports, industry reports, peer reviewed journal articles, and academic books were consulted as illustrated in table 2.1. This approach helped to focus the literature review to relevant materials. After the data analysis, further searches of the literature were conducted to assess any literature around the emerging themes. I also had to go back to the literature to make sense of the data.

2.2 What are SMEs?

While there is growing focus on the importance of the SME sector in South Africa, and its contribution to the economy, the literature suggests that there is no one way of defining SME (Ngek, 2014; Sitharam and Hoque, 2016). However, a lot of scholars use the number of the employees as a benchmark to define an SME (Islam and Chitakunye, 2019; Mohlameane and Ruxwana, 2014). For example, Southern and Tilley (2000) define small to medium enterprises (SMEs) as businesses that employ 150 people or fewer and are not a subsidiary of a public limited company in South Africa. On the contrary, the South African National Small Business Act 102 of 1996 defines SMEs by making use of three parameters, namely: number of employees, annual turnover, and gross assets (Falkena, Abedian, Von Blottnitz, Coovadia, Davel, Magungandaba, and Rees, 2002). In fact, The National Small Business Act defines small enterprise with the number of employees amounting to fewer than 50 and medium enterprises with the number of employees fewer than 100 to 200 (Falkena *et al.*, 2002). Small and micro enterprises have fewer than 10 employees (Derera, Chitakunye, and O'Neill, 2014). Therefore, the National Small Business Act definition of SMEs was adopted in this study.

The achievement and growth of small and medium enterprises in South Africa generally rely upon the human and financial capital of their owner and their entrepreneurial abilities. This also includes the networks and business relationships created over the years. The issue of "what attributes and qualities make for an effective and successful entrepreneur" is an issue that has been broadly studied throughout the years (Elmuti, Khoury, and Abdul-Rahim, 2011: 253). The research into the entrepreneurial attributes has indicated that the best entrepreneurial business visionaries share a distinct collection of character attributes (Brooker and Joppe, 2014). Previous studies contended that the achievement and development capability of a small and medium enterprise hinges incredibly in the business qualities that the businessperson have (Johnson and Lafley, 2010). Often, SMEs are less likely to conduct research and development (R&D) as opposed to their multinational companies (Elmuti *et al.*, 2011). Their operations are, in many instances, hit and miss due to their haphazard and coincidental planning (Johnson and Lafley, 2010). This reactive, as opposed to a proactive approach, create an ill-defined business strategic direction and the role of public policies are perceived as stifling and confining innovative behaviour, creativity, competition and risk-taking for the SMEs in the built environment sector.

For the purposes of this study, I adopted the South African definition of an SMEs because the study focuses on SMEs in the built environment sector within South Africa. The difference in definitions around the globe is based on the number of employees or the staff headcount, and the turnover (Moritz, Block, and Heinz, 2016). For instance, with the European Union definition, a small enterprise must have less than 50 employees, and generate a revenue of up to 10 million

euros (Belyaeva, 2018). Similarly, a medium sized enterprise has less than 250 employees, a revenue not exceeding 50 million euros, and an annual balance sheet total not exceeding 43 million euros (Berisha and Pula, 2015). Yet, in South Africa an SME has fewer than 200 employees, an annual turnover of less than 64 million Rands, and capital assets of less than 10 million Rands (Kibuuka and Tustin, 2019). Hence, there are differences in terms of number of employees, annual turnover, and annual capital assets value.

2.2.1 SMEs in the Built Environment

The literature suggests that the term-built environment refers to the human-made surroundings that provide the setting for human activity (Banihashemi, Sarbazhosseini, Adikari, Hosseini, and Hosseini, 2019). These range from buildings and parks, and include their supporting infrastructure, such as water supply or energy networks (Burns, and Snow, 2012). The literature suggests that SMEs have an important role in the built environment (James, Hart, Banay, Laden, and Signorello, 2017). Studies have focused on SMEs in the construction sector with the intention of enhancing their business competitiveness and promote their innovative capacity (Mafundu, and Mafini, 2019). In fact, the construction sector forms one (or the main) part of the build environment sector (Herliana, 2015). Others report that construction SMEs significantly contribute to the local and regional economy (Aigbavboa, 2014; Herliana, 2015).

The total expenditure on construction works and related activities in South Africa amounted to more than R430.2bn in 2018 (Stats SA, 2019). This signifies that the South African built environment sector is of great strategic importance to the country. It is also worth noting that the built environment sectors are an important player in job creation (Mafundu, and Mafini, 2019). For instance, studies reveal that the construction industry is one of the industries that have higher employment shares relative to their GDP contribution (Stats SA, 2019). In fact, approximately 1.3 million people are employed in the construction sector, and this is 8% of total formal employment (CCMA, 2020).

The South African construction and consulting industry contribute to some 8 % of the total formal employment (CCMA, 2019). It is also interesting to note that in the construction industry in South Africa, formal employment accounts for 64%, while informal employment accounts for 36% of total construction employment (SAFCEC, 2019). However, the big firms in the industry have been retrenching staff. For instance, in the 2018/19 period, the sector recorded 3 584 retrenchments (CCMA, 2019). Whilst this may appear negative, it provides an opportunity for those with the relevant skills in the built environment to form their own enterprises and compete with the big companies in the built environment sector. Official reports suggest that the informal employment

has grown at a higher rate compared to the formal employment (CCMA, 2019; SAFCEC, 2019). This could be explained by retrenchments by the big enterprises.

The South African government strives to deliver infrastructure, buildings and structures that provide greater satisfaction, well-being and value to customers and users (Mabin, 2020; Butcher, 2020). The infrastructure and housing problems in South Africa provide business opportunities for SMEs in the built environment sector. With the drive to build affordable infrastructure and houses (Butcher, 2020), it is important that SMEs adopt innovative and creative practices to remain competitive in the industry. This entails understanding the internal resource base of the SMEs and identifying their own key competencies and capabilities to compete more effectively. However, the literature paints a picture of SMEs that are often consumed by challenges posed by the external environment (Aigbavboa, 2014), such as competition, globalisation, and so forth. This detracts the attention of SMEs from utilising their internal resources more effectively.

Whilst there is a global focus on protecting the natural environment (Hamann, Smith, Tashman, and Marshall, 2017), the SMEs and MNEs in the built environment sector have been found to cause damaging effects to the environment by means of waste generation, energy and water depletion and several other forms of damage to the environment (Zutshi, and Creed, 2015). It is also worth noting that the release of the international standard for environmental management ISO 14001 in 1996, and the subsequent amendments (ISO 14001, 2004), have resulted in wider acceptance of Environmental Management Systems (EMS) in the built environment sector. This means that SMEs in the built environment sector must also comply with the environmental standards (Aigbavboa, 2014; Motsetse, 2015). However, a lot of these SMEs in South Africa are under-resourced (Musabayana, 2012), and fail to compete effectively with MNEs. Yet, a firm's ability to engage with environmental management systems has become a source of competitive advantage for many firms (Molina-Azorín, Tarí, Pereira-Moliner, Lopez-Gamero, and Pertusa-Ortega, 2015). This is evident in the government tendering process for projects within the built environment (Mishiya, Cumberlege, and Buys, 2019; Cruywagen, 2015).

It is also government policy to minimise its consumption of energy (especially carbon-based energy) and natural resources (Simpson, Badenhorst, Berchner, Jewitt, and Davies, 2019). In fact, SMEs in the built environment can help meet the needs of the present and that of the future generations through the conservation of energy, water and natural resources by re-use, recycling, innovative design and the minimization of waste and pollution (Aigbavboa, Ohiomah, and Zwane, 2017). This entails reviewing the internal capabilities of the SMEs and using them effectively to develop innovative and creative solutions to the energy problems facing South Africa. In this sense, there is a pressing need for some guidelines that can help SMEs in the built environment to be more competitive and sustainable. Whilst studies have focused on theorising

SMEs in this sector (James, Hart, Banay, Laden, and Signorello, 2017; Mafundu, and Mafini, 2019), the researcher has so far spent over 25 years as an engineering company head working in this sector as a practitioner, and these theoretical understandings helps to take a step back and reflect more critically on SMEs in the built environment sector.

2.2.2 Challenges faced by SMEs

Adcorp (2012) states that business failure is a perfect learning curve for entrepreneurs. It creates a room for resilience thereby providing a chance to bounce back after learning from their mistakes in order to enjoy success. It thus activates innovation as new businesspeople will scrutinise the grounds of prior business failures and devise ways to circumvent them. In this sense, the problems facing SMEs must be understood as challenges that require a change of mindset amongst SME owners or managers. In this context, it is important to understand the definition of challenge and the context in which it is being treated in this study. This is important to help contextualise the study. It is also important to understand why challenges happen, because this will help to deepen the analysis of the challenges emergent in this study. Equally important is an understanding of how can challenges be overcome because this will help to develop solutions that are appropriate, and actionable. An understanding of the meaning and effect of inertia as a contributing factor to failure is important to understand because it may help to explain some deep seated cultural and local contexts that affect the transformation of SMEs in the built environment sector.

A challenge can be defined as “*a call to someone to participate in a competitive situation or fight to decide who is superior in terms of ability or strength*” or “*invite (someone) to engage in a contest*” (Oxford English Dictionary, 2020:n.p.). A challenge can also be perceived as a situation of being faced with, “*something that needs great mental or physical effort in order to be done successfully and therefore tests a person's ability.*” (Cambridge English Dictionary, 2020: n.p.). These understandings are a perfect fit in the context in which this study was undertaken. They both hinge upon competition as the main theme. In this sense, Hurst, and Pugsley (2011) suggest that the majority of the small business owners work for their well-being, whilst entrepreneurs yearn for innovation and growth of their businesses. Small business owners generally plan to provide current services to an open market where competition is imminent whilst entrepreneurs work toward offering new goods and services based on new concepts into a current market or create a new market (Hurst and Pugsley, 2011). For SMEs to cope with the new global trends, Hurst, and Pugsley (2011) discovered that learning new skills is essential for managers of small businesses. This helps them to make decisions to help them venture into new uncharted business opportunities.

In this study, challenges are viewed as both internal and external. These can contribute to business failure or can be used as resources to identify new opportunities for growth and sustainability.

Karanja et al. (2013) suggest that the success of managing small businesses hinges mainly on internal factors and policies instead of market resilience and external influences. This problem includes the inertia to explore new relations and new business opportunities outside the government business opportunities. The close and practical solution is to explore global business.

The globalisation of business sectors has created a necessity for small and medium enterprises to consider foreign market prospects to seize and sustain competitive advantage (Kiran Majumdar, and Kishore, 2013; Mabunda and Chinomona, 2019). In this sense, there is a need for the SMEs in general and those in the built environment to rethink their business strategy towards meeting global standards. This entails that they must utilise their internal assets to develop products and services that can compete in a globalised business environment. Yet, the literature also suggests that there is a lack of leadership within the built environment SME sector to help drive the South African government transformation agenda (Neneh, 2012; Kolk and Lenfent, 2016). The study will also address leadership issues in the built environment sector because leadership helps in strategic planning and providing strategic direction for the SMEs.

Challenges facing SMEs in the built environment sector must be viewed as both internal and external. And so too, factors causing failure of SMEs in the built environment sector must be perceived as both internally and externally oriented. Karanja et al. (2013) discovered that the success of managing small businesses hinges mainly on internal factors and policies instead of market resilience and external influences.

The above suggest a need to come up with strategies of mitigating the lack of the right leaders in small businesses as well clarifying the collaboration between consulting SMEs and MNEs' involvement on the South African government transformation agenda as well as their effect on the institutional development and economic transformation (Gets and Oetzel, 2010; Kolk and Lenfent, 2016).

The foregoing begs the question of why challenges occur and how that can be dealt with? The reasons why challenges occur stems from the leadership denial of the internal causal factors and the inertia to change towards new business trends (Hussain, Si, Xie, and Wang, 2010). The denial could be due to a sense of entitlement, hoping government shall always provide, thereby creating the unwillingness to explore new ventures (Yeboah, 2015). Whilst, on the other hand, the inertia for change could emanate from business and socio-cultural challenges (Mamman, Bawole, Agbebi, and Alhassan, 2019). According to Dana and Ratten (2017), small businesses usually encounter cultural challenges when they venture into international markets. Most of the cultural issues involve business management, language barrier, communication signals, and business cultural difference (Hitt et al., 2015; Mabunda and Chinomona, 2019). Owners and managers of

small business anticipating going international ought to fully comprehend the cultural misalignment prior to developing across borders as well as creating strong networks.

The networking ability of small businesses is associated with its positive creation of knowledge, and the capability of a business to innovate and stimulate competition aggressively works as factors that intervene among performance and knowledge creation (Zacca, Dayan, and Ahrens, 2015). The literature advocates those small businesses depend on the contact network of owners and managers and occasionally on networks of their clientele throughout the marketing of their products or services (Adegbuyi, Akinyele, and Akinyele, 2015; Mabunda and Chinomona, 2019). In this vein, Garcio-Lillo et al. (2017) suggest that there is need for SMEs and MNEs to adapt to the global new normal in the built environment industry. Consistent with this, Lee et al. (2012) posits that the increasingly competitive and globalised world necessitates SMEs to consider moving beyond their borders to make a living. Given that MNEs are here to stay (Vahlne, and Ivarsson, 2014), SMEs must strive to meet global standards so they can internationalise their products and services (Garcio-Lillo et al., 2017) if they were to compete meaningfully with the MNEs.

Previous studies have reported that there is no one solution to deal with challenges facing SMEs as situation differs from one company to another, and operate in different environments (Aigbavboa, 2014; Eggers, 2020). Scholars also suggest that risk-averse managers fail in the new world of business (Honig and Hopp, 2016; Mittal, Khan, Romero, and Wuest, 2018). In fact, business challenges can be overcome by a well-thought-out plan that is implemented effectively (Honig and Hopp, 2016). Similarly, Blank (2013) suggests that owners of businesses are likely to alter their initial plan if clients change their requirements. There is also an understanding that owners of small businesses could adapt to the sector transformation better than big enterprises because of their elasticity advantages (Gunasekaran, Rai, and Griffin, 2011). The small business problem as seen from the business and strategic planning perspective is the lack of built environment business knowledge and inability of its owners to generate and execute the set plan (Ngibe and Lekhanya, 2019). That knowledge and inability should be backed by strong and relevant educational background, sound business skills, and experience.

Most SMEs in South Africa fail to capitalise on skills like HR and marketing (Mabunda and Chinomona, 2019). A poorly planned and badly implemented marketing effort results in the company being unable to afford to capture its market with what sets its service apart. The literature propounds that SMEs in the built environment sector fail because of a poor planning, and poor marketing (van Scheers, and Makhitha, 2016; Ayandibu, Ngobese, Ganiyu, and Kaseeram, 2019). The failure of SMEs to provide cutting edge promotional effort in the market leaves its reputation unknown. No one wants to deal with unknown, untried, and untested service providers.

In fact, poor marketing or business development and promotion, poor location, poor management of funds are causes of failure for SMEs in South Africa (Sitharam, and Hoque, 2016; Mabunda and Chinomona, 2019). Cant and Wilde (2013) contested in the same vein that the thorny issue encountered by most SMEs, are marketing-associated issues, among others. Instead of focusing on a niche market, some SMEs tend to trail what other market leaders have undertaken before (Bischoff, and Wood, 2013). Failure to position themselves gives multinational enterprises an upper hand to take the market.

Researchers have observed that to survive the challenges brought by MNEs, some proactive SMEs have entered various collaborative and cooperative relationships arrangements to enhance and strengthen their competitive edge in the declining of local markets (Oparaocha, 2015). Vahlne and Johanson (2013) revealed that most SMEs worldwide have very often considered inter-organisational cooperation as the only way to survive in the domestic markets and global competition. Guarda, Santos, Pinto, Augusto, and Silva (2013) maintain that SMEs in South Africa are fundamentally and substantially disorganised in their operations. This indicates that they lack the networking and collaborative effort.

Previous studies have focused on external factors ignoring internal ones as a major cause for failure. Looking from the previous studies the actual state of knowledge is adequately generated to necessitate a more thoughtful effort to integrate and cross-fertilise each domain (Coviello and Jones 2004). As a global concern, Oparaocha (2015) asserts that the SMEs' plight forces them to operate in a disorganised fashion with incompetent management, poor business development, and operationalisation. Guarda et al. (2013) agree that less technical-know-how compounded by less understanding of legal, regulatory frameworks and poor accounting abilities are vital contributory factors. Consequently, they lose out on internal development and subsequently on network relationships that should enhance their status (Paul and Dikova, 2016). A case in point, Caputo et al. (2016) present another dimension to confirm the above statement, by stating that proximity, in so far as language, culture, and physical distance, has usually been considered as a positive connection to the probabilities of success of an internationalization strategy adopted by SMEs. This literature raises questions about leadership, strategic planning, internal capabilities, resources, and competencies of SMEs. Are these being identified and used as assets to establish a competitive advantage by SMEs in the built environment in South Africa?

2.3 SMEs within the South African Context

Given that there is a strong acknowledgement that SMEs have a significant contribution to the Gross Domestic Product (Sitharam, and Hoque, 2016; Mxunyelwa, and Vallabh, 2017), the challenges facing SMEs in South Africa needs closer and contextual understanding (Derera *et al.*, 2014). To try and make sense of the SMEs' contribution, there has been a plethora of literature to

cover that (Derera et al., 2014; Fiseha, and Oyelana, 2015; Mutereko, 2018; Mxunyelwa, and Vallabh, 2017). Furthermore, the South African government has since constituted a dedicated Ministry of Small Business Development which was commissioned in 2014 (Rogerson, 2014). Its mandate is to facilitate the advancement and development of emerging small businesses. The above arrangement has established the framework under which the SMEs are assisted and monitored as initiatives that contribute immensely to the national GDP. It has been argued that SMEs have demonstrated their capabilities of being significant contributors to the creation of job opportunities, particularly in South Africa and in other countries (Ngek, 2014; Fiseha, and Oyelana, 2015). The literature suggests that SMEs create job opportunities for many people in South Africa (Fiseha, and Oyelana, 2015), and help to alleviate poverty (Mutereko, 2018). As such, an understanding of SMEs within the South African context is important to help to develop effective policies that will help create sustainable SMEs and grow the South African economy. Further, SMEs in South Africa are affected by the history of apartheid (Mahadea, and Kaseeram, 2018; Schneider, 2018), and policy makers have an agenda to correct the historical imbalances in business opportunities (Bischoff, and Wood, 2013).

2.3.1 Government support to SMEs in South Africa

The government of South Africa has developed policies, plans, and programmes aimed at creating an enabling milieu for small businesses while preserving the rights for MNEs to operate (Love and Roper, 2015). Government policy on South African small, micro, and medium enterprises (SMME) development was initially documented in the 1995 White Paper on SMME integrated small business development (Mago, and Toro, 2013). Later, there was the introduction of the Enterprise development Initiatives (EDI), which forms part of the support and growth of SMEs (Ndlovu, 2018; Davies, Swilling, and Wlokas, 2018). With this in mind, it is important to acknowledge that SMEs constitute the highest percentage of all businesses in South Africa (Cant, and Wiid, 2013), and make a significant contribution to the local economic development (Fiseha, and Oyelana, 2015), and the South African economy at large.

The literature recommends that effective and efficient strategic financial planning culminates with enhanced performance in small and medium-sized businesses (Fatoki, 2011; Karadag, 2015). Therefore, there is a need to curb financial inefficiencies. Previous studies also suggest that most SMEs in South Africa start their business life underinvested (Leboea, 2017; Tulasombat, 2017), which escalate probabilities of failure compared to large companies in possession of adequate investments. Therefore, knowledge of managing finances effectively is a resource needed for the survival of SMEs (Karadag, 2015). And yet, the literature indicates that such knowledge is limited amongst SME owners or managers in South Africa (Watkins, 2012).

The collection of taxes is another issue that must be viewed within the context of SMEs in South Africa. The literature suggests that SMEs have a high tax noncompliance rate which hinders the

growth and development they bring to many economies (Dlamini, 2017; Fatoki and Asah, 2011). In fact, the payment of taxes is a duty for everyone doing business in South Africa (Fiseha, and Oyelana, 2015). This includes SMEs and MNEs. However, there are reports of MNEs circumventing paying taxes in South Africa (Feger, and Asafu-Adjaye, 2014). This impacts on the amount of government financial support that can be availed to SMEs within South Africa. Though this issue is to do with a loss of income to the exchequer per se, the funding availed to SMEs comes from the treasury, and paying of taxes is crucial for funds into the treasury. Both MNEs and SMEs are expected to pay their taxes. The literature submits that there are concerns with the disbursement of tax revenues (Murray, 2016; Feger, 2014). This is because of some corrupt business practices (Chitakunye, Ojochenemi, Derera, and Tarkhar, 2015), and a lack of transparency in this process affects funds availed to run the country and support SMEs (Marivate, 2014). Whilst the financial resources to support SMEs from treasury are availed to the relevant ministry, the disbursement of such funds is riddled with corruption (Marivate, 2014).

The other contributing factor is the inability for the government to deal with the extent of emigration and immigration of technical people is a cause for concern (Benedict and Ukpere, 2013) for SMEs in KwaZulu-Natal. The Engineering Council of South Africa (ECSA) database reveals that one-third of engineers have had exposure to working overseas due to the exportability of their skills (Rasool and Botha, 2011). This movement happens at the background of SMEs having assisted some of these professionals to register with the stringent South African Council for the Project and Construction Management Professions (SACPCMP) body. This council was created to enhance and exhibit world-class individuals and companies' performance, as well as a business code of conduct by guaranteeing that the professionals acquire world-class training (Rasool and Botha, 2011). And yet, after attaining the relevant skills set, these individuals emigrate, leaving South African SMEs without the required skills to compete within the country and against the Multinational enterprises.

The literature reveals that confronting Africa's job formation challenge necessitates innovative thinking and initiatives that backs private sector-led growth (Todes, and Turok, 2018). In South Africa, the current unemployment rate is about 36% with youth and unemployed graduates rising (Mago, 2018). The literature further states that there is a need for South Africa to create a minimum of more than 12 million new jobs every year (Mago, 2018). Government is expected to develop and implement policies that focus on economic growth, and competitive role players at world's standards. In contrast to the private industry, where competition and the profit motive impose pressure for greater efficiency and a generally reliable gauge of productivity as opposed to governmental programmes that have a built-in counterproductive trend (Mago, 2018).

The government in South Africa has several initiatives to support SMEs. For instance, President Cyril Ramaphosa initiated the South Africa SME Fund. This fund is estimated to \$1.4bn. In fact, it is the brainchild of the CEOs of some of South Africa's most significant businesses. These are mandated with the task of financing scalable small and medium businesses that demonstrate potential for growth, and creating sustainable jobs (Hijzen et al., 2010; Criscuolo *et al.*, 2014). Historically, marginalised SMEs that prove to be sustainable and scalable benefit, as opposed to those that do not show signs of growth.

There have been efforts to encourage graduates with necessary skills to enter the built environment sector, with the intention of reducing unemployment amongst graduates (De Lannoy, Graham, Patel, and Leibbrandt, 2020). Schemes such as the built environment cooperatives for graduates in South Africa (BECGSA) were developed to help absorb unemployed graduates (Swapi, 2019). This programme also provided opportunities for internships. However, there were inadequate budget allocations to this initiative, and this affected its effectiveness. Yet, the scheme had the potential to help develop the much-needed skills in the built environment sector. The programme was designed in a way that the graduates would find jobs in private organisations or develop their own enterprises.

Another supporting institution is the Council for the Built Environment (CBE). This is mandated to create platforms and establish partnerships to entrench transformation in the built environment sector (De Lannoy, Graham, Patel, and Leibbrandt, 2020). In its transformative agenda, is the need to promote human resource development, and support interns and graduates. The intention is to create jobs for unemployed graduates and capacitate the built environment sector with relevant skills. The CBE also regulates the engineering professional councils of South Africa (Laryea, Watermeyer, and Govender, 2020). Whilst strategies are in place to support small enterprises in the built environment sector, they lack enforcement (Laryea, Watermeyer, and Govender, 2020). For instance, small enterprises still face challenges such as inadequate pricing and costing of tenders; over reliance on government tenders; failure to readily access private sector contracts, and so forth. It is also concerning that small enterprises in the built environment sector lack access to work projects and credit (Czeglédy, 2004).

There is also the Expanded Public Works Program (EPWP), has enterprise development as one of its initiatives (Hlatshwayo, 2017). The intention is to support business start-ups and promote sustainable livelihoods (Amusan and Ngoh, 2016). EPWP through the Department of Public Works (DPW) supports small enterprises by providing training, mentorship, access to finance and technology, as well as information and business linkages (Dladla and Mutambara, 2018).

However, challenges in supporting small enterprises were their inability to maintain profits and increase revenues (Amusan and Ngoh, 2016). This initiative is also affected by the inability of small enterprises to access bridging finance provided from appointed financial service providers (Matsiliza, 2018).

Other government initiatives include the Khula Enterprise support scheme, the Small Enterprise Development Agency (Seda), Cooperative Incentives Scheme, Black Business Supplier Development Programme, South African Micro-Finance Apex Fund, Technology for Sustainable Livelihoods, Umsobomvu, National Youth Service, South African Women in Construction, Technology for Women in Business, Gender and Women Empowerment Unit, and so forth. Only a few of these will be discussed with the intention of shedding light on some of the government support available to SMEs.

Firstly, there are initiatives under the Small Enterprise Development Agency (Seda). In fact, Seda supports the growth of small business, and this also includes those SMEs in the built environment sector. Each district municipality of South Africa has a Seda branch (Masutha and Rogerson, 2015), meaning that support through this agency is accessible. The focus of Seda is to offer information, advice, and referrals to SMEs. They also advise on a range of other areas including tender information, import and export training, trade information, market access, business linkages, and so forth. Within this, is a cooperatives incentive scheme (CIS) that gives grants to cooperatives provided they can prove that they are able to grow, and be sustainable (Mushonga, Arun, and Marwa, 2019). Cooperatives from all industries benefit from this scheme (Thow, Greenberg, Hara, Friel, and Sanders, 2018). However, for a cooperative to qualify for the grant, they must be mainly black owned. Further, the cooperative must demonstrate an ability to create jobs, and registered according to the Cooperatives Act, 14 of 2005 (Aluko and Kibuuka, 2016). Additionally, the cooperative must have a business plan, and evidence of quotations for the services for which funding is required.

There is the Black Business Supplier Development Programme. This offers grants in a cost-sharing scheme to black-owned business. The focus of the grant is on business skills training (das Nair and Landani, 2020). This means that SMEs in the built environment sector can also benefit from help to enhance their skills base. The intention is to improve the core competencies of the SMEs by providing opportunities to enhance their managerial abilities (Ganzevoort, 2016). On hindsight, this gives SMEs managers and owners the opportunity to be competitive because of skills attained. However, to qualify for this grant, companies should not earn more than twelve million Rands per annum and must be trading for at least a year. Further, a single company can

qualify for a maximum grant of one hundred thousand Rands, an amount that may not be adequate for the needs of some SMEs in the built environment sector.

Khula Enterprise provides finance to SMEs. The intention is to help SMEs access finance through the banking system (Van Scheers and Radipere, 2008). As such, Khula provides mentorship that helps SMEs to manage their businesses successfully (Mukwarami, Mukwarami, and Tengeh, 2020). This mentorship scheme also involves help with developing viable business plans, and other services before and after securing the loan. However, the loan plus its interest must be repaid, and this can only be done when the SMEs venture is viable (Naidoo, 2020). This is another initiative that can help SMEs in the built environment sector.

Another initiative is the South African Micro Finance Apex Fund (Samaf). This focuses on SMEs that are in the rural area, and outer urban areas (Tehulu, 2020). Samaf works with existing institutions to handle the funds and lend to qualifying SMEs. The delivery of the Samaf initiative is achieved through three products, that is the micro-credit fund, the capacity building fund, and the savings mobilisation fund (Omomowo, 2020).

The technology for sustainable livelihoods initiative aims to create jobs for communities by helping them to establish SMEs (Worth, 2006). Here, technologies are used to add value to SMEs by making them accessible (Ndlela and Worth, 2020). The programme also offers skills development and training, and thereby enhancing the competencies of the SMEs. Another initiative is the Umsobomvu Youth Fund. This encourages youth of South Africa to set-up and grow their business (Hartley and Johnson, 2014). This is delivered through several programmes including entrepreneurship education training, franchise fund, cooperative training, graduate development training, and business consulting.

From the foregoing, it can be said that SMEs in the built environment sector in South Africa have the support mechanism to help them compete effectively. However, it is not clear how effectively they utilise the funds that they attain through grants, and through government supported finance schemes. Considering that there is a high failure rate of SMEs, it warrants further investigation as to why these SMEs are failing to compete effectively and yet, they have the necessary support needed.

Coad et al. (2012) advance that government's role is that of creating enabling environment using its legislative powers to certain degree not in perpetuity. The government cannot be forever supporting ever-emerging consulting firms due to its limited capacity to do so and the need to

ensure wide group coverage of up-and-coming companies. The primary role includes but not limited to, solving taxation and regulation issues. Taxation and regulation may hinder the number of high growth firms (Henrekson *et al.*, 2010). Rigid regulations are usually the cause for firms' reluctance to hire new staff (Parker *et al.*, 2010) because regulations might dissuade firms from employing during such growth phases to prevent costly redundancies of decline. The small number of SMEs that have adopted a new trend of doing business generates most of the new work opportunities (Mason and Brown, 2013; Lopez-Garcia and Puente 2012; Coad *et al.*, 2012).

Instead of forever complaining and expect perpetual government business, the new global business and changing economic trends provide an opportunity for SMEs to get their act together to become part of these "high growth firms" that are key to employment growth, spread innovation throughout the broader economy and create economic overflows in their local areas (Mason *et al.* 2010). It is concerning that policy makers direct their attention to a few large companies that make significant contributions to the economy, much to the neglect of SMEs that make smaller contributions individually. However, when all the efforts of SMEs are put together, they make a significant contribution to the economy. As such, SMEs must be supported to become more creative, innovative, and competitive (Islam and Chitakunye, 2019; Mole *et al.*, 2011; Mason and Brown 2103).

For the past decade, the South African government has presented numerous policies that focus on advancing entrepreneurship using SME development, such as entrepreneurial incubators in different parts of the KwaZulu-Natal province. SMEs in South Africa are inclined to being organisations with a low-efficiency rate. Further, these SMEs utilise innovations which are not advanced when compared to their international counterparts (Office of Small and Medium Enterprises Promotion, 2007). SMEs do not augment their technological utility, and notwithstanding that, these organisations have extraordinary impediments concerning improving their innovation. SMEs in South Africa are mainly consumers of innovation as opposed to creators of innovation (Office of Small and Medium Enterprises Promotion, 2007). SMEs in South Africa do not lack creativity with their innovation because of budgetary limitations, but these entrepreneurs have constrained expertise in the handling of funds and deployment of innovative technologies (Watkins, 2012). SME entrepreneurs and executives presently do not have the right knowledge and capacity to select real innovation for their business needs (Cant, and Wiid, 2013).

Harris and Wheeler (2005) suggests that SME remains a vital tool in the stimulation of the economy to create jobs and sustainable development. Terreblanche (2011) posits that the previous problem is further intensified by the failure of the government to equitably distribute tenders

amongst SMEs and MNEs as well as to meet its timeous payment obligation. Rose-Ackerman and Palifka (2016) argue that unless and until the government proactively generates enabling legal and regulatory parameters as well as the administration that is focused on creating and empowering entrepreneurs, and the SMEs, their attempts would be reduced to mere discussions. To support its good policies for empowerment, employment, and eradication of poverty, supporting small and medium-sized enterprises (SMEs) with an entrepreneurial spirit is important (Cohen, 2012). This would help in creating jobs, and sustainable enterprises.

Issues highlighted in this section are important because they impact on government support programmes to SMEs. Whilst various themes are apparent, they inform the government support programmes. For instance, tax dodging by MNEs affects the levels of funds available for the government support programmes.

2.3.2 Effect of apartheid history on SMEs

The literature suggests that the apartheid system distorted the economy such that it underestimated the needs of certain sections of the society, thereby undermining both South Africa as a country and its peoples' potential and competitiveness (Perez-Sebastian, 2015). The economy under apartheid, was designed such that it does not serve the interest of all South Africans, hence the issue of slow-growing SMEs (Perez-Sebastian, 2015). The history of apartheid created a society where only a few large enterprises and few people enjoyed the wealth of South Africa. Yet, the majority of South Africans were confined to areas that were less productive, and unable to engage in meaningful economic activity. Thus, the SMEs in South Africa must be understood within this context. According to Esser et al. (2013), the weak alignment of policies, implementation strategies as well as unequal power relations, fail to meet local expectations and international standards.

On the other hand, Terreblanche (2011) has argued to the contrary that as from 1994, a lot has been done to redress this situation. At most levels, the democratic government has met its obligation to meaningfully transform the pattern of growth and development into a politically stable environment. However, as Esser et al. (2013) suggests that meaningful transformation and progression may not be fully realised due to a corrupt political dispensation filled with politicians who are looking out for what they would benefit themselves (Perez-Sebastian, 2015).

The above happens in the background of South Africa having to contend within numerous economic disadvantages such as being situated far away from lucrative market (Terreblanche, 2011). In fact, SMEs are expected to compete effectively in a competitive business environment,

and that also entails that they must stay abreast of the changing technological environment (Terreblanche, 2011). This contention, according to Esser et al. (2013) leads to uncompetitive practices founded on weak regulatory capacity regarding both the public and private sectors, culminating in an inaccurate and distorted cost structure. For instance, this culminates to tender procedures becoming a serious barrier to entry.

Some SMEs in South Africa form partnerships with MNEs as joint venture partners, acquisitions, sub-consulting, and many others. Such partnerships, according to Harris and Wheeler (2005), form the fundamental basis the parameters and the nature of the relationship which SMEs and MNEs could explore to step out of their comfort zone. Depending on the type of arrangement, Perez-Sebastian, (2015) advances that these kinds of engagements could either suggest that some SMEs are now linked or directly dependent on MNEs or empowered to be mutually independent. In the dependency case, if MNEs were to pull out some of their investments, some SMEs' businesses would collapse and be forced to shut down. Therefore, Harris and Wheeler (2005) state that the drivers for enabling environments like strategic competence, technological advancement, and internationalisation preparedness, are the basis for the SMEs to ensuring certain strategic actions are exercised to ensure equitable and beneficial co-existence for sustenance between MNCs and SMEs (Terreblanche, 2011). More importantly, acknowledging and recognising the pivotal role played by the MNEs in supporting the local SMEs is also important. Drawing from the apartheid history, most MNEs are owned by the white elite, and most of them with their origins from western society (Beinart, 2012), whilst most black indigenous population operate some SMEs (Peters and Naicker, 2013). This is the effect of the apartheid history on different industries in South Africa (Clark, and Worger, 2016).

2.3.3 The impact of skills shortage on SMEs

Stemming from above, South African SMEs are continuously confronting enormous pressure of acquiring the right skills with appropriate aptitudes (Daniels, 2017). Skills deficiencies affect the operational activities of SMEs in South Africa (Van Scheers, 2011). Even though as referenced skills deficiency has a wide range of ideas joined to it, the fact of the matter is the thought that right now in the SME area in South Africa, the demand for specific technical skills far surpasses the supply. In South Africa, there is a high rate of unskilled workers. It is delineated in the National Development Plan (NDP) that South Africa is presently encountering an elevated level of skills shortage because of the education system that is nonresponsive to the country's need (Mchunu and Mutereko, 2020). The Department of Trade and Industry (2016) recognises that a lack of requisite skills poses a limitation to SME growth and development and have since produced programmes to mitigate this problem.

The absence of skilled workers impacts the SME sector, and it is imperative to establish and characterise what skills shortage is. It can be noted that there is a distinction in the meaning of 'skills deficiency' between the built environment specialist and the government. The built environment consulting specialist is the connection factor among abilities and the productivity of the SME (Daniels, 2007). On the opposing view, the government characterised skills deficiencies without considering the connection between the skills shortage and the company's efficiency. When alluding to the skills deficiency in the SME sector in the South African setting, this is interpreted to mean both the qualifications and the experience. The South African Department of Labour and Sectoral Education and Training Authorities (SETA) have characterised rare skills as "a shortage of qualified and experienced individuals, presently and projected future on, either (a) because such talented individuals are not accessible, or (b) even if they are accessible however do not meet the work criteria" (Food and Beverage SETA, 2011).

Despite outright shortage, the relative shortage is where reasonably talented individuals do exist, however they do not meet other work criteria. For example, not meeting the Black financial Empowerment criteria or not dwelling in the equivalent land region (Food and Beverage SETA, 2015). One factor that could clarify the perpetuated lack of skills that South African SMEs face is the inappropriate education that the mainstream of South African gets. Now and again, it is not even only the absence of quality, but could also be the insignificant absence of proper fit for a purpose education. This deficiency in education places critical obstructions to entrepreneurial activities (Nieman and Neuwenhuizen, 2009). Furthermore, Nieman and Neuwenhuizen (2009) suggest that there is a positive relationship between entrepreneurial, innovative advances and education and training. The connection suggests that the higher the education in South Africa, the higher the pioneering spirit that will happen.

Notwithstanding the absence of essential technical skills, South African built environment consulting SMEs additionally, have skills limitation required for management and administration level. The limitation is sometimes due to assuming that after passing their technical degrees, administration is a "soft skill" that could be undermined or something automatically acquired. The lack in management skill among SME owners and directors can be clarified mainly by the limited education and progressive training (Daniels, 2017). Managerial skills are characterised as a set of emotional, social, and psychological knowledge which can be utilized to forecast the adequacy in professional management and positions of authority (Boyatzis, 2011). The capacity for managers and entrepreneurs to successfully explore through these abilities is basic to the development and achievement of any business adventure. As was highlighted by Herrington and Wood (2013), that

there is an unmistakable hole in the South African education system framework and training, and this has incredibly diminished the management administration capacities in the SME sector. The absence of education and training is one key reason why there is an extremely high failure degree of SMEs (particularly the recently established) and low degree of entrepreneurial development.

The challenge is not just with the absence of skilled employees, and the issue is aggravated by the incapability of the SMEs to pull in the talented workers that exists in South Africa. With the end goal for SMEs to have a decent financial performance demonstration, and continuous growth, these organisations should have the option to get to the pool of qualified, talented, and energised workforce which they are unable to. One of the fundamental reasons why SMEs cannot draw in the correct talented individuals is the claim that they cannot manage the cost of the highly qualified people because of the short-term appointments and payment inconsistency. Fatoki and Garwe (2010) resonated with this point as they noted in their study that employees must be enlisted at a cost and within the limits of the South African labour guidelines as enshrined in the Employment Act and the Minimum Wage approaches and guidelines. It could also be contended that even if the SME sector could be proactive and be pliable to the marketplace, it is unable to influence such advances (Burns, 2001). The inability to access finance, lack of professionalism, and the lack of economies of scale are revealed as the essential SME fraternity limitations and the critical areas in which SMEs could probably need special attention (Burns, 2001).

2.3.4 Economic and social changes

Like all other developing countries, South Africa has undergone an enormous amount of economic as well as social change. This change forms a vital feature of that which has been the generation of a new normal and a new private sector. Furthermore, the institutional transformation encountered by the developing countries in general and in South Africa in particular, have introduced the system change that dictates considerable transformation in acts and regulations as well as norms and standards (Raiser et al., 2001). Of cardinal importance to this research is the impact of context on the emergence and growth of a lawful SME sector, which the national planning had disregarded.

The above disregard inevitably reduces transformation and empowerment to lip service and numbers' game (Coyle, 2010). A case in point are the requirements and procedures for government tenders. This is riddled by corruption and fronting (Khan, 2006; Chitakunye et al., 2015; Okereke, 2020). This corrupt tendency and fronting directly affects the procurement process as it is misused as a tool to achieve all sorts of ulterior and corrupt personal and political motives. This is counterproductive to initiatives that try to empower SMEs.

To ensure harmonious working relationship, South African Civil Engineers (SACE), Engineering Council of South Africa (ECSA), Council of Black Engineers (CBE) and other related regulating bodies, have a duty to play a role in line with government policies, and to create an enabling environment that would allow SMEs to thrive. This is because of the evidence-based policy making initiative, and as such, their voices must be heard in policy making (Cronin and Sadan, 2015; Koch and Weingart, 2016). They also have a duty to guide the government to be responsive to the industry needs (Koch and Weingart, 2016). Economists suggest that an abundance of any commodity leads to less or no demand, and thus becomes inexpensive (Joshua, Bekun, and Sarkodie, 2020). This analogy also applies to the services rendered by the SME engineers and accordingly whatever offer they extend during tendering. This compels SMEs in the built environment sector to minimise their fees to be competitive. This results in a vicious cycle given that reduced fees mean consultants acquire services of less skilled or incompetent staff to embark on projects (Strang, David, and Akhlaghpour, 2014; Okonkwo and Wium, 2018). Engineers and technicians play different roles at different levels of the organisation which vary their demand in the built environment sector (Okonkwo and Wium, 2018).

The literature suggests that big clients tend to selectively look at the use of small consultants as being wasteful and time-consuming when it comes to big projects (Paul and Gupta, 2014). If they cannot secure the services of MNEs, the government clients have lately resorted to using their own staff. This is done after providing additional training to staff with the intention of enhancing their engineering skills. The investment of MNEs usually provides them with power and a disproportionate influence over government policies and procedures (Hah and Freeman, 2014). Stemming from their economic weight, the South African government has been persuaded against that which is a long-term benefit for its own citizens' welfare (Altan-Olcay, 2015) and to empower locals. The above situation confounds the procurement regulation and rules tied with the cost of doing business. Hah and Freeman (2014) claim that when these rules are forced at impractical stages and inadequately prescribed, regulations tend to split the economy into formal and informal subdivisions and creates hindrances amongst the two, thus prolonging the separation.

Paul and Gupta (2014) state that its amount of value interrogating the well-structured review of studies that are generally based on SME-led methods to economic development highlight the pitfalls of the general SME-led tactic to economic development. Altan-Olcay (2015) shows that the support of SMEs has developed to be more objective unto itself rather than becoming a means to attaining development objectives. Another associated debate to this is that it is unclear whether SME development accomplishes the desired development objectives anticipated. The

consequential policy recommendations encouraging SME development also have become so diverse that it has lost its meaning begging the question of their relevance and appropriateness (Bateman, 2010).

Olaewalwa and Garwe (2010) share insights on the challenges encountered by the formation of new business in South Africa, citing the fact that a lot of SMEs find it difficult to develop at an acceptable pace. South African government has paid much attention and energy on pursuing the generation of new local businesses to generate new jobs instead of encouraging dependency and encourage them to look beyond the borders. It is noted that there's accost of establishing in those countries. Such a narrow focus is contrary to the requirement and the need to expand the existing businesses to ensure consistency and continuity as it is required by the Growth Index which is instrumental in the understanding of the business growth potential and assessment of employment creation (DTI, 2016). Government policy is thus compelled to consider regional and local aspects that influence entrepreneurship. The use of local institutions become key in this regard.

Partnering with institutions could even be more instrumental in using local organisations, clustering of businesses and inter-organizational linkages to generate and reinforce the micro-level bonds, which can underscore global competitiveness (Sharon, 2017). Drawing from the local strength, SME policies are required to deal with the new dynamics of entrepreneurship and small-organizations cluster to respond to the issues imposed by internationalising economies. Amen *et al.* (2013) posit that clustering is an excellent tool to engender benefits that increasingly enhance the competitive advantage of the set group of companies and allow them to participate and compete globally.

2.3.5 Internal and external factors affecting SMEs within the South African context

This section discusses the internal and external factors encountered by SMEs within the South African context. The researcher will focus more on those areas that are more relevant to SMEs in the built environment sector.

2.3.5.1 Failure to transform

Whilst the failure of SMEs is attributed to economic and social challenges (Mukumba, 2014), there is concern that many fails to transform and adapt to the changing environment (Michael et al., 2016). In this vein, Michael, et al., (2016) suggests that business transformation is vital for any forward-looking management and progressive organisation. Mohammed et al. (2013) advances that organisational transformation can help generate value and offer a competitive advantage and enable alignment towards a unified and integrated globalisation effort (Michael et

al., 2016). Like all organisations, SMEs in this context are required to be well-fortified to acclimatise to changes that are inevitably occurring in both local and international markets. Willcox (2012) provides us with valuable insights regarding several businesses that stay away from outdated ways of planning and adopt innovative modern ways to achieve the ever-changing clients' demands for pliability, speed, and ambiguity.

Sitlington, and Marshall (2011) are of the view that the whole idea of organisational structure hierarchy is to harness and enhance the efficiency and effectiveness of the operations. Soulsby, and Clark (2012) suggest that different SMEs operate differently, and as such, there is no universal solution for lots of small business to choose from for their organisational structures. Given the globalised business environment, it is imperative that SMEs must also transform and adapt to the global changes (Ingaldi and Ulewicz, 2020). Yet, the literature suggests that some SMEs are still grounded in their traditional operational practices because of limited resources, and poor planning (Zucchella and Siano, 2014).

2.3.5.2 A lack of managerial competencies

The literature suggests that a critical success factor of a SME is the capacity of its primary leadership to deal with new challenges as the business advances (Pearce, Pons, and Neitzert, 2018). Managerial competencies are a collection of interrelated skills, attitudes and knowledge that affect one's performance which connects to performance on the job (Mitchelmore and Rowley, 2010). Slack and Brandon-Jones (2018) posit that the *manager is of critical importance to the existence of any company because they are responsible for its well-being, productivity, and sustainability*. In fact, SME managers face several catastrophes at various stages of SMEs development (Senge, 2012). International diversification strategies call for managerial skills able to position businesses appropriately within the convoluted global setting (Miles 2012). According to Slack and Brandon-Jones (2018), SME profitability, and some managerial attributes, should be in line with their stage of their local and international diversification. A company's capacity to innovate by discovering, assimilating, learning, creativity, and knowledge creation is of strategic importance. The literature suggests that SMEs are lacking in these areas. And yet, these intangible resources can be used as sources of sustainable competitive advantage.

2.3.5.3 Attitude of key staff

Previous studies suggest that the business milieu necessitates businesses to be proactive, and the inner sense is that SMEs development hinges on individual competence (Eniola, and Entebang, 2017). In this sense, the quality of staff, forms part of the factors of performance. The right and positive attitude of its employees is the determinant of a successful business (Eniola, and

Entebang, 2017). It is usually not about the number of employees but the quality of staff and their competence. Yet, there is evidence to suggest that SMEs have a shortage of indispensable, and good quality staff, compared to MNEs (Evans, 2015; Ellström, 2011). The preceding argument is consistent with Senge (2012) who affirmed that the proficiencies needed for the staff is known. Most are known for being uninspired, inexperienced, and not imaginative (Fuller and Unwin, 2011) Adequate and efficient human resources augment the capacity to perform reasonably well on any task. For these SMEs to perform reasonably well relies on the ability to attract and retain quality employees with the right academic qualifications, prior work experience, sector experience, and business knowledge needed by the business (Fatoki, 2014). There is a need to integrate competence development activities with the day-to-day operations to get to the desired end state in the organisation (Evans, 2015; Ellström, 2011). It is thus essential to support and coordinate rich learning prospects to be able to stay away from well-known work procedures and towards new ideas and innovativeness (Ellström, 2011). Gustavsson (2012) points out that some staff members are likely to participate in an innovative learning than others. And yet, the literature also suggests that SMEs in South Africa are affected by a skills shortage (Cant, and Wiid, 2013), and poor workplace attitudes by some key staff (Sitharam, and Hoque, 2016). This is a cause for concern.

2.3.5.4 Poor financial management skills

According to Salazar, Soto and Mosqueda (2012), the critical reasons for business failure are the absence of good management, financial planning, inadequate access to funding, the dearth of capital, spontaneous growth, low strategic and financial projections, excessive fixed assets investment and capital mismanagement. Malinen *et al.*, (2013) assert that growth in GDP, entrepreneurship, innovation, and SMEs are the drivers of socio-economic growth, both in under-developed and developing economies. Previous studies also suggest that bad financial control is one of the causes of business failures among SMEs (Cant, and Wiid, 2013).

2.3.5.5 Money Laundering

Another problem faced by SMEs is that of money laundering (Kumalo, and van der Poll, 2015). The literature advances that in South Africa, numerous projects have gone well over budget and are left unfinished, while millions of dollars have vanished and likely ended up in the wrong hands (Cant, and Wiid, 2013). Payments include everything from outright fraud to errors made by the agencies or errors made by people claiming the payments (Sitharam, and Hoque, 2016). Whilst money laundering has been touted as the reason why MNEs cannot willy-nilly do business without proper accountability of the money earned, a lack of proper accounting systems amongst SMEs creates room for money laundering (Dhanah, 2017).

The literature suggests that the application of the rule of law and the ability to manage its resources properly is the firm foundation for sustainable development (Basheka, and Kabatereine, 2013). Whilst governments rely on taxation as their primary source of income, there must be proper accounting systems in SMEs to ensure accountability. Yet, weak accounting systems presents opportunities to circumvent the payment of taxes (Cant, and Wiid, 2013).

However, there are myriads of issues that are eminent in the revenue collection (Murray, 2016). Failed revenue collection is also confirmed by a series of big brand name scandals because of tax issues, who have in many instances failed to meet expectations of corporate responsibility such as minimising carbon-footprint, participating in fair business practice, socially and environmentally conscious investment, enhancing labour policies, benevolent giving. In order to quickly unpack the money laundering issues, it is essential to understand the popular narrative which seeks to clarify the notion that there is a lot of untaxed or undertaxed usually known as “tax dodging” during the commercial activities by the multinational and local enterprises to achieve key developments (Graycar and Villa, 2011). This involves foreign multinationals, domestic multinationals, domestic companies, and state-owned enterprises who practice unethical, illegal financial transactions (Paul and Dikova, 2016). SME are also not immune from this problem. It is concerning that whoever succeeds to by-pass the system, the money either stays or move out of the country, thereby moving out of circulation.

2.3.5.6 *Brain Drain*

Another problem faced by SMEs is that of a brain drain. Hagander *et al.*, (2013) reveal that there has been a mass migration of skilled workforce from developing countries to developed countries for better pay and work. In this sense, South African SMEs are deprived of a much-needed trained employees (Firsing, 2016). However, Teagarden and Schotter, (2013) suggest that the brain drain could be positive like the pairing of skills that the emigration can provide. The literature suggests that SMEs confront legitimacy, economic as well as resource dependence problems in recruiting and retaining talented and skilled employees that could be instrumental in fostering successful internationalisation (Krishnan and Scullion 2017). Ribau *et al.* (2018) concur with the assertion that skilled employees are difficult to retain.

Docquier and Rapoport (2012) reveal that due to migration, brain drain has become a core concern for developing countries because of globalisation and quest for “greener pastures”. Like all affected countries, this international migration of skilled workers drastically affects the pool of skilled workers in South Africa and reduces the capabilities of SMEs to attain and execute big and

long-term projects (Firsing, 2016). It comes as no surprise that skilled South African technical professionals find it proper to emigrate due to better chances of advancement both personally and career-wise offered by the MNEs, and the international communities (Cohen, 2012). As a result, they find themselves migrating to other parts of the world, leaving a severe void in the technical field of South Africa. According to Jones et al. (2011), this can be resolved by employing professional people from other countries who are in the country as expats looking for better prospects. The reality is that the country ends up not being able to measure its technical capacity and skill base, which could be a severe threat to its sustainability (Firsing, 2016). Okeke (2013) insists that the issue of brain drain has also severely affected the health sector in developing countries, which has hindered service delivery for their citizenry. Jones et al. (2011) posit that exploring financial reward, continuous, better, and advanced working conditions of service could be identified as the core variables responsible for brain drain in developing countries.

In South Africa, the cause behind emigrating is not only because of high crime rates, apartheid hangover tendencies, and countrywide strikes, but chasing better prospects, great incentives, better career opportunities, and attractive salaries offered (Filmer and Fox, 2014; Mama, 2020). Best and Kellner (2020) advances that the global arena provides an open market that caters for employment and better chances for skilled personnel, which culminate in what Harris and Wheeler (2005) describe as brain circulation. Brain drain, according to Brock and Blake (2014), is defined as a cumulative flow of professional people in South Africa and worldwide. Venter *et al.* (2007) posit that these problems usually produce low-skilled workers due to multinationals using their own expatriates' employees for more senior and skilful positions and their job appointments.

The issue of brain drain comprises of a wide variety of deleterious consequences towards the country. Benedict and Ukpere (2013) present it to include but not limited to economic development, loss of trained people, and knowledge capacity to the competitive edge in the global arena. The migration of technical staff to international competitors is founded on the inefficiency of the procurement process when it comes to SMEs and MNEs (Firsing, 2016).

Benedict and Ukpere (2013) emphasise the importance of proactive migration policy to avert a potentially substantial drain of human capital, as well as employing skilled foreigners to minimise the impact of "brain drain". Contrary to other countries, like Canada, Australia, and New Zealand, which support immigrants to fill up available job spaces, South Africa cannot afford that because of high population and the high unemployment rate (Govender, Pillay, Siwela, Modi, and Mabhaudhi, 2017). Benedict and Ukpere (2013) suggest that advanced countries have the leverage of sourcing skilled and trained entrepreneurs. This immigration is not without problems. These

problems include long protracted arguments regarding xenophobic attacks that were underscored by the view that immigrants take local jobs depriving the locals of work opportunities, this has been proven to be false as the opposite is true (Benedict and Ukpere, 2013). They are instrumental in generating entities and jobs for locals and transfer needed skills and experiences.

Teargarden and Schoter (2015) concur pointing out that brain drain associated with globalisation has generated a knowledge-intensive economy that causes companies' pursuit for foreign market prospects, a necessity for their existence. According to Jormanainen and Koveshnikov (2012), the speed of the human resources movement during globalisation varies from country-to-country and throughout the world. The movement is because the growth has heightened in the emerging markets and decreased its pace in the developed markets.

2.3.5.7 Inefficiencies within government contracts in South Africa

With all intents and purposes, the government is committed to playing a pivotal role and support to the SMEs, there are still some barriers. For instance, the complex tendering procedures for government contracts are a barrier to SMEs with limited financial resources. Similarly, the government policy to pay for services rendered within 30 days affects the cashflows of SMEs (Perez-Sebastian, 2015). There is also evidence to suggest that when payments are delayed, this affects the operational activities of SMEs (Harris and Wheeler, 2005). Yet, it is at the government level, where relationships between the SMEs and MNEs should be enhanced and entrenched (Cohen, 2012), through policies and procedures that are enabling rather than disabling.

2.3.5.8 Competition

Fayole and Linan, (2014) posit that for SMEs to attain competitive advantage, they need to come up with a quality-differentiated service that supersedes that of the competitors. Ngek and van Aardt Smit (2013) contend that SMEs in South Africa face global competition. In this sense, the encroachment of global competition on the South African market has become a challenge to SMEs. Krugman (2013) states that competitiveness is a multifaceted, multidimensional, and multilevel notion, whereas scholars like Greenwald and Kahn (2005) concur that competitiveness can denote the capacity of a company to contest for market share, resources, and revenues. Even though globalisation boosts a company's market opportunities, it likewise heightens the amount and the extent of competition encountered by such companies when seen from the trade and technological perspective (Rivastava, 2016; Paul, and Shrivastava, 2016). However, the literature also suggests that SMEs have opportunities to form their own international strategic alliances as well as joint ventures (JVs) as individual companies or clusters (Ngek and van Aardt Smit, 2013). Previous studies also suggest that larger multinational organisations have found it advantageous to collaborate with smaller local companies with technological advantages to save on R&D, cut

down on lead time for coming up with new systems and processes, and serve up and coming marketplaces (Neneh, 2018). This provides opportunities for some SMEs to compete on a global scale (Ngek and van Aardt Smit, 2013). However, for those that fail to form partnerships, they are faced with stiff competition for their products or services.

In this vein, Esser, Hillebrand, Messner, and Meyer-Stamer (2013) suggest that competitiveness is generated at the organisational level. In fact, SMEs in South Africa find themselves playing a crucial and dual role, i.e. to create jobs, and contribute towards economic growth. Similarly, Kantarelis (2014) believes that the organisation must consciously react to change as well as adapting to that, by benchmarking it with competitors in the same industry. Kantarelis (2014) insists that world standards must be embraced, and managers must fully comprehend and be in control of both internal and external factors. Artola and Genre (2011) corroborate that it is in approval of the world standards, that the role of the individual entrepreneur within the numerous emerging SME companies should be noticeable. This is a resource that can help SMEs to compete effectively (Gomez-Gras et al., 2009; Sommer, 2013; Sommer and Haug, 2011).

Within this context, the born-local theory (*“refers to how new ventures are generated using knowledge overflows as well as other resources in a geographically restricted environment. The suggestion is that the new enterprises regularly specialise and utilise existing MNEs as channels for international expansion”*) suggests that companies require backing with intermediated internationalisation (Acs and Terjesen, 2013). Appreciating the entrepreneur’s resolution to “go global” comprises the duty to research the cognitive aspects of the entrepreneurial decision-making process (Fayole and Liñán, 2014; Liñán, 2015). These decisions are influenced by contextual variables that include cultural, institutional, and economic aspects given that the individual choices are usually informed by the human elements (Liñán and Fernandez-Serrano, 2014). Alongside this requirement for the augmented international competitiveness, the topic of SME internationalisation had grown and gathered momentum (Ribau et al., 2016; Paul and Shrivastava, 2016). The very reason for the formation of the international new ventures emanates from business opportunities to collaborate in the cross-border by amalgamating of resources and markets to foster better business opportunities for SMEs.

The pace of technological transformation in the global marketplace leaves quite a significant number of SMEs in the built environment sector in a backward position as compared with MNEs in the same sector (Gai and Steenkamp, 2014). Nevertheless, the global competition is an unavoidable reality for those SMEs who conventionally possess a meagre financial base, a local focus and a restricted geographical spread or kept inside their national boundaries (Gai and

Steenkamp, 2014). This requires an engagement with existing academic theories such as resource dependence, stakeholder theory, and network theory. The intention is to help position the debate surrounding SMEs in the build environment sector in existing theoretical debates. Moreover, perspectives from different theoretical understandings will help to enhance our understanding of SMEs in the built environment sector. The next section focuses on the resource-based view theory.

2.4 Resource based view theory

The resource dependence theory primarily focuses on identifying the factors that may have an influence on the behavior of the organization (Drees and Heugens, 2013). The important aspect of the concept of the resource dependence theory is that of the power to utilize the vital resources (Malatesta and Smith, 2014). The literature suggests that resource dependence theory revolves around the management of the resources (Barney, 1991). Further, resources refer to anything that adds up to the strength of the organization or the absence of something which may result in the weakness of that organization (Pugliese, Minichilli and Zattoni, 2014). In this sense, owners and managers of SMEs must be concerned with both internal and external issues faced by the organization and be able to find a solution. Managing of these resources determines the success or the failure of an organization (Voss and Brettel, 2014). In this sense, it is the responsibility of the SME owners / managers to manage these resources, and make sure that the company grows and remains profitable in the long run.

The logic behind the resource dependence theory is that the provision of resources is directly linked to the performance of the SMEs (Man, Lau, and Snape, 2008). The presence and the use of the resources reduce the dependency of the organization on its external environment. All these factors collectively help the organization to survive in the long term. As such, SME managers/owners must identify their internal and external resources, and then utilize them effectively to avert business failure. SME managers / owners must provide their entities with the required skills and expertise, advice and counseling, a link to the organization with the other stakeholders and other important constituencies, facilitate the access to the resources, build external relations, and so forth.

One of the other important elements of the resource dependence theory is the aspect of increasing the capital by providing for the required resources. Thus, expertise, skills, knowledge, reputation, and experience, are resources that can be utilized to promote business success (Voss and Brettel, 2014). And yet, the literature suggests that these assets are lacking in SMEs within South Africa. Further, the relational capital of the firm, is a resource of strategic importance to organisations (Jajja, Kannan, Brah and Hassan, 2017), and must be understood within the context of SMEs in

South Africa. This asset is derived through the network of the relationships that are possessed by the social unit or by an individual. Further, the literature suggests that the human capital and the relational capital help provide the organization with the legitimacy and reputation which in turn helps to improve the performance of the organization (Biermann and Harsch, 2017). This is a resource that can be used by SME managers to improve the performance of the organization. Effectively managing these resources is of importance because they provide a source of competitiveness and business growth.

The resource-based view (RBV) perspective (Barney 1991) is usually applied to describe the internationalisation of an SME (McDougall et al. 1994) by mere concentrating on resources and characteristics that SMEs could adopt to allow them success in going internationally or global. This theoretical perspective is critical for consulting SMEs to hone their information and communication technologies with improved clients and industry partner's collaboration (Keegan and Green, 2005). Indiatsy et al. (2014) also agree that RBV focuses on the organisation's specific resources and its insinuations for organisations' performance. Gai and Steenkamp (2014) further go on to say the firm's resources form part and parcel of stock of accessible tangible or intangible aspects, and they are inputs into organisations' productivity process.

According to Grant (1995) resources are categorised into three kinds, these are financial resources such as an organisation's capacity to borrow or be funded, intangible resources such as corporate brand, and tangible resources such as plant capacity. Smart and Wolfe (2000) highlight those intangible properties and proficiencies have the advantages of generating characteristics. This helps to develop a deeper understanding of the failures or success of SMEs.

Scholars suggest that SMEs accounts and responds to internationalisation stimuli positively because of its advantage of unique resources (Brouthers et al., 2009). Thus, the importance of the RBV variables on SME's internationalisation involves the internal resource variable of the firm. These resources could be either tangible or intangible (Amato and Amato, 2007). Whilst the assumption of the RBV theory is unchangeable, the business environment is not static. In other words, theoretical understandings of RBV must be reviewed to help keep the theory relevant to the changing business environment.

However, the RBV theory, like the stage, network, and other internationalisation theories, has a broad application to the internationalisation of SMEs. For instance, the literature surrounding SMEs internationalisation focuses on export strategies of small enterprises (McDougall *et al.*, 2009; Westhead *et al.*, 2001; Ibeh, 2003; Ruzzier *et al.*, 2006). Some studies critic stage theories, which overlook the managerial and ownership effect of SMEs international behaviour analyses

(Ruzzier et al., 2006). On the other hand, they are of the perspective that the RBV considers SME's ownership influence in examining the international behaviour of SMEs (McDougall *et al.*, 1999; Ibeh, 2003).

Previous studies have discussed the resource-based view theory within the context of consulting firms (Hitt, Bierman, Shimizu, and Kochhar, 2001; Powers and McDougall, 2005; Bronnenmayer, Wirtz, and Göttel, 2016; Yang, Jia, and Xu, 2019). For instance, Bronnenmayer, Wirtz, and Göttel (2016) suggest that management consulting has become important for improving the competitiveness of a variety of firms. And yet, there is little empirical evidence clarifying what constitutes a successful management consulting project. It was found that compliance with budget and schedule, degree of target achievement, profitability as well as expansion and extension, were important indicators for management consulting success (Bronnenmayer, Wirtz, and Göttel, 2016). Within the South African context, the focus has been on resource based view within a tourism context (Elliott and Boshoff, 2009; Mupani and Chipunza, 2019); talent management in consulting civil engineering (Bowen, Edwards, Cattell, and Jay, 2010; Oosthuizen and Nienaber, 2010); and the construction sector (Bowen, Akintoye, Pearl, and Edwards, 2007; Mtya, 2019), among others. Whilst studies have focused on different areas, resource-based view theory becomes important within the context of globalisation, and internationalisation because consulting SMEs must be able to compete beyond their localities. International consulting firms are encroaching onto the South African market, and as such, consulting SMEs must actively engage with the resource-based view theoretical understandings, and then identify their core competencies with the intention of using these as resources to compete more effectively. The next section focuses on stakeholder theory.

2.5 Stakeholder theory

The stakeholder theory can be defined as any individual or a group of individuals who are or can be affected by the organization's activities in pursuant of its objectives (Hörisch, Freeman and Schaltegger, 2014). The understanding is that the managers are responsible to serve a network of relationship which includes suppliers, employees, and the business partners and this is more important than the owner management relationship (Wagner Mainardes, Alves and Raposo, 2011). The intention is to draw focus on those groups of stakeholders that impact on an organisation's activities (Abdullah, 2009).

According to Freeman (2006), an organization should be treated as a group of stakeholders and that it should be managed in a way which helps in protecting and safeguarding the rights of all the stakeholders. In this sense, South African SMEs must view stakeholders as an inseparable part of the organization, as these can be a resource for their growth and survival. Given that the

management of the interests, viewpoints and the needs of the stakeholders is the responsibility of the managers of the company, then the SME managers or owners must also have the right skills to manage stakeholders effectively. And yet, we know from the literature that SMEs in South Africa have a deficit of the necessary managerial skills (Derera *et al.*, 2014). In a similar vein, the employees have a role to play in the success or failure of SMEs (Leboea, 2017; Mupani and Chipunza, 2019). In this sense, the skills of the employees are important.

The literature recommends that the managers of the company will have to play a dual role (Agle, Donaldson, Freeman, Jensen, Mitchell, and Wood, 2008). Firstly, managers should be able to manage the organization in a way which will be in the best interest of the stakeholders. This is achieved by making sure that their right to make the decisions is safeguarded within the company. Secondly, the managers should play the role of the agent of the stakeholders, and make sure that the decisions taken, and the activities conducted ensure the survival of the organization (Phillips, 2011). This is done to protect the long-term rights of the stakeholders (Pfarrer, 2010). Considering the South African SME context, the question is whether SME owners/managers have the skills to manage stakeholders effectively. If stakeholders are not managed effectively, then the organisational growth is at risk. This perspective of the stakeholders is also necessary to be taken into consideration for the effective management of the company (Strand and Freeman, 2015).

Within the context of SMEs in the built environment sector in South Africa, the stakeholders include the government, local authorities, members of the supply chain system, local communities, other SME consulting firms, competitors, customers, investors, lenders, the media, and the affiliation bodies e.g. Engineering Council of South Africa. Other specific stakeholders are black-owned SMEs because their interest is to ensure that they also obtain contracts on public projects, even though they may not have all the required skills to undertake the jobs. Similarly, women entrepreneurs are another important group of stakeholders because of their need for representation at all levels of society and be awarded public projects to ensure their visibility. The government develops policy and provides guidance on enforcement. Their policies such as economic empowerment policies give an advantage to black-owned SMEs in terms of public procurement and securing public contracts. The local authorities stipulate their needs in their national development plans for civil engineering works in different areas, develop tender procedures, and award the tenders. It is at the local authority level where decisions to engage specified SME consulting firms to undertake civil engineering work within the public sector. Other competing SMEs are also interested in the tenders and securing public contracts. Lenders are interested in the ability of the SME consulting firms to repay their loans, whilst investors want to invest in projects that are well managed and viable. Therefore, there is a need for the SME owners/managers to

manage the interests of different stakeholders effectively. This requires managerial, financial management, and networking skills, among others.

2.6 Network theory

Scholars define relationships, associates, relations, and connections between a company and other relevant actors in the business market (Koe, 2013). Here, the focus is on social networks, and there is an understanding that individual behaviour is constrained by such networks (Kumar, 2012; Koe, 2013). The inter-connected relationships, creates networks, and this is achieved through different ties and strengths of the relationship (Rajesh *et al.*, 2008). However, the process of relationships building of businesses through links and contacts contributes to the success or failure of the business (Catora, 2010). The relationship could be formulated differently, either through exchanges of natural or human resources (Kumar, 2012). Given the increasingly globalised business environment, SMEs have an opportunity to benefit from developed communication systems, linkages, and multiple contacts, thereby creating a network with business across borders.

In South Africa, studies on network theory have focused on understanding relationships between actors that are both human and non-human in the financial sector (Iyamu and Roode, 2012); conceptualising governance regimes in relation to numerous actors across different organisational decision making levels (Ziervogel, Pasquini, and Haiden, 2017); practices of sharing in educational settings (Karimi, Khodabandelou, Ehsani, and Ahmad, 2014; Twum-Darko and Harker, 2015); SMEs within different business network groups (Machirori and Fatoki, 2013; Krause and Schutte, 2015). Others have focused on network theory as it applies to the land reform programme (Musavengane, 2019; Van Breda and Swilling, 2019). Of interest in all these studies is a realisation of the importance of both formal and informal networks (Deumert, Inder, and Maitra, 2005; Kang'ethe, 2014; Murphy and Carmody, 2015). There is also an understanding that these networks are a form of social capital (Marks and Stys, 2019), and help to improve the performance of SMEs (Machirori and Fatoki, 2013). Whilst these studies were conducted drawing from westernised understandings of network theories, there is an emerging pattern of trying to fit this within the South African context.

More interestingly, is the view that these formal and informal networks are a form of social capital (Pronyk, et al., 2008; Fatoki, 2011; Kanosvamaha, 2019; Venter, 2019). In fact, Fatoki (2011) found that there is a significant positive relationship between human, social and financial capital, and the performance of SMEs in South Africa. In a similar vein, Pronyk, et al. (2008) found a complex and nuanced relationship between social capital and HIV risk in a rural African context and observe that there have been few attempts to strengthen social capital, particularly in

developing countries. Similarly, Kanosvamaha (2019) suggest that a lack of effective coordination of initiatives among supporting actors presents a significant pitfall in the development of urban development and calls for improved synergies between state and non-state actors involved to ensure that the gains of urban development are enhanced.

The literature advocates that the network perception examines the business context in a holistic view, focusing on the way in which businesses build their relationships and how they collaborate within the market, consequently addressing the external market embedment of firms to create networks (Zahra *et al.*, 2005). In this sense, the network approach is used to help assess the opportunities that are available to SMEs, and inform participatory practices within the network (Salmi, 2000). Here, SMEs have an opportunity to create relationships through networks to achieve business growth and sustainability.

The increase in the ties and relations amongst SMEs enhances their competitiveness (Koe, 2013). And yet, SMEs in South Africa fail to capitalise on these opportunities. Therefore, is it that there are some internal constraints detracting SMEs to grow, or is it the global competitive pressures that hinder growth? The literature suggests that the network approach provides an opportunity for SMEs to grow (Konsti-Laakso, Pihkala, and Kraus, 2012), there is need to examine the internal resources of the SMEs as potential barriers for growth and sustainability.

Drawing from the network theory, SMEs in South Africa have opportunities to establish cooperation in the domestic market and achieve growth. This can be done by utilising their internal assets effectively. And yet, there is still a high failure rate of SMEs in South Africa. In fact, relations in the local market might motivate the business to extend to the foreign markets (Johanson and Vahlne, 2007). Looking for growth inside out as a possible and a practical way to manage the external environment.

Apparently, most research theories related to internationalisation are largely and primary concerned with the traditional process of determining and organising to enter a market. They tend to focus more on developing the necessary market entry strategies. On the other hand, the network approach theory focuses on the actual entry process as an inseparable part of the networks that already exist in the business (Salmi, 2000).

According to the network approach theory, firms achieved the process of internationalisation in the creation of relationships/bonds in the foreign nation networks new to the system (international expansion). The increase in the ties and relations amongst these firms enhance the dedication to be resourcefully committed in the networks that the company is currently positioned (penetration) or linked with already existent networks (Johanson and Mattson, 1988). These firms' network

bonds are not only linked as direct partners but influences their other partners through the enterprise's behaviour (Ford, 1998). In fact, different core players cannot singly handle and totally control the entry process (Anderson, 2000). The network approach is of the prerogatives that for enterprises to grow, relationships building, and cooperation is much more effective than competing. The oneness or togetherness of businesses can institute resources and comprehend great potentialities effectually (Anderson, 1998). Therefore, most firm's physical assets are locally based in the domestic market but can also be vital actors in an international market network (Björkman and Forsgren, 2000). Knowledge could be acquired through a firm's experiential profile by not necessary undergoing the same experience as the firm (Erikson *et al.*, 1998). As well as learning about the competency, strategies and needs of their partners, a firm also acquires information about the partner's states of business and the market network it has (Johansson and Vahlne, 2009). Therefore, a distinctive characteristic of internationalisation sequence does change from a gradual extension to a one 'bound' to join the nets (Hertz, 1996). In contrast, it is important to note that relationships are not only limited to motivating and facilitating but could also inhibit an enterprise internationalisation.

According to the network theory, firms can be broken down into four separate groups based on the environment alienated to the internationalisation process. The 'early starter' with little information of the external markets. This group is not exposed to local relationships in the home country that could help to gain access to networks (Hutchison *et al.*, 2007; Hadley and Williamson, 2008; Johansson and Vahlne, 2009). If the firm is bound to export its produce, they will not meet high competition and direct dealings with customers (Wilkinson, Mattson, and Easton 2000). Therefore, the business actors make the use of representatives, merchants, and international clients to enter the international market. This helps to reduce risks and costs, while capitalising on the knowledge from agents' previous investments in the international market. The business is affected by other counterparts than the company itself. Scholars suggest that the best strategy for internationalising by large firms and multinational enterprises is by acquisition or 'greenfield' mode with huge resources unlike small medium enterprises that do not have large resources (Johansson and Vahlne, 2007).

Apparently, if a firm's key actors, such as its distributors, rivals, clients, are internationally based, it has opportunities for creating indirect cooperation with the external networks. Similarly, the firm has opportunities to establish cooperation in the domestic market. In fact, relations in the local market might motivate the business to extend to the foreign markets (Johanson and Vahlne, 2007).

The late starter's process of internationalization is influenced by indirect overseas network relationships. With already market competition, it is not easy to penetrate the nearest market to

the home markets, due to that fact that rivalry organisations have comprehensive information and there is existing trend of network that is quite difficult to break through. Thus, it will lead to the enterprise to exploit distant markets, as such emerging markets will be much suitable for internationalising (Chety and Blankenburg Holm, 2000). The next group is the 'lonely international' firms. These are knowledgeable and experienced with relationships in foreign nations. The next section focuses on the effects of internationalisation and globalisation on SMEs.

2.7 The effects of internationalisation and globalisation on SMEs

The literature reveals that SMEs are no longer perceived as a miniature of big companies but as enterprises, with their own characteristics (Julien, 1997). Previous studies also draw attention to the internationalisation process of SMEs (Leonidou et al., 2002). From the economic point of view, the earlier studies on the international expansion of companies have not been mainly devoid of a perspective of SMEs. For instance, Montgomery and Wernefelt (1991) observe that some resources are mainly for a specific purpose and can be implemented only for certain activities. Equally, some resources of the company can be crucial and influence its expansion and market permeation (Garcia, 2009). Further, a lack of finance, lack of physical and technological resources, the shortage of prospects, and the lack of specific managerial skills can hinder the international activity of SMEs (Madhok, 1997). Whilst not all SMEs need to operate globally to become or remain successful (Dabić, Maley, Dana, Novak, Pellegrini, and Caputo, 2020; Lahiri, Mukherjee, and Peng, 2020), an understanding of the encroachment of products and services provided by other SMEs from different parts of the world helps the local SMEs to devise more informed competitive strategies. For instance, many SMEs in the built environment focus on projects within local areas because of limiting factors such as building regulations (Howes and Robinson, 2005), operating permits, licences, health and safety standards, and other regulations that impact directly on their operational activities.

There are differences in building regulations, permits, licences, training, and so forth required before undertaking any project in the built environment sector (Wentzel, Smallwood and Emuze, 2016). This means the strategies must be more localised than globalised. As such, to be successful, SMEs in the built environment sector do not need necessarily to operate on a global scale.

Regardless, previous studies have shown that internationalisation occurs in a linear and sequential process made up of complete stages (Dominguez and Mayrhofer, 2017). And yet, a deeper analysis of internationalisation reveals that it is a gradual process of learning (McNally, 2015). On the other hand, the economic model put the experience gathered progressively as the paramount process of internationalisation (Johanson and Vahlne, 1977; Green, 2012).

Consequently, by incorporating knowledge gained from experience of the external markets, the company enhances its decision-making process. In this sense, internationalisation becomes the outcome of a sequence of incremental decisions.

According to Sharon (2017), globalisation and liberalisation present high mobility and transferability of business resources beyond borders making the world seem borderless. Competition for resources like services and capital has escalated in many African countries, including South Africa (Amanor, 2013). Previous studies point out that SMEs need to function like the world is one big market disregarding superficial regional and national disparities and divergencies (Levitt, 1983). The literature also shows that globalisation is a catalyst for rapid innovation (Paus, 2020). This helps to minimise trade barriers. Mazanai and Fatoki (2012) assert that globalisation and liberalisation bring along exceptional information and knowhow.

On the contrary, globalisation demands efficient risk management, robust relationship marketing, and prudent supply chain management (World Bank, 2014). Ultimately, SMEs are required to sharpen their competitive competencies by active engagements in collaborative settings (Karami, 2013). According to Hind and Smit (2018), this effectively exerts pressure on managers and their firms to be fully acquainted about topical global and local issues so that they can make informed decisions. Hind and Smit (2018) go on to say that business sustainability is fast shifting in the direction of integration and innovation. Thus, managers must adopt practices that will enhance business sustainability (Fatoki and Van Aart Smith, 2011). The literature also suggests that managers must engage in capacity building as a cornerstone of transforming the SMEs in the built environment sector to become competitive in the global arena (Mutula, 2010; Hind and Smit, 2018).

Altan-Olcay (2015) suggests that globalisation enhances the embracing of technology, sources and knowledge sharing allowing innovative best practices in the built environment to prevail. Sharon (2017) advances that this invariably promotes the ease of new entries based on fewer trade barriers on the convergence of sectors across the borders, thereby generating new economies. Basu (2016) demonstrates that globalisation also provides extraordinary information and communication technologies. In fact, Basu (2016) examines the critical role of the abovementioned easy of trade aspects in minimising business uncertainty, as well as detecting possible problems and hindrances that could hinder SMEs not to take full advantages of the opportunities. The objective being to reduce uncertainty, identify possible risks, produce better quality and reliable information as well as deepen their management understanding of the nature and space of the competitive global milieu.

The global competitiveness referred to in this regard puts South Africa to test its skills and ability to compete in the global space. According to the World Bank (2011:4), “South Africa needs to increase productivity both in products and services to compete with both global-knowledge-intensive and low-labour cost economies, especially the Asian giants”. Basu (2016) reveals that the limited space they must fight for makes it the survival of the fittest situation. The preceding statement underscores the need for each government to secure as many economic opportunities as possible for its citizens' existence. For instance, despite South Africa being part of BRICS (Brazil, Russia, India, China, and South Africa), countries like India and China have made serious inroads into South Africa, thereby expanding their economic participation in other countries for its overpopulated citizens. Yet, SMEs from South Africa have not made similar strides to enter other markets of BRICS, rather than just through exports. This indicates that there is an opportunity for SMEs from South Africa to engage more actively with the internationalisation process and compete beyond the borders of South Africa. For instance, Wenzel, Freund, and Graefe (2019) found that under BRICS, the ease of entry into the South African economy has increased greatly. Although the local SME in South Africa take this as an opportunity for SMEs in the built environment sector to forge new partnerships, relationships are often unbalanced (Stuenkel, 2020). BRICS provides opportunities for SMEs in South Africa, including access to markets, foreign direct investment, support in terms of technological, managerial, sharing of research and development capabilities, and so forth (Asuelime, 2018; Ahammad, Konwar, Papageorgiadis, Wang, and Inbar, 2018). Despite the benefits of BRICS within the South African context, some scholars caution that BRICS's actions are based on a logic of competition over natural resources and market access that is imperialistic in nature and is taking colonialism back to Africa in modern times (Amisi, Bond, Kamidza, Maguwu, and Peek, 2015; Garcia, 2017).

Pennington (2011) suggests that in most countries, global competitiveness is a crucial factor to minimise unemployment rate, poverty, and economic inequity. Like in all countries, job opportunities, social welfare necessities are crucial for stable and happy communities (Amen *et al.*, 2013). The contemporary empirical results on internationalisation of small medium enterprises have proven to be neither trail dependent, incremental nor developing (Schultz *et al.*, 2009). Most of the modern SMEs internationalisation studies use the stage model to elucidate why business carry out international expansion activities. Nonetheless, the intermittent stage approach cannot entirely explain the concepts of SMEs international phenomena, including the ‘born global’ and the ‘back-resources’ (SME’s that re-form their international undertakings to the domestic economy) and the ‘born regionals’ (SMEs that are solely focusing their activities in the local market and do not have the potential to move beyond the market) (Schultz *et al.*, 2009).

An important drawback to the stage approach model and the core target to the critics of the model is on the assumption that the progress of the stage theory is organized in a predictable way (Wright, Westhead and Ucbasaran, 2007). This limits the strategic choices of the international entrepreneur. Another, limitation to the models is that the Uppsala theory is focused on the firm rather than on the business owner (entrepreneur) (Wright, Westhead and Ucbasaran, 2007). Hence, from the above perspective, the scope of SMEs internationalisation is limited because the owner of the business is known to be the principal essence for the company. In this sense, the entrepreneurial behaviour is very important in the international decisions that affect the company. Additionally, Coviello and Munro (1995) argue that high-tech product small enterprises as the entrepreneurs' control and detect the conventional patterns of the business, thus they do not rely on the stage approach method of internationalisation.

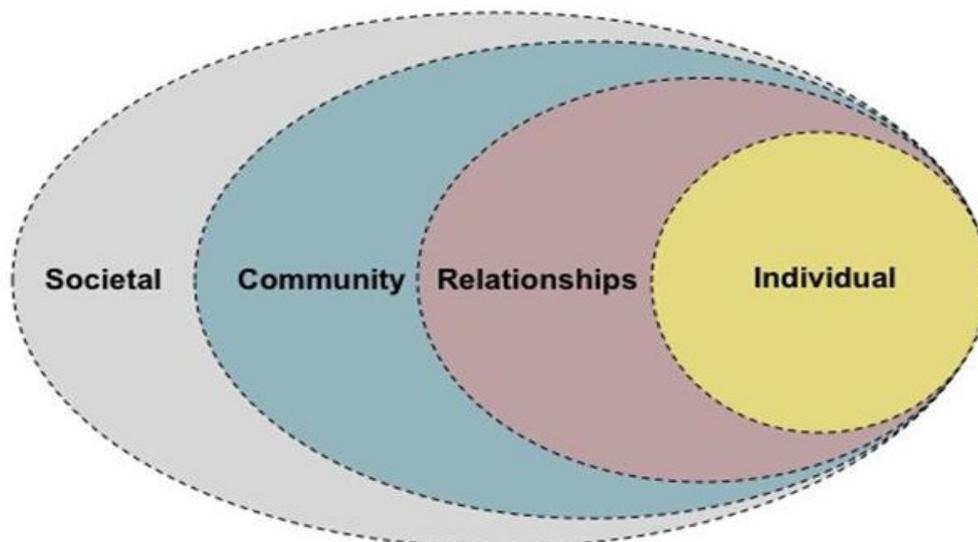
Further to the criticism of the stage approach theory of internationalisation, there is limited focus on the time of the stages along with the structures that operates with them. Predicting the stages and differences with collaboration of the activities is subjective. Rather, it must be perceived as being creative in discovering the differences that occur between stages. On the other hand, innovation theory describes the process change, elaborating on the dimensions of the change and the diversity of approach adopted by various companies in activities development (OECD, 2017).

It is important to consider the characteristics of SMEs within the South African context, particularly in the built environment sector. We learn that SMEs in South Africa face challenges in terms of access to finance, managerial skills, and fail to move beyond the existence stage (Machirori and Fatoki, 2013; Leboea, 2017). Yet, we also know that SMEs can be one of the most innovative enterprises (Eniola and Entebang, 2015; Rastrollo-Horrillo and Rivero Díaz, 2019). Barriers that inhibit SMEs to be innovative are well documented (Krause and Schutte, 2015; Masocha, 2018). Scholars suggest that market failures for innovating SMEs must be carefully identified to help target government policies (Veugelers, 2008). There are concerns of failure at the implementation stage of policies designed to support innovative SMEs (Ngibe and Lekhanya, 2019). Yet, it is also agreed that SMEs have a role to play in the innovative system because they represent the bulk of economic activities in South Africa (Krause and Schutte, 2015; Cui, Jiao, and Jiao, 2016; Masocha, 2018). It may be more instructive for SMEs in the built environment sector to develop and exploit new technologies. For example, innovation in materials used within the construction sector, and energy efficiency systems. This requires skilled labour, which is in short supply amongst SMEs in the built environment sector in South Africa. However, there are also opportunities to form technology alliances with other SMEs from BRICS. This body of literature raises the question whether these opportunities availed to SMEs in the built environment sector are exploited?

2.8 Theoretical Framework

Previous reviews of the literature in sections 2.4 – 2.7 helped to bring different theoretical perspectives to understanding SMEs in the built environment sector in South Africa. Moreover, multiple theoretical perspectives help to enhance our understanding of a research topic (Denscombe, 2014). Drawing from these literature reviews, the researcher identified the ecological systems theory as a unifying model of all these theoretical perspectives. The researcher adopted a modified version of the ecological systems theory by Bronfenbrenner (1979) as the conceptual framework underpinning the research. Whilst the original the ecological system model contains four (4) distinct levels, as shown in figure 2.1, and each level comprises of different characteristics, it is of significance to understand these in terms of the resource based, network, and stakeholder theoretical positions, as illustrated in figure 2.2. The modified model enabled the researcher to categorise the challenges within the four levels and understand these more deeply within the leans of the network, stakeholder, and resource-based view theories. The intention was to understand the challenges faced by SMEs in the built environment sector more deeply and develop interventions that would assist SMEs to build strong resilience to achieve sustainability.

Figure 2. 1: Ecological systems model



Source: Bronfenbrenner (1979)

The model is part of the broad principles of sustainability (Baumgärtner and Quaas, 2010) as well as the interpretations of the implication of the Sustainable Development. The subsequent joint statements define features and possible measures (Baumgärtner and Quaas, 2010).

Businesses are duty-bound to be competitive as well as secure and maximise their corporative value which contributes towards sustainability activities. The choice of the ecological systems theory as a principal theory is due to its ability to cater for every stakeholder, its culture, the economic and political environment of the business system (Baumgärtner and Quaas, 2010). This

choice, if seen from the consulting business point of view, starts from the individual, organisation, the industry, right up to government level as they are affected by internal and external factors. It treats every stakeholder in the transformation process as essential components.

2.8.1 Microsystem Level

This level includes morality as defined by interpersonal relationships in business which includes individual interactions within the work environment (Skinner, 2012). In fact, Skinner (2012) portrays the levels of moral generation within the parameters of recognised cultural and business norms. In this level, the business sphere would be very close to the individual consulting firm, which could get affected by any industry and government decisions taken on its behalf as part of its microsystem, and macrosystem, respectively. It also speaks to the firms' management strategic decisions to grow or not to grow. Within this context, the individual consultant, their personal attributes, interpersonal skills, competencies, and capabilities are a resource that can be of strategic importance to SMEs in the built environment sector. Further, those interpersonal relationships at the individual level are important for building networks, and this is consistent with the network theory. Those networks can be viewed as a resource, and is resource is both internal and external as illustrated by the resource-based view theory (Drees and Heugens, 2013). This conceptualisation could help us understand the challenges faced by SMEs in the built environment sector at an individual level more deeply. Here, the resource-based view theory is also employed to consider the individual at the microsystem level. This is illustrated in figure 2.2.

2.8.2 The Mesosystem Level

This level represents the interfaces and collaboration among the different aspects of the individual's microsystem (Bronfenbrenner and Ceci, 1994). According to Drucker (2014), business organisations cannot operate in isolation and independently but are interlinked and interdependent to other like-minded businesses; they exercise and apply influence upon one another which ultimately indirectly affects the individual employees and companies. In this case, the relationship of the individual company is between its employees as well as its strategic partnering companies (Drucker, 2014). In this regard, by applying the synchronised elements of its microsystem both for sustenance and competitive edge in the global environment, the company has to find ways of sustenance by complying with its environmental needs as well as collaborating and cooperating with like-minded organisations (Cowan, 2012). In this regard, sustainability and growth are vital to curtailing SMEs failure rate, thereby ensuring the government mandate of improving the economy and well-being of its citizens is realised. The stakeholder theory informs us about the importance of different stakeholders to an organisation (Hörisch, Freeman and Schaltegger, 2014), and this warrants some form of collaboration as illustrated by the mesosystem level. The fact that are interlinked and interdependent to other like-minded businesses

(Drucker,2014), makes connections between the mesosystem understandings and the network theory (Kumar, 2012; Koe, 2013).

2.8.3 Exosystem

This level involves the generic decisions taken on behalf of the individual and from the business point of view, it pertains to decisions with a bearing to the individual organisations. A case in point, the procurement decision was taken by the government to distribute work using the central or provincial database, which affects the way the works get accessed by the SMEs as well as the MNEs. The work distribution becomes a bone of contention; hence, this study attempts to find an acceptable premise upon which MNEs, and SMEs can work together harmoniously and progressively towards a win-win solution. Shaw (2012) forms the rationale of ensuring the government realises its vision of ensuring small businesses are empowered and given space to thrive locally and internationally by providing necessary resources, knowledge, policies, and systems that create an enabling environment for that to happen. The ecological system model comprises of four levels that are only worth mentioning but cannot be discussed in detail for this study's purpose. Of notable importance and relevance is the government procurement policies which fall under the exo-system level, to influence and moderate business activities in the economy. It is important to acknowledge that decisions at the exo-system are made in an environment with different actors. As such, insights from stakeholder, resource dependency, and network theories are of importance. The intention is to enhance our understanding of the challenges facing SME consulting firms in the built environment sector in KwaZulu-Natal, South Africa.

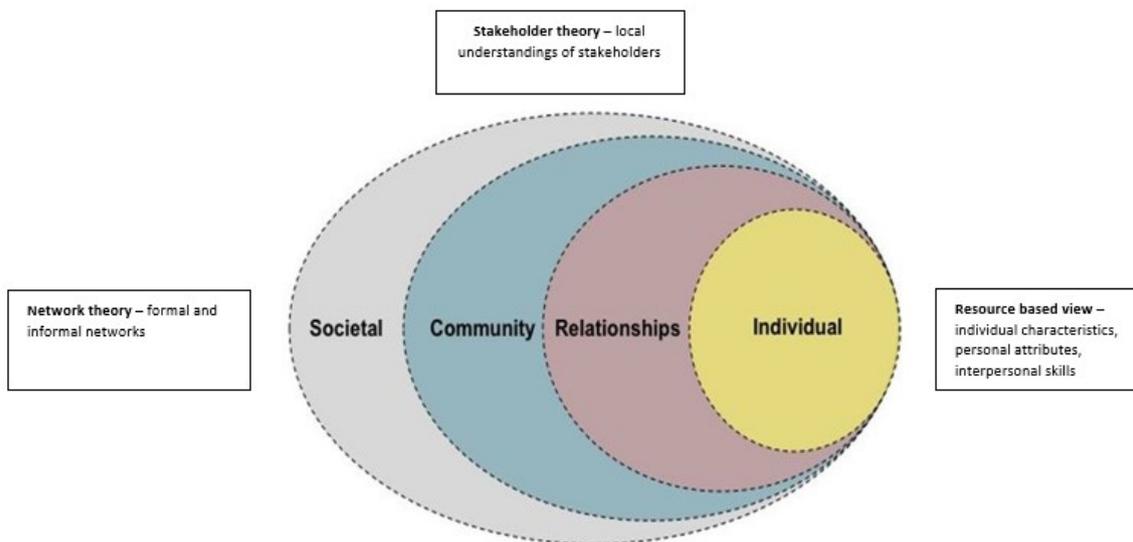
2.8.4 Macrosystem

At a macrosystem level of influence, individuals incorporate the cultural circumstances and macro-environmental variables to ascertain how these variables affect business systems. This influence, like Cowan (2012) suggests, that it involves economic dynamics, cultural values, and political systems. The literature suggests that this may have negative and positive effects on an individual's development and in an individual organisation. A challenge facing small consulting firms includes the rigidity towards change, unjust distribution of resource and the ability to absorb costs and losses. Despite all other issues that may be plaguing SMEs; however, local consulting SME in South Africa seems to suffer the dependency syndrome from the government. The introduction of the well-equipped MNEs, and the entry of firms from the BRICS countries then perpetuates this. While it is true, there is a difference in countries' economies which usually put the MNEs miles ahead of the local consulting firms that are the third world in nature as compared to the first world economic competition, and the researcher believes that SMEs should not take their battle sitting down and already defeated. There are lots of avenues to be explored by forward-looking leadership. The issues relating to values and principles that underpin the policies that

govern the distribution of government projects should be a separate issue beyond the need to ensure the co-existence of both MNEs and local SMEs.

We are the agents of change (Peddler, 2007) which according to Sharon *et al.* (2017) is the variance that drives change and directs the company towards the new period of innovation, proficiency as well as productivity. This kind of change facing SMEs creates a perfect platform for this action research. Given that individual SME firms form part of the problem, they clearly could be part of the solution (Grint, 2005). This situation is because the business environment wheel is never static and forever turning. There is therefore, a continuous daily increase in the world's interconnectedness (Korsten and Seider, 2010) which demands a quick and agile response if focus and sustainability should be maintained. SMEs thinking along these lines could help move beyond working in silos with narrow business perspectives. It is important to acknowledge that decisions at the macrosystem are made in an environment with different uncontrollable factors. As such, insights from stakeholder, resource dependency, and network theories are of importance, as illustrated in figure 2.2. Drawing from multiple theoretical perspectives helps us to develop a deep understanding of the challenges facing SME consulting firms in the built environment sector in KwaZulu-Natal, South Africa.

Figure 2. 2: Conceptual framework for the study



Given the need for forward looking leadership within the SMEs, there is a need to understand SME leadership from the lens of the ecological systems theory supported by resource-based view, stakeholder, and network theories.

2.9 Summary of the Chapter

This chapter discussed the literature. The challenges faced by SMEs in the built environment were discussed, and these were positioned within relevant theoretical frameworks such as the stakeholder, network, and resource dependency theories. A modified ecological systems theory was adopted as the overarching theory that can help to understand the life of SMEs in South Africa. Whilst international consulting firms are encroaching onto the South African market, there is a dearth of studies focusing on the internal resources of SMEs as assets that can be used to compete more effectively. Similarly, whilst there is an understanding of the importance of network theory in organisations, there is a dearth of studies that take a more focused attending on using formal and informal networks as resources that can help to overcome some of the challenges faced by SMEs in the built environment sector in South Africa. An understanding of the importance of stakeholders within the built environment sector can also help SMEs managers overcome some of the barriers in the industry, and yet, there's a less focused studies in this area. To this end, it is also important to develop a deep understanding of these challenges by looking at different levels of the organisation's ecosystem, and thus warrants an ecological systems perspective. However, the ecological systems of the SMEs must also be understood within the context of stakeholder, resource dependency and network theories. This helps to bring a deep understanding and develop solutions that might help to overcome the challenges faced by SMEs in the built environment sector. Studies reviewed in this chapter used both qualitative and quantitative approaches, depending on their research questions. Others used mixed methods. Insights from these studies have helped me to refine my research questions and focus on gaps that have been identified throughout the chapter. The next chapter presents the research methodology.

CHAPTER 3: RESEARCH METHODOLOGY

3.0 Introduction

This chapter discusses the research methodology. It presents the research philosophy, strategies, data collection methods, and the data analytical techniques used. In this process, the research approach, study population, sample size, and sampling techniques are discussed. The chapter also acknowledges the shortcomings of the research design and locates the study amongst existing research practices in business management systems. Ethical issues are also discussed.

The problem that the study is grappling with is that the business environment is evolving, yet, SMEs in the built environment sector in KwaZulu-Natal province are still entrenched in their traditional practices. Of concern is that black-owned SMEs in the built environment sector are collapsing, and the estimated failure rate of SMEs in South Africa is between 70% and 80% (Adeniran and Johnston, 2011; Bushe, 2019; Oni, Agbobli, and Iwu, 2019), and this has stagnated over the years. The challenge is that there is a government dependency syndrome embedded in public procurement policies (Agbobli and Iwu, 2019), and this is detrimental to an entrepreneurial culture of creativity and innovation. Whilst SMEs in other countries are internationalising, the government dependency syndrome amongst SMEs in South Africa has encouraged a focus on the local market, rather than the global market within the built environment sector. Given this problem, the study explores the challenges facing SME consulting firms in the built environment sector in KwaZulu-Natal and developed some guidelines that can be used to help SMEs to compete more effectively. To achieve this aim, the following questions are advanced:

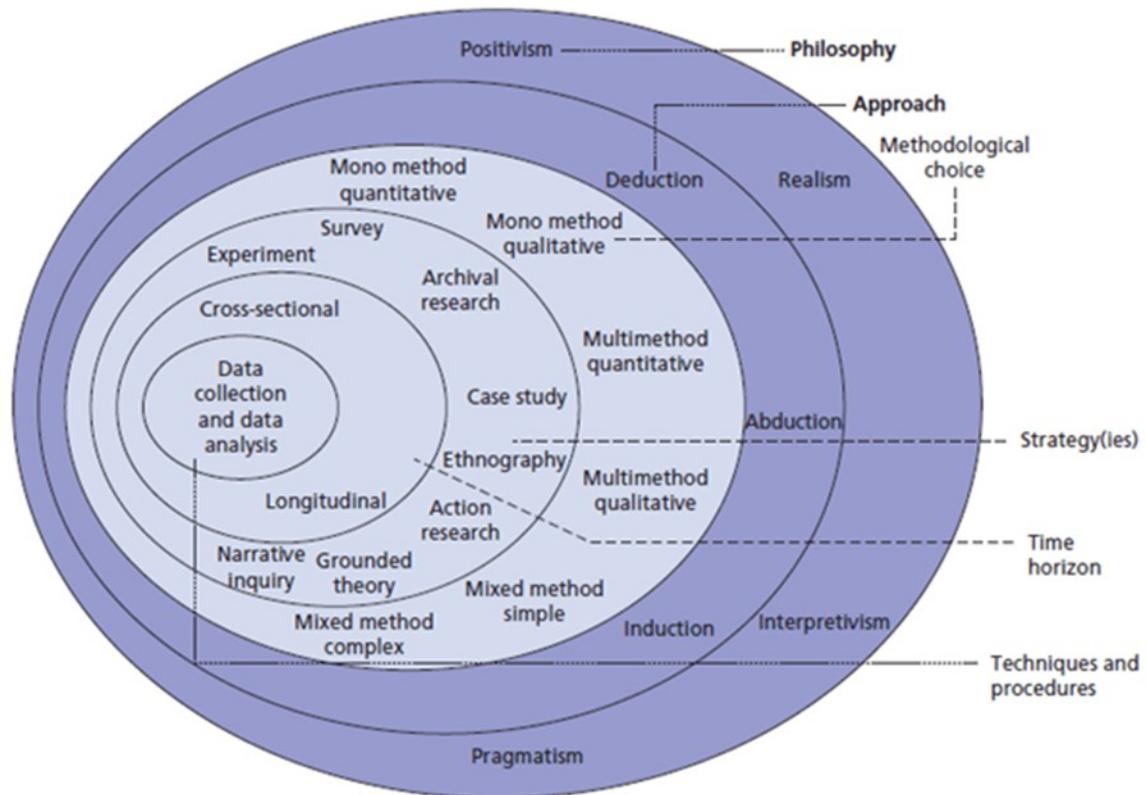
- What are the gaps in knowledge in the literature surrounding SMEs, and the associated ecological systems?
- What are the internal challenges faced by SMEs in the built environment sector in KwaZulu-Natal?
- What are the external challenges faced by SMEs in the built environment sector in KwaZulu-Natal?
- How do SME consulting firms perceive the public procurement policy system in South Africa?
- What guidelines can be developed to help SMEs in the built environment to compete more effectively?

These research questions were informed by the literature review. The literature outlines challenges faced by SMEs generally, and in South Africa. This study then focuses on challenges facing SMEs in the built environment sector. These challenges are informed by an understanding of different theoretical perspectives, as outlined in chapter 2.

3.1 Research Philosophy

The research philosophy of a study could be categorised under four (4) broad streams, namely positivism, interpretivism, realism and pragmatism (Saunders, Lewis, Thornhill, and Bristow, 2015). Research philosophy forms the initial layer of the research onion, and it is the most significant one as it clarifies the collection, interpretation and analysis of the data gathered. This has an impact on how the researcher would conduct and interpret the study. It must also be understood that the research onion (illustrated in figure 3.1) is broadly utilized in social sciences for the development of the theoretical framework of the study.

Figure 3.1: Research Onion



Source: Adapted from Saunders *et al.*, (2009, p. 108)

This helps to develop a research project design, and organise methodological issues (Melnikovas, 2018). The literature suggests that the research onion model helps to develop a research strategy (Sahay, 2016).

3.2.1 Interpretivism

Interpretivism hinges on the worldview that truth is not objective and exterior, but instead is collectively created and provided meaning by people (Easterby-Smith, 2008). Advocates of interpretivism contend that reality cannot thus be seized by one interpretation that all observers embrace as the observers place different interpretation to their observation (Williams, 2000). The scholar thus must uncover, the interpretation that various groupings possess on an object, phenomenon, or issue (Rodela *et al.*, 2012). The paradigm denies the distinction between the

subject and the object and stresses the applicability of understanding what the subject is thinking to understand how they go about disruption, rationalisation, as well as theoretical structure. A crucial epistemological assumption of the interpretivism paradigm is that knowledge is socially constructed (Dammak, 2015), and as such rather than testing assumptions, the researcher acts as a spectator in search of identifying myriads of existing interpretations in order to comprehend if and how they impact one another, and the object of interest (Rodela *et al.*, 2012).

The epistemological posture on interpretive methodologies is that knowledge of existence is earned simply through social contexts such as language, collective connotations, tools, documents, and many others (Antwi, and Hamza, 2015). In an interpretive study, premeditated and pre-circumscribed dependent as well as independent variables are not part of the process (Davies, and Fisher, 2018), but a concentration on the intricacy of human-sense-making and sense-giving (Weick, 1995, Gioia & Chittipeddi, 1992) as the condition develops. The advocates for the interpretive methodology claim that social trends must be comprehended in the social settings in which they are created and produced through their actions (Katz, 2015). In fact, the understanding of social action must consist of the meaning that social actors provide to their actions. These proponents of the interpretivist standpoint believe that social reality occurs due to intentional actions (Schmitt, 2004). In understanding the challenges facing SMEs amidst the operations of MNEs in the built environment sector, interpretivism was deemed suitable for this study.

3.2.2 Positivism

Business management research can be deemed positivist provided there is proof of formal propositions, accurate measures of variables, hypothesis testing, presuming the inferences regarding the phenomena from a representative sample to a given population (Orlikowski, and Baroudi, 1991). Positivist methodology presumes that the association amongst social reality and humans is independent, the objective of the cause-and-effect nature (Nielsen, 2019). An ontological assumption is that reality is given and happens freely from the individuals who observe it (Rodela *et al.*, 2012). An epistemological assumption is that knowledge is only of importance if it founded on observation of external reality (Easterby Smith *et al.*, 2008).

Positivists encapsulate the partitioning of the observer from the observed, the knower and the known as well as the object from the subject (Johnson and Dubberley, 2000), and thus the application of the scientific study methods such as observation, assessment, experimentation and formulation, testing and adjustment of the assumption originally specified (Guba, 1990). Positivists use objectivity, measurability, quantifiability, and statistical approaches as resources to generate knowledge (Denscombe, 2014). Reality is pre-determined, and it is pre-conceived (Creswell, and Creswell, 2017). The focus is on generating testable hypothesis and accept or reject

the hypothesis based on some statistical indicators (Creswell, and Clark, 2017). Conclusions drawn are generalisable to a large population because insights are often drawn from large samples. Positivist believes that human experience of the world demonstrates an objective, autonomous reality that presents the foundation for human knowledge (Creswell, and Clark, 2017). The pursuit of describing how and why things occur, profoundly rely on rigour, incorporating assessments, statistical logic, verification, and control of variables. Scientific methods including surveys, questionnaires as well as random sampling are often used.

However, the literature suggests that positivism makes a lot of unrealistic assumptions such as holding other variables constant (Alcoff, 2010). Yet we know that reality is never constant. Further, the literature suggests that positivism fails to provide deeper insights about the phenomenon under investigation because variables are predetermined (Takhar, and Chitakunye, 2012), and what emerges in the normalcy of daily life is ignored.

The literature suggests that positivism focuses on statistical deduction, and ignores the intricacies of daily life (Creswell, and Creswell, 2017). Others suggests that positivism is entrenched in functionalism and obsessed with underlying analysis at the expenses of getting near to the studied event and its context (Denscombe, 2014). Whilst positivist tenets helped to understand the trends of SME failure in the built environment sector by providing relevant statistical indications, for the primary part of the study, positivism was less relevant because the researcher wanted to gain a deep understanding from the participant's own lived experiences. Using pre-defined understandings would have limited the depth of this research by producing superficial understandings.

3.2.3 Realism

Sobh and Perry (2006) maintain that the ultimatum for the application of the realism exploration paradigm has amplified internationally over the years. The literature suggests that the metaphysical stand of realism maintains that reality exists autonomously of the researcher's awareness, making room for external reality (Smart, 2014). Saunders et al. (2011) reveal that direct realism deals with social actors' insight into their senses to deliver an accurate picture of the paradigm. Saunders *et al.* (2015) maintain that reality comes to life within realism, and this extends beyond consciousness, but which is not entirely knowable. In understanding the challenges facing SMEs amidst the operations of MNEs in the built environment, the realism paradigm was not deemed adequate for this study.

3.2.4 Pragmatism

The literature suggests that pragmatism focuses on the practical application of an approach (Creswell and Clark, 2017; Kaushik and Walsh, 2019; Frega, 2019). Pragmatism is characterised as a compromise position between internal realism and relativism (Creswell and Clark, 2017;

Westphal, 2017). Within pragmatism, there are no predetermined theories or frameworks that shape knowledge and truth; nor does it accept that people can construct truths out of nothing (Leech and Onwuegbuzie, 2009). What is of interest here is that knowledge is not predetermined, and nor can one come from a position of no knowledge. This entails building knowledge from little understandings that might be there (Lauer, 2019). This approach puts emphasis on lived experiences, and these are a source of meaning structures. For instance, I have spent over 25 years of experience as an engineering company head in the built environment sector, and the lived experiences in the industry helped me to have a perspective of the problem. As an insider to the built environment sector, I have developed understandings that might not be easily comprehended by an outsider. This insider perspective has helped me to develop a passion for the study, and a drive to make practical contributions that would help many SMEs in the built environment sector. Over the years, I have seen a lot of studies conducted on this sector, and most of them not using Ecological systems theory and producing statistical information that have failed to develop guidelines that can be used by SMEs to compete effectively. On reflection, the studies were somehow distanced from the participants in the sense that pre-defined categories of responses were used, thereby missing on the richness of knowledge that is located at the level of the individuals in the industry, and their lived experiences. It is this desire to obtain the richness of understandings within the lived experiences of study participants.

Admittedly, my bias is towards establishing SMEs that can operate independently, and using their resources and capabilities for competitiveness, rather than a reliance on government support. For me, such a focus would help many SMEs in the built environment sector to grow and compete beyond the local markets. But this perspective was from my own point of view, and perhaps influenced by personal biases. However, these experiences are then located within an academic context in this thesis and drawn from different participants. This helped me to introspect and embrace emergent understandings of SMEs in the build environment sector as shared by the participants. I embraced the new understandings. These are understandings that I did not have before. So, in pragmatism, the researcher focuses on processes that are particularly relevant to studies of knowledge and learning. The literature suggests that for researchers who adopt the philosophy of pragmatism, the importance of research is in the practical findings and consequences (Cleaveland and Hampson, 2017). This is an appreciation of the view that no single viewpoint can ever give the entire picture and that there may be multiple realities (Saunders and Tosey, 2013).

Closely aligned with pragmatism is relativism (Merlo and Pravato, 2020). Within this, claims to objectivity within a particular domain are denied (Speaks, 2020). Rather, facts in that domain are relative to the perspective of an observer or the context in which they are assessed. This would mean that facts to this study topic are relative to my lived experiences as the head of the

engineering company. Ontologically, is the belief that reality is a finite subjective experience (Denzin & Lincoln, 2005). This means that nothing exists outside of our thoughts. Thus, there is an interconnection between reality and the lived experience (Guba and Lincoln, 2005).

Although the predominant philosophical stance is interpretivism, my thinking has been influenced by tenets of pragmatism. Lived experiences as the head of the engineering company in the built environment sector has helped me to deepen understanding of the industry, and the problem at hand. I may have had some pre-conceived solutions to the problem, but these were removed from my data collection and analysis. The intention was to develop understandings as shared by the research participants. However, my experiences helped me to be more reflective and reflexive, and question my own initial thinking, prejudices, and interrogate my assumptions, beliefs and dig the complex data more deeply.

3.3 Research Approach

The literature suggests that a research project approach can either be inductive, deductive, or abductive (Saunders *et al.*, 2009). Previous studies suggest that a research approach refers to the extent at which there is clarification about a theory at the beginning of a research project and raises important questions concerning the design of the research project (Creswell, and Clark, 2017). The choice made for a research approach is important as it enables researchers to take informed decisions about the research design. According to Denscombe (2014), the research approach is the overall configuration of a piece of research involving questions about what kind of evidence is gathered and from where, and how such evidence is interpreted in order to provide good answers to the research question. Also, it helps to think about the research strategies and choices that will work for the research and, crucially, those that will not (Saunders *et al.*, 2012).

Firstly, there is inductive approach. This involves collecting data and developing a theory based on the results of data analysis. In inductive reasoning there is a gap in the logic argument between the conclusion and the premises observed, the conclusion being 'judged' to be supported by the observations made (Ketoviki and Mantere, 2010). If a research project starts by collecting data to explore a phenomenon and a theory is generated or built (often in the form of a conceptual framework), then an inductive approach is used (Saunders *et al.* 2012).

Secondly, the deductive approach concentrates on using the literature to identify theories and ideas that the researcher will test using data. The literature suggests that deductive reasoning occurs when the conclusion is derived logically from a set of premises (Johnson-Laird, 2010). In this sense, the conclusion is true when all the premises are true (Ketoviki and Mantere, 2010). In other words, if a research project starts with theory, often developed from reading of the academic literature, and a research strategy designed to test the theory, a deductive approach is being used. An important characteristic of deduction is that concepts need to be operationalized in a way that

enables facts to be measured quantitatively (Saunders et al. 2012). Finally, there is the abductive approach. This is informed by both deductivism and inductivism. Within this, known premises are used to generate testable hypothesis. There is also potential for generalisability of results. Further, data collected is used to explore a phenomenon, identify themes and patterns (Saunders *et al.*, 2009). There is also room for theoretical modifications, with the potential of building new theoretical understandings (Walton, 2014; Haig, 2018). It is more pragmatic, as illustrated in table 3.1.

Table 3. 1: Research approaches

	Deduction	Induction	Abduction
Logic	In a deductive inference, when the premises are true, the conclusion must also be true	In an inductive inference, known premises are used to generate untested conclusions	In an abductive inference, known premises are used to generate testable conclusions
Generalisability	Generalising from the general to the specific	Generalising from the specific to the general	Generalising from the interactions between the specific and the general
Use of data	Data collection is used to evaluate propositions or hypotheses related to an existing theory	Data collection is used to explore a phenomenon, identify themes and patterns and create a conceptual framework	Data collection is used to explore a phenomenon, identify themes and patterns, locate these in a conceptual framework and test this through subsequent data collection and so forth
Theory	Theory falsification or verification	Theory generation and building	Theory generation or modification; incorporating existing theory where appropriate, to build new theory or modify existing theory

Source : Saunders *et al.*, (2009, p.145)

As illustrated in table 3.1, differences with the research approaches are in terms of logic, generalisability, use of data, and theoretical stance. For instance, deductivism is focused with theory falsification or verification whilst inductivism is more concerned with theory building. Considering this, though the current study is predominantly abductive in nature, secondary data sets that are mainly statistical in nature are used to help deepen understanding.

This research adopted an abductive approach. The intention is to establish an understanding of the common reality of the SMEs in the build environment. It must be stated that a positivist approach would be unable to account for the context in which a phenomenon exists. Thus, an interpretive

approach has been adopted to obtain contextual understandings. In fact, Eisenhardt and Graebner (2007) argues that quantitative research is not an appropriate method for theory building. This entails that "creative insight" requires a more in-depth descriptive approach. For these reasons, an interpretive approach to the methodology using qualitative data collection techniques is suitable for the stated aim of the current project.

Underpinning this study are the assumptions that come from the pragmatism domain. This infers both an objective and subjective epistemology as well as the ontological principle that reality is socially and objectively constructed. The study leans more towards social construction of reality because of the need to establish a deep understanding of the challenges facing SMEs in the built environment sector and unpack their lived experiences.

Although the approach was abductive, it was predominantly influenced by tenets of interpretivism. Further, to enhance the superiority of study undertaken from the interpretive viewpoint, Klein and Myers, (1999) suggest a set of principles founded on the hermeneutic orientation are captured as follows (i) the hermeneutic circle, (ii) contextualisation, (iii) interaction between the researcher and the subject (iv) abstraction and generalisation (v) dialogical reasoning (vi) multiple interpretations and (vii) suspicion. In fact, Klein, and Myers (1999) demonstrate the interrelationship of the abovementioned ideologies. They believe that it is usually the researcher's prerogative as to the relevance of the context to be interrogated. In this sense, the issue of social context is important. The researcher utilised the interpretive approach because it helped to reveal a perspective in action, and not of perspective of action (Luff, and Heath, 2012). This helped to deepen understanding of the phenomenon under investigation and capture the voices of the participants (Chitakunye, 2012). The data collected was then used to identify themes and patterns, and located in a conceptual framework, as outlined in chapter 2.

It must also be noted that the responses were not obtained using predetermined categories but emerged when different topics were being discussed in the presence of both the researcher and the researched. In fact, the researcher had the opportunity to use different probing techniques to help establish deep understanding. Participants spoke with their innermost voices because they responded freely, and from their position of knowledge. Participants drew insights from their own personal experiences and were encouraged using probing techniques to share these experiences. This helped to access those inner thoughts and feelings that are often ignored in the literature. The voices of participants were obtained in a personal interviewing format. In other words, I collected the data in person.

The literature suggests that there are four groups of the interpretive method, and these are, phenomenology, ethno-phenomenology, method, and philosophy of language (Creswell and Creswell, 2017). The study was guided by phenomenological interviewing techniques (Spradley,

2016). It was the process of the interview, that helped to bring better understanding of the challenges facing SMEs in the built environment sector. Here, the researcher first built familiarity with the participants, and engaged with them informally on at least 5 occasions each. This helped to establish rapport, and a relationship with the participants. Participants also understood that I was a practitioner in the built environment sector, and that their insights would help to improve practice. Ethnography could not be used because for the need for prolonged engagement in the field (Hammersley, 2018; Trondman, Willis, and Lund, 2018). The choice of using the interpretive approach aided the researcher to augment his knowledge of the critical, social, and organisational issues related to the adaptation and adoption of best business practices in companies and societies. What was fascinating is that the interpretive approach was its premise that access to the truth is only feasible through social construction like language and collective meaning (McWilliams, 2020). This helps to capture those experiences that are often ignored, and yet, they provide valuable insights to help answer the research questions.

The researcher's intention was to create an understanding of the context of SMEs within South Africa and located in the built environment. The contextual aspects of these SMEs would have been missed with a quantitative approach. Consistent with previous studies, the researcher took the view that business systems operate within a given context, and it is this context that should be accounted for when building knowledge and understandings of a phenomena under investigation (Cardoso and Ramos, 2012). Moreover, managerial decisions are taken within a given context, and hence, the issue of context can be addressed using an abductive approach. Whilst the literature suggests that the interpretive approach allows a much bigger scope to deal with issues of significance and impact and to pose questions like "how and why" business systems trajectories are generated (Bernard and Ryan, 2010), there was also a need to incorporate existing theory where appropriate. This helped to build new theoretical understandings and modify existing theoretical understandings. This is consistent with the abductive approach.

3.4 Research strategy

According to Creswell and Creswell (2017), the main objective of a research project design is to offer a plan of study that allows precise and accurate assessment of the phenomenon under investigation. The research design provides a blueprint and a masterplan spelling out the methods and procedures to be used in gathering and analysing the data. It is a strategy and a framework that outlines the action for application to accumulate project data. Harris and Rutledge (2010) state that a research project design comprises a sequence of sensible decision-making options that hinge upon the diverse choices at hand to the research practitioners. It is upon the above premise that the researcher adopted a qualitative approach to obtain information from participants who are custodians of vital information that would enable the researcher to answer the research questions.

On the other hand, positivists use quantitative approaches (Creswell and Creswell, 2017). Within this, data collection use both probability and non-probability sampling techniques. The sample size is drawn scientifically from the population of the study (Creswell, 2009; Maylor and Blackmon, 2005). Further, the sample size is relatively larger. The data collected are coded after which they are statistically analysed using both descriptive and inferential statistics. This research design was not compatible with the objectives of the current study.

The study adopts a case study strategy. Recent evidence suggests that various approaches, such as case study, as well as action research, could be positivist or interpretive or critical, even though this notion is tremendously controversial (Walsham, 1995a). Whilst case studies can utilise both quantitative and qualitative approaches, of interest to this study are approaches that help to contextualise the SMEs and bring out the intricacies of daily life of SMEs in the built environment. For instance, Yin (1994) provides a series of examples of case studies conducted using positivist approaches.

The literature suggests that a critical inquiry is categorised as liberating if it intends to eradicate the roots of unjustifiable alienation and supremacy, thus improve the chances for the achievement of human potential (Alvesson and Wilmot, 1992; Charmaz, 2020). Critical philosophers believe that people can intentionally act to alter their social and economic circumstances (Deely, 2020). It is assumed that universal truth is historically formed and that it is created and replicated by the individuals (McWilliams, 2020). Insights from critical inquiry have helped to enhance the qualitative case study. However, this is not a critical inquiry study. Whilst scholars such as Charmaz (2020) advocate for a constructivist grounded theory approach, did not fully engage with all concepts of grounded theory. This is important to state to avoid any misunderstandings about the current study.

3.4.1 Archival research

According to Ventresca and Mohr (2017), archival research involves primary sources held in an archive, a library, or other repository. This also includes manuscripts, documents, records, objects, sound, audio visual materials, and so forth (Mills and Helms Mills, 2018). It is important to note that these materials are historical, and not current (Moore, Salter, Stanley, and Tamboukou, 2016). Precious studies have used archival research in history (Sinn and Soares, 2014; Hodder, 2017), sociology (Skarpelis, 2020), psychology (Heng, Wagner, Barnes, and Guarana, 2018), accounting (Sy and Tinker, 2005; Modell, 2020), politics (Moore, 2012), education (Tesar, 2015), and so forth. However, this study required insights that are current, and based on lived experiences. The intention was to help produce actionable decisions for SMEs in the built environment sector. Although some parts of the study involved retrieving documented sources of literature, and statistical information, the primary data set was not archival in that the records and insights were

obtained in a participatory manner. This data was not ready made but was retrieved from participants by the researcher through in-depth interviews. This meant being in contact with participants in real life, and not merely accessing information from them as a record collected by someone else for another purpose.

3.4.2 Survey

The literature suggests that a survey can be used to collect data from a predefined group of participants (Laaksonen, 2018). The topics and research constructs are also pre-defined (Goyder, 2019). This approach is often used to collect data from a large sample size (Ghauri, Grønhaug, and Strange, 2020), and uses statistical techniques to quantify the data (Duncombe, 2014). Hypothesis is generated and tested using statistical techniques (Goyder, 2019; Furnier, 2020). The focus here is on testing the interaction between pre-defined variables. This approach was not suitable for this study because of the need to develop a deep understanding of lived experiences of participants in the built environment sector. Such lived experiences could not be pre-defined because of differences in individual experiences. The survey would not have been able to produce the thick description of experiences, and a lot of meaningful data would have been lost. The study wanted to access the voices of the participants, and their lived experiences. As such, the survey approach was unsuitable.

3.4.3 Case study

Saunders and Rojon (2011) designate positivism as a dispassionate method of research in line with research procedures. For that reason, Yin cautions us against mixing case studies with qualitative methods utilising the ethnographic method. Ethnographic approach emanates from cultural anthropology. The growth of ethnographic research as an inductive research approach could be linked to the field of anthropology (Saunders et al., 2009). Ethnography is the study of culture commonly adopted as a research strategy in the field of anthropology and sociology (Maylor and Blackmon, 2005:144). Ethnographic research is the type of qualitative inquiry strategy through which the researcher examines a cultural group in their natural settings over a prolonged period by collecting data via direct or participant observations and personal interviews as well as other qualitative methods of data collection (Creswell, 2009:13). This suggests that ethnographic study is more of an open-ended strategy to probe into the meaning rather than just measuring phenomena as evident in the scientific approach (Gellner, and Hirsch, 2020).

The literature advances that ethnography needs a long time to execute and demands very comprehensive observational proof (Hirsch, and Gellner, 2020). In contrast, case studies are undertaken within a set period and not necessarily infer the application of the ethnographic principle. The literature states that a case study is an empirical enquiry aimed at interrogating a modern phenomenon in its real-life context, particularly when the parameters between

phenomenon and context are ill-defined (Riyadi, Susilo, Sufa, and Putranto, 2019). Yin (1994:13) contends that “the case study permits an investigation to preserve the holistic and meaningful characteristics of real-life events such as individual life cycles, organisational and managerial processes, neighbourhood change, international relations and the maturation of industries”. For that reason, the case study methodology is particularly valuable in instances where contextual settings of events under investigation are critical and where the researcher has no jurisdiction over events as they occur. The case study, as a research strategy, should encapsulate special techniques for gathering and analysing data, guided by clearly specified theoretical assumptions. Moreover, the researcher should gather data from different sources and its integrity should be guaranteed. For the precise categorisation of various kinds of case study – see table 3.2.

Table 3. 2: Types of Case Studies

Criteria	Type of case study
Nature of the case	Instrumental: developing theories and insights Collective: more than one instrumental case
Theoretical Aims	Descriptive: requires theory to guide data collection Causal: Search for the causal and exploratory theories. Explanatory: data collected before theory
Number	Single Multiple
Units	Embedded: more than one sub-unit Holistic: global

Source: Stake (1993, p. 237)

Stake (1993) distinguishes three kinds of case studies: intrinsic, instrumental, and collective. An intrinsic case study is derived *when the case is inimitable* and is thus not representative of others (Parker, 2016). The rationale behind using this kind of case study is not necessary to create a theory, but due to its intrinsic nature. An instrumental case study is chosen to offer insights or to advance an existing theory (Bullough, 2015). Stake (1993:237) points out that “the case is usually looked at in-depth, its context scrutinised, its ordinary activities detailed because it helps us pursue the external interest”.

Lastly, the collective case study is helpful and broadens to more than one event (Dade, Tartakov, Hargrave, and Leigh, 2015). Scholars also differentiate three kinds of case studies: exploratory, causal, and descriptive case studies (Qi, and Chau, 2012). In an exploratory case study, the gathering of data happens before theories or research questions are generated (Verner, and Abdullah, 2012). This is preceded by an analysis of data and culminate to more systemic case studies. The initial phase in this kind of case study is to clarify the issue to be investigated. The causal case study will focus on cause-and-effect relationships and the pursuit of explanatory

theories of the phenomena (Tsang, 2013). The descriptive case study will need a theory to direct the gathering of data (Birks and Mills, 2015). This theory should be transparently asserted beforehand and be the subject of investigation and debate and subsequently serve as the design that describes descriptive case study (Dey, 2004).

The more thorough the theory, the better the descriptive case study is going to be (Yin, 1993:22). The case study could also be single or multiple as per their numbers. Furthermore, they may be embedded or holistic. Yin (1994) posits that an embedded one comprises of more than one sub-unit, whilst holistic one anticipates a global programme of the organisation. Crowe et al. (2011) describe a case study research approach as in-depth and multiple avenues of comprehending complex real-life situations. A case study research approach remains a research project design that has been extensively used across disciplines (Crowe et al., 2011). Yin (2017) reveals that one of the core advantages of the case study research approach lies in the ability of the researcher to understand complex social phenomena. The case study research strategy was adopted because it provided the best fit for conducting the study coupled with the fact that the research approach aligns with qualitative research methodology.

However, the criticism of the case study strategy is that it is based on non-representativeness and the deficiency of scientific generalisability. Additionally, the richness and intricacy of the data gathered suggest that the data is usually exposed to varied interpretations and potential 'researcher's bias (Denscombe, 2014). Regardless, the literature also suggests that multiple case studies can culminate in the generalisability of the study findings (Creswell and Creswell, 2017). Therefore, the plausibility and cogency of the logical reasoning used in defining and presenting the outcomes from the cases is of importance (Creswell and Clark, 2017). This will help to achieve analytical generalisation, whereby the researcher's objectives are to generalise a specific set of outcomes to some more extensive theoretical propositions. The literature also suggests that the case study methodology permits for 'thick description' of the object under review (Shaffer, 2018). Such 'thick descriptions' provide entry to the intricacies of evolving and multiple interpretations (Lurie, 2018), and this cannot be achieved using quantitative or experimental methodologies (Yin, 1994).

The reason for selecting the case study strategy was its ability to answer the research questions more effectively, and the associated benefits of generating rich social, cultural, and contextual understandings. Whilst Yin (1994) advocates a positivist case study strategy, previous studies have sought guidance from this to develop robust qualitative case studies (Tetnowski, 2015; Mölk and Auer, 2018; Smith, 2018). Whilst the work of Yin (1994) was aligned to the positivist philosophy, several scholars have used insights from this to conduct interpretivist qualitative case studies

(Grant, Wolf, and Nebeker, 2019). In this sense, the selection of the qualitative case study approach is consistent with previous studies.

A case study was utilised to help identify best practices in six firms in the built environment sector. Data was collected using interviews and observations over a period of four weeks per company, culminating into a total of 24 weeks of data collection. During observations, detailed and corpus fieldnotes were made, and these observations are used to help deepen analysis. Participants were selected based on core specialisations of their firms. These firms were selected from one of the nine provinces of South Africa, that is, KwaZulu-Natal provinces. These SMEs were selected purposively. Durban is the biggest city in the province of KwaZulu-Natal, and Pietermaritzburg is the capital of Kwazulu-Natal province. The researcher's choice of Pietermaritzburg was to see if new dynamics in terms of data would emerge as the capital of the province. The selected SMEs were in civil and structural engineering, programme and project management, retail and commercial development, and water and sanitation. The intention was to bring varied experiences from different industries. Although a case study approach was adopted the study gathered evidence that can be used to improve managerial practice by SMEs in the built environment sector. More importantly, the specified actions can help make improvements to the operational activities of SMEs in the built environment sector. In this sense, this is action-based research that utilised a case study approach.

3.4.4 Action Research

The literature suggests that action research is used to improve practice (Clark, Porath, Thiele, and Jobe, 2020). The intention is to take specified action after evaluating, and critically engaging with the evidence gathered (Husni, 2020). The action is meant to make changes within practice. The origins of action research can be traced back to the work of Kurt Lewin, in the mid-1940s (Yasuda, 2009; Ramage and Shipp, 2020). Here, action research was perceived as proceeding in a spiral of steps, each of which is composed of planning, action, and the evaluation of the result of action (McNiff, 2013; Chevalier and Buckles, 2019). There was a consensus that to understand and change certain social practices, social scientists must include practitioners from the real social world in all phases of inquiry (Ivankova, 2014). Consistent with this understanding, the researcher is an engineering head with over 25 years' experience in the built environment sector. Further, the researcher is involved with all stages of this research project, thereby bringing the richness of real social world into this inquiry.

Action research can be defined as a systemic inquiry that is collective, collaborative, self-reflective, critical, and undertaken by participants in the inquiry (Stringer and Aragón, 2020). Others suggests that it is a form of collective self-reflective inquiry undertaken by participants in social situations in order to improve the rationality and justice of their own practices, as well as

their understanding of these practices and the situations in which these practices are carried out (Marshall, Coleman, and Reason, 2017). The intention is making practical contributions to immediate problematic situations, and to the goals of social science by collaboration within a mutually acceptable ethical framework (Chevalier and Buckles, 2019). There has been use of action research in different fields including education (Norton, 2018; Feldman, Altrichter, Posch, and Somekh, 2018; Efron and Ravid, 2019), health (Moreno-Poyato, Delgado-Hito, Leyva-Moral, Casanova-Garrigós, and Montesó-Curto, 2019), sociology (O'Neill, 2018), psychology (Kidd, Davidson, Frederick, and Kral, 2018; Fine and Torre, 2019), and so forth. Of interest to this study is the use of action research to help bring a deep understanding to the challenges faced by SMEs in the built environment sector in KwaZulu-Natal. Notably, within the definitions of action research is that lineage towards participation, collaboration, sharing of knowledge, and bringing change or improvements. This entails observing and reflecting on different practices and actions. For over 25 years, the researcher has been a participant to the built environment sector as the head of the engineering company. For over 3 years, the researcher has been reflecting on different practices as a researcher on the DBA programme. It is this richness of observations and reflexivity that helped to develop practical guidelines that can help SMEs in the built environment to improve their practice and enhance their competitiveness.

Scholars also categorise action research as either individual, collaborative, school-wide, and district wide (Marshall, Coleman, and Reason, 2017; Coghlan, 2019). This is meant to provide a focus for the research, and the location of the specified actions to be undertaken. At an individual level, the action is undertaken by the researcher, with over 25 years' experience in the built environment sector as the head CEO of an engineering company. The actions proposed are also intended to help improve individual practice. Although this study was not collaborative, the proposed actions are meant to be of benefit to other SMEs operating in the built environment sector in South Africa. Moreover, insights were drawn from participants with varied experiences in the built environment sector. The results of the study are also of benefit to the SMEs that are represented by the participants. Over the years, the problem at hand has been observed across the built environment sector in KwaZulu-Natal. This is a problem that has affected the performance of many SMEs in the built environment sector and beyond. To enhance the quality of the research, participants were drawn from different levels of participating SMEs, thereby providing rich insights to help understand the problem at hand. In this sense, the findings might be of help to other SMEs in the built environment sector. Not every SME in the built environment sector in KwaZulu-Natal province participated in the study because of the need to establish a deep understanding. This meant that data collection had to be predominantly qualitative in nature with the intention of obtaining rich descriptions of the problem. Regardless, insights were obtained from other SMEs in KwaZulu-Natal, and these helped to find ways to making improvements to

the situation. In fact, these insights helped to develop some guidelines that can be used by not only the participating SMEs, but also others in the built environment sector.

3.5 Research Design

According to Cresswell (2014), the research design refers to the overall strategy used to integrate the different components of the study in a coherent and logical way. This helps to address the research problem. The research design has implications on the collection, measurement, and analysis of data (Babbie, 2020). More importantly, the research design is influenced by the research approach. Similarly, the research approach is informed by the research questions (Babbie, 2020). The literature discusses four research design types, namely, descriptive, correlational, experimental, and exploratory design (Ghauri, Grønhaug, and Strange, 2020).

In descriptive research, the focus is on describing a phenomenon and its characteristics (Hennink, Hutter, and Bailey, 2020). The focus is not on how and why something happened, rather it is on what happened. Surveys and observations are common tools used to gather data (Laaksonen, 2018). Here, there is an alignment to statistical information (Denscombe, 2014). Although this design was not suitable for this study, tenets of descriptive research were adopted in conducting content analysis of the textual data. This helped to develop an understanding of patterns in the data before deepening analysis with qualitative means.

In an experimental design, one or more variables are consciously manipulated whilst holding all other variables constant (Bardsley, Cubitt, Loomes, Moffatt, Starmer, and Sugden, 2020). The focus is on observing the outcome of that manipulation. Yet, in real life, we cannot hold the real world to be constant (Chitakunye, 2012; Creswell, 2014; Denscombe, 2014). The experimental design is often taken in laboratory settings and employs a systematic system to check for any variability (Fox, Buchanan, Roussard, Hurley, Thalheim, and Joyce, 2019). In the current study, the intention was to engage with real life experiences, and not laboratory like experiences. Depth of understanding could only be unpacked by an engagement with the SME owners/managers in the real-life settings.

A correlational research design focus on the relationship between variables (Seeram, 2019). The intention is to determine the presence, direction, and strength of a relationship (Foster, Roche, Giandinoto, and Furness, 2020). Previous studies suggest that outside sources often affect the relationship between variables of interest (Krause, 2018), and this is often ignored. Moreover, correlation does not necessarily determine any cause or effect (Seeram, 2019). It often involves large sample sizes and use of statistical data. The current study is more interested in textual understandings, and not statistically determined understandings. For this reason, a correlational design is not appropriate for this study.

This study adopted an exploratory design because of its alignment to qualitative techniques. The intention was to gather data in textual rather than numeric format (Hennink, Hutter, and Bailey, 2020). Further, the exploratory design was suitable because of the limited number of studies on SMEs in the built environment sector in South Africa. The intention of this study was to gain deep insights that can help to develop solutions to problems faced by SMEs in the built environment sector.

McCusker and Gunaydin (2015) suggest that the qualitative research methodology remains more concerned with understanding the real-life phenomenon under study by the researcher through generating words and not numbers that would be analysed to make meaning. Wahyuni (2012) described the qualitative method as a research strategy that accentuates words in data collection. Bryman (2012) maintains that the qualitative research approach can be employed to grasp complex social sensation from the lenses of participants in the scholarship. Curry et al. (2009) argue that a qualitative approach can be useful when researchers are interested in looking beyond identified variables that are statistically linked with the desired effect to understand why a given intervention has a specific impact, how the impact occurs, and in what organisational context. The researcher adopted qualitative research because it is habitually investigative and generates insights employing inductive attitude than the deductive research approach. Thomas and Magilvy (2011) argue that researchers must be willing to explore different avenues to qualitative studies, where vast data is collected from a small number of participants. The data would allow the researcher to identify gaps in knowledge and bring newer understandings.

Wahyuni (2012) maintains that interpretivism within the social construct is subjective and looks at real-life situations. Interpretivism is qualitative, where the researcher is part of what is being researched and participates in the process of data collection in a bid to achieve the research objectives of the study. It is essential for researchers not to allow emotions or personal views to influence findings in their study. This study has adopted this philosophy to interpret the phenomena in question, and to understand the real-life situation faced by SMEs.

Data was drawn from primary sources. Sekaran and Bougie (2012) reveal that primary data denotes material collected through a direct face to face basis from participants in a study. The study was purely qualitative and employed in-depth interviews as a source of primary data. This provided first-hand information that enabled the researcher to achieve the research objectives. Consistent with the literature, primary data helped the researcher to unveil useful historical and cultural insight (Mayring, 2014). This was complemented by insider perspectives from the researcher's own involvement with the built environment sector.

3.6 Sampling

The study used a non-probability sampling technique. Within this, purposive and convenience sampling techniques were used. This helped to arrive at the knowledgeable and accessible participants timeously.

3.6.1 Research population

Harris and Rutledge (2010) suggest that a study population is the accumulation and combination of elements from which the sample is extracted. The population of the study represents all the employees working in the selected SMEs. Participants were purposefully and conveniently selected in the study considering the positions they occupy, gender, ages, and the nature of information available to them. The study population includes top management, middle management, general staff, union representatives, and professional affiliation representatives. According to the Small Enterprise Development Agency (2020), there are 49 263 SMEs in the construction sector in KwaZulu-Natal province. The participating SMEs were drawn from this list and accessed using convenience sampling techniques. In doing this, consent was first sought from the human resources department of the SMEs. This was achieved by explaining the project details and objectives to the SME managers/owners, as well as outlining the potential benefits thereof to their own organisation. This helped to build rapport and trust before access was granted. Rapport was established by introducing myself, informing participants about my experience in the industry, and showing interest in the participants' organisations.

3.6.2 Sample size

A total of 20 participants were selected. The participants included SME owners, and middle managers, general staff members and members of the affiliation body. Both males and females were selected, and these were of different age categories. After being granted access by the human resources, I circulated a letter of invitation, and a participant information sheet to the employees. Those that were willing to participate on a voluntary basis responded, and an appointment for the interview was booked. Rapport was established by introducing myself, informing participants about my experience in the industry, and showing interest in the participants' organisations. Mason (2010) argues that 6 participants, as sample size, are adequate in a qualitative study. The six selected firms were pseudonymised as DS, IC, EW, IB, CR, and LA. The characteristics of each of the firms is as illustrated in table 3.3. These six SMEs operate within the Kwazulu-Natal province, and insights obtained from their combined 119 years of experience are rich with detail and may help to achieve analytic generalisability.

The participants had varied years of experience in the industry, ranging from 17 years to 22 years. This wealth of experience is indicative of the depth of knowledge that they have. Whilst many SMEs in South Africa fail to survive beyond 2 years (Derera et. al., 2014), the selected cases have

surpassed that, and their continued operations suggests that they are somewhat sustainable business with problems.

Table 3. 3: Characteristics of the SMEs

Case study pseudonym	Years in industry	Activities	Targeted customers
DS	22 years <i>plus</i>	<ul style="list-style-type: none"> - property development, - water and sanitation, - project management, - transport and traffic planning, - architectural, civil, and structural, engineering. 	Private and public sector Public transport, retail, commercial and residential
IC	22 years <i>plus</i>	<ul style="list-style-type: none"> - water, stormwater, structural, roads, - solid and wastewater engineering, - project management, - quantity surveying, - civil and structural engineering, - occupational health, and safety, - contract management/supervision. 	Construction, mining, and industry sector.
EW	17 years <i>plus</i>	<ul style="list-style-type: none"> - specialisation in the built environment sector - Quantity surveying and costing - Programme and project management 	services to both the private and the public sectors.
IB	21 years <i>plus</i>	<ul style="list-style-type: none"> - multi-disciplinary - Civil and structural engineering - Project management - Contract management and supervision 	the public and private sectors
LA	18 years <i>plus</i>	<ul style="list-style-type: none"> - consulting engineering services in the areas of infrastructure, planning, design, and construction management - specialisation include roads, water, building and structural engineering, urban development, and project management expertise 	public and private sectors
CR	19 years	<ul style="list-style-type: none"> - sharing of information to assist in optimising the planning and delivery of infrastructure projects - custodian of the well-being of the industry supported by member firms who employ approximately 21 000 people. - Consulting Engineers South Africa (CESA)-representative 	both in the public and private sector

Participants were drawn from each of these SMEs. Table 3.4 illustrates the characteristics of the participants, including their educational qualifications. The distribution of the participants across the SMEs were DS (4), IC (4), EW (4), IB (4), LA (3), and CR (1).

Table 3. 4: Characteristics of the participants

Case study pseudonym	Code of participants	Gender	Role in company	Qualifications	Years of experience
DS	DS1	Female	Director	BSc, MSc: Engineering	+22 years
	DS2	Female	Associate Director	National Higher Diploma: Civil Engineering, Bachelor of Technology (BTech):Eng,	+12 years
	DS3	Female	Senior Manager	National Higher Diploma: Civil Engineering	+15 years
	DS4	Male	Director	National Diploma: Engineering	+40 years
IC	IC1	Male	MD	Bachelor of Technology (BTech):Eng,	+26 years
	IC2	Female	Snr Engineer	National Higher Diploma: Civil Engineering,	+ 16 year
	IC3	Female	Snr Engineer	National Higher Diploma: Civil Engineering	+17 years
	IC4	Male	Assistant Director	National Diploma: Engineering	+20 years
EW	EW1	Male	Head QS	B Tech (QS), BSc Construction Studies MSc: Engineering	+28 years
	EW2	Female	Manager	National Higher Diploma: Engineering, BSc Honours QS	+21 years
	EW3	Female	Snr Manager	National Higher Diploma: Civil Engineering	+25 years
	EW4	Female	Snr Manager	National Diploma: Building	+26 years
IB	IB1	Male	MD	MSc: Engineering, National Diploma Building	+29 years
	IB2	Male	Director	National Higher Diploma: Civil Engineering, Bachelor of Technology (BTech): Eng,	+27 years
	IB3	Male	Associate Director	Higher Diploma: Civil Engineering	+22 years
	IB4	Female	Snr Manager	National Diploma: Engineering	+17 years
LA	LA1	Male	CEO	Master of Architecture, Bachelor of Architectural Studies (Honours)	+21 years
	LA2	Female	Director	Bachelor of Architectural Studies	+18 years
	LA3	Female	Snr Architect	Bachelor of Architectural Studies (Honours)	+12 years
CR	CR1	Male	CEO	BSc, BSc (Hon), MSc:Engineering, MBA	+32 years

Apart from CR, participants were distributed across different roles including top management, middle management, low level management, and a representative for an affiliated industry body. CR is an industry professional affiliation body, and only the most senior person respondent. All the participating firms were affiliated to CR. The researcher established rapport with the participants before engaging in a deep conversation about the matter under investigation. This helped to offer a multi-dimensional and rich insight into the subject matter. The experience of the

participants in the built environment sector ranged from 12 years to 32 years. In total, insights were drawn from over 446 years of combined experience. This indicates the depth of understanding that these participants bring to this study. Additionally, participants have attained different educational qualifications ranging from diplomas, undergraduate degrees, and master's degrees related to the built environment sector. This means that insights are obtained from well qualified, and experienced participants.

It should be noted that these consulting firms were selected to ensure the coverage of the diversity of services rendered by the identified professionals. This was done to demonstrate the extent and the spread of the problem across the industry. The inquiry to all these cases involved the need to understand reasons for failing to compete effectively locally, and to meet the global demands. Whilst these SMEs have sustained their businesses on the local market, there is less visibility on the global market and less dependency and the sense of entitlement on the government business.

3.7 Data collection

Data was collected through interviews, and in-person observations.

3.7.1 Interviews

Data was collected using in-depth interviews. Each interview lasted between 1½ to 2½ hours. The participants were spread across the participating SMEs. An interview guide was used to help establish consistency within the areas of discussion. The interview guide was aligned to the research questions and objectives. A copy of the interview guide has been inserted in the thesis (*see appendix 1.1*). The interview guide was informed by insights from the literature, and the researcher's personal experience in the built environment sector. The interviews were conducted in English. Participants had a good understanding of English, as this was the official language used in educational institutions, and organisations in KwaZulu-Natal province. Although there was an opportunity to conduct interviews in the local language, this was not done for fear of losing meaning of data during the translation process. Participants were able to express their perceptions and experiences more clearly in English. The interviews were tape recorded and replayed for transcription purposes. The process of transcription was long and tedious, and this helped me to understand why it is necessary to have a smaller sample size for qualitative data. The interviews were transcribed verbatim to help retain the meaning, perceptions, and experiences that were conveyed by the participants. The interviews were conducted at the participants company premises, and in a private space that was allocated by management for this purpose. This helped to make participants more relaxed and feel secure.

The choice of in-depth interviews enabled the researcher to ask participants in strategic positions questions and follow-up questions that answered the research questions of the study. The adoption of in-depth interviews enabled the researcher to get first-hand information from participants within

the built environment. The adoption of the in-depth interview provided an avenue for the researcher to seek clarity *on areas that directly* answered specific research questions in the study. In-depth interviews enabled the researcher to employ persuasive skills during data collection sessions. Saunders, *et. al.*, (2011) outlines four (4) advantages of in-depth interviews which are effectiveness, consistency, fairness, and legal protection because it provides a guide to keep the researcher within the research objectives of the study.

3.7.2 Observations

Each interview was followed by a compilation of detailed fieldnotes. This was done as freshly as possible with the intention of documenting my personal observations, thoughts, feelings, experiences (Hellesø, Melby, and Hauge, 2015). Detailed and corpus fieldnotes were written (Willis, Sullivan-Bolyai, Knafl, and Cohen, 2016). Extracts of the notes were analysed and are reported under different themes in chapter 4. This helped to enhance an understanding of the emergent themes (Takhar-Lail and Chitakunye, 2015). During the observations, I also had the opportunity to tour the company premises and interact informally with different members of staff. This was done repeatedly to a point that the workers felt I was part of their organisations. This helped to make them relax during the interviewing process because I had become a familiar figure.

Twenty site observations were conducted, and on each of the visits, detailed and corpus fieldnotes were written. These were conducted between May 2018, and June 2018???. There were repeated visits to the SMEs with the intention of establishing balance in what was being observed. Observations took place on different days of the week, and on different times. A site observation form was used to capture the date, time, site location, area of observation, and document personal reflections in the heat of the moment (see appendix 1.6). Writing fieldnotes helped me to deepen my research experience because this helped me to understand more deeply about the build environment sector that I was trying to comprehend. I started by writing briefs and jotting down notes in the heat of the moment. I then retreated to my own space and started to write lengthier in-process memos as freshly as possible. By so doing, I engaged in in-process analysis (Emerson, Fretz, and Shaw, 2011). It was encouraging to turn a piece of lived experience into written text that was descriptive. These notes were then later moulded for analytic purposes. I later started to make sense of what I was writing, and what was going on in the company. This helped to enrich my understanding of the challenges faced by SMEs in the built environment sector. At times I felt embarrassed by my own notes but realised that this was a process of reflecting on my own writing and developing an understanding. For instance, I was embarrassed of spelling and grammatical mistakes that I made in the heat of the moment. However, there were corrected in the analytic process. From this, I learnt the importance of rereading own fieldnotes, and enhancing different parts to capture the intended meanings as freshly as possible. The notes that were made have been weaved into the emerging story as reported in the findings. However, direct experiences with

individual participants varied because of individual circumstances and characteristics. I jotted down my personal reactions and observations as detailed and descriptively as possible. Most important of all, the fieldnotes helped to enhance the researcher's critical reflection (Maharaj, 2016).

3.8 Data analysis

The interviews were recorded, transcribed, coded, and analysed using thematic analysis. A qualitative data analysis software, NVivo, was used to help manage the data sets more effectively (see appendix 1.2). Data collection and analysis progressed in an iterative manner, as recommended by Spiggle (1994). This involved repeated re-reading of the interview transcripts, and written notes. This allowed space to gain insight and full comprehension of the way participants think and connect the responses to intricate contextual aspects based on numerous relationships amongst the applicable concepts. Consistent with previous studies, data analysis involved the processes of open coding, axial coding, and selective coding (Chitakunye, 2012; Denscombe, 2014).

The first part of data analysis was achieved through content analysis conducted in a rigorous and a methodological manner. This was done using the word cloud function in NVivo. Here, the intention was to see the most frequently used words within each of the transcripts. This helped to generate a word frequency and determine the word count in percentage terms. This was necessary to see the patterns in the data set. This was then followed by trying to understand the context in which the words were used. At this juncture, the researcher employed thematic analysis.

Themes were identified after transcribing all voice recordings of participants in line with the research objectives of the study. This was done in search of knowledge and understanding. The literature suggests that interpretive investigators acknowledge the quest for meaning and insight as subjective and knowledge as a social construction (Walsham, 1993). They interrogate the social truth and subjective meanings upheld by people by extracting and monitoring what counts as important and essential in their lives. Whatever, they say they may not necessarily be facts, but their versions of other peoples' interpretations (Walsham, 1995b). There is no stiff segregation amongst data gathering and analysis, and the procedure is an iterative sequence of data gathering and analysis, with the sole purpose the outcome of the analysis would assist direct the ensuing gathering of data. The cycle is repetitive, and the concept developed and verified as time goes on. During interpretive research, it is common cause that researchers relate directly and intensively with the participants of their study from time to time.

During the data analysis process, the author continuously interrogated vital themes that were stemming from the data and the current literature to determine theoretical connections (Gioia, 2013). The procedure of qualitative content investigation was utilised to break down the gathered

data. A rigorous process of data analysis was utilised to interpret the personal information, which was spared in an advanced sound recorder, from voice position into the content format. In this way, the interview transcripts were perused more than once to extricate the vital viewpoints and subjects beginning from the meeting procedure (Saunders, Lewis, and Thornhill 2009). Words, occasions, or expressions that seemed comparable were assembled into their indistinguishable classes (Simon, 2011). This strategy was rehashed until a point of immersion was arrived at, which is the time when the subjects started to show up more than once (Mason 2010). This stage encouraged the recognisable proof of regular subjects that were predominant in the information. These subjects were recognised as the discoveries of the examination. After each interview, the researcher discussed the transcript with the supervisor to maintain reliability in data gathering. This helped to ensure trustworthiness of the outcomes.

3.8.1 Saturation

The interviews were stopped when saturation was reached. The literature suggests that saturation is attained in a qualitative study when no new information is emerging in the process of interviewing new participants (Spiggle, 1994; Denscombe, 2014). Guest, Bunce, and Johnson (2006) argue that the skill of the researcher affects the quality of data collection and could consequently lead to saturation. Guest et al. (2006) argue that saturation should determine the sample size of a study using a purposive sampling technique. The researcher realised that the data collection process got to saturation point during the interview process, and this was confirmed by the transcription process. For this reason, interviewing and transcription stopped at the 20th participant.

3.8.2 Validity and reliability

The literature suggests that dependability or genuineness alludes to the exactness and credibility of findings provided by a qualitative study (Creswell, 2012). Consistent with the literature, four proportions of reliability, that is, validity, confirmability, transferability, and steadfastness, were considered (Bhattacharjee, 2012). An investigation is said to be trustworthy if readers find its inference acceptable (Bhattacharjee, 2012). In the current study, validity was built by utilising a purposive sampling technique system, which guaranteed that only those participants with knowledge about the subject matter were included. Further, participants were given a participant information sheet so that they became more aware about the research before taking part. This advance warning helped them to prepare.

Previous studies suggest that confirmability alludes to how much the findings expressed in qualitative research could be freely affirmed by others (Bryman 2015). In this sense, each interview transcript was sent back to the participant. They were requested to check through the transcript and confirm whether their views had been transcribed correctly. All were confirmed,

with minor modifications in some parts. This helped to analyse authentic, precise, and confirmed transcripts.

Transferability alludes to the degree to which discoveries can be generalised to different conditions (Padgett, 2016). In this sense, transferability was determined by examining the details of each of the participating SMEs, and subsequently contrasting them with the literature. For this situation, the points of interest between the development business in KwaZulu-Natal and other South African provinces were viewed as comparable, which affirms the transferability of the discoveries of this study to different areas in the country.

Constancy alludes to the degree to which data collection and data analysis strategies will yield consistent findings (Saunders, Lewis, and Thornhill, 2015). In this study, reliability was attained through triangulation, which is the collection of data from more than one source to accomplish the total image of a fixed perspective (Corbin and Strauss, 2015). Triangulation was accomplished through the collection of data from six distinctive consulting SMEs, which guaranteed that the findings of the study are trustworthy. What is more, aside from the interviews, information was likewise gathered from different auxiliary information sources, for example, journals, government articles and different databases relevant to this investigation.

3.8.3 Ethical issues

The study received ethical approval from the university's ethical committee (see appendix 1.1). The researcher ensured that the essence of the study was explained to the participants and their consent granted in writing before the commencement of the study (see appendix 1.3). The boardrooms of the participating SMEs in the study were used for the interview sessions with participants, as this provided a safe environment. Managers felt safe in this environment because they were away from their workstations, away from their colleagues, and felt that they were having a private conversation with me. Other employees would not know who participated in the study because prior appointments were made, and communication was direct with the participant. The rapport that was created helped managers to build trust and relax during the interviewing process. In other words, earlier informal interactions with participants helped to break the ice and create a related interviewing atmosphere. Participation was voluntary, and participants were informed of their right to withdraw from the study at any point. The names of the organisations and participants in the study were kept confidential to protect the identity of the firms and participants. This helps to ensure their anonymity, privacy, and confidentiality. Regardless, participants were informed that the outcomes of the research might be of help to their organisations by bringing insights that might help to enhance managerial practices. Further, participants appeared relaxed during interviewing, and they shared their experiences from a position of authority and deep understanding of the built environment sector.

It is important to note that the initial idea was to engage with 10 SMEs. However, some would not grant their consent. As such, these have not been included. The reasons cited for non-participation spanned from the lack of time due to work pressures, to the complete no response (never replied) towards the request. However, where access was granted, it was used with great enthusiasm.

A Gatekeeper's letter was also obtained from the research sites, permitting the researcher to interview staff from their organisation (see appendix 1.2). The informed consent letter, gatekeeper's letter, ethical clearance letter, interview guide and proof of editing have been included in appendix 1. The identities of the participants and the organisation were protected by using pseudonyms.

3.8.4 Researcher reflexivity

Previous studies suggest that engaging in reflexive practices help to co-create or co-produce knowledge, by both the researcher and the participants (Takhar and Chitakunye, 2012; Takhar-Lail and Chitakunye, 2015). The literature suggests that the etymological root of the word reflexive means to bend back upon oneself (Finlay and Gough, 2008). This entails a self-awareness within the data collection and analysis process (Watt, 2007). In this sense, reflexivity requires critical self-reflection of the ways in which the researcher's social background, assumptions, position, and behaviour impact on the research process (Tatli, 2012; Chitakunye, 2012). Reflexivity also demands that researchers acknowledge that they co-construct the research findings (Engward and Davis, 2015). Whilst reflexivity is a contested term (Reid, Brown, Smith, Cope, and Jamieson, 2018), with different perspectives and methodological traditions such as humanistic-phenomenological (Moreira, 2014; Slaney, Tafreshi, and Wu, 2019), psychoanalytic emphasis on self-knowledge (Ruggiero, Spada, Caselli, and Sassaroli, 2018), socio-political positions (Sjöström, Eilks, and Zuin, 2016), and social constructionist (Hosking and Pluut, 2010; Morley, 2015), I found it particularly interesting to identify and interrogate my personal and professional practices. My recording of fieldnotes was not to prove my credentials in the built environment sector, but to develop a deep understanding of the daily challenges encountered by SMEs. I also learnt how my personal biography intersected with my interpretation of both the interview data, and observation notes. I engaged with the datasets both as an insider, and an outsider. These conflicting roles helped me to deepen my understanding and stay focused on the research objectives. I was an insider to the experiences within my own enterprise, and industry. But I was an outsider when I first visited other SMEs, though I gradually became accepted as an insider because of repeated visits.

My assumptions about reality were embedded in my own personal experiences, and observations of other SMEs. Over the years, I had observed other SMEs as an outsider. I was only an insider

to my SME experiences. I held the belief that as humans, we come from different personal and cultural backgrounds, and as such, this shapes our orientation as scholar-practitioners. I also believed that our training and upbringing had an impact on who we are as practitioners in the built environment sector. To this end, I was of the view that knowledge is socially constructed and informed by different personal experiences. I was aware that my ontological and epistemological lens had implications for my research and findings. I perceived social reality as being socially constructed, and as such, it was necessary to undertake observations in the normalcy of daily life within these SMEs. Admittedly, the social constructionist assumptions of social reality shaped this research. I knew how it feels like to work in the built environment sector, and I was aware of the challenges that were being faced by my own SMEs.

Firstly, having spent over 25 years at the helm of an SME in the built environment sector, I assumed that my understanding of challenges faced by SMEs were like those of others in the industry. To my surprise, there were emergent understandings that I had never conceived, and it was interesting to learn newer understandings of other SMEs in the sector. This helped me to look at the insights provided both as an insider and an outsider, engaging in the process of decontextualization, and re-contextualisation of text provided. This helped me to deepen my analysis and think through my own thinking. Whilst I had spent over 25 years as an engineering company head in the built environment sector, there was still learning to be done. This could not have been achieved without embarking on this research project.

I also learnt that whilst most of the participants had qualifications within the engineering field, they lacked managerial skills in some areas. For example, none of the participants had a qualification in areas such as human resources, finance, marketing, and so forth. However, the participants were fully equipped with the technical skills. On hindsight, I thought it would be a strategic resource for the SMEs managers/ owners to acquire business related qualifications such as an MBA or DBA with the intention of enhancing the competitiveness of their SMEs. Stemming from above, this is the reason that I enrolled on the DBA programme because I had observed a lack of business-related skills in my own company.

Another issue that emerged was the power balance (Neuman, 2014), or positionality (Corlett and Mavin, 2018), between the participants, and me as the researcher. I was aware of my own position as a researcher, and a practitioner with over 25 years' experience in the built environment sector. However, I did not want this experience to obstruct my observations and learning. So, I established rapport with the participants, and obtained their trust. I also asked questions that gave the participants to share their views freely without imposing any forms of superiority over participants. The interviews were more like a discussion on an equal platform because participants were experts in the field, and so was I. However, these discussions did not deviate much from my

interview guide. In the process, I probed and carefully directed the discussion to key issues on the interview guide. To the participants, this was also a healthy discussion because I had made them aware of my standing in the same industry as well. So, we were discussing issues openly and genuinely. This helped to establish a relaxed interviewing environment, and equity in the data collection process. In this sense, I felt that understandings were being co-constructed and co-produced.

After each observation, and interview, I jotted down some notes. On reading some of these notes, I felt they were too brief, and failed to capture some of my experiences. After the interview or observation, at times I sat in my car ready to go home and started writing some of my observations and feelings in more depth. I always carried my laptop with me, and that made it easier for me to document my thoughts and feelings. There are also thoughts and feelings that came to my mind days after the observations. I was able to return to the document and add them to the previous notes. In the process, I am reading through the notes again and again, and started to question why I had written the notes in a certain way. I then realised that I had embarked on the analytic process, and in the process of thinking about my own thinking. This helped me to deepen understanding of my own observations, and some extracts from my own observations have been included in chapter 4 of this thesis under specific themes. These personal reflections helped me to interpret the results presented in chapter 4 more deeply.

Further, I had to deviate from my initial research plan to accommodate changes within my research process. At an independent progress assessment panel (IPAP) in February 2019, my plan for completion was as illustrated in table 3.5.

Table 3. 5: Completion plan

Dates	Description	Comments
15th February 2019	Submission of the 2nd draft of my thesis	I have worked hard to respond to the Supervisor's comments and corrections.
15th April 2019	Corrections from the Supervisor.	By 15th of April, 2019 I will be expecting response form the 1st and the 2nd Supervisor.
30th July 2019	Corrections, Editing and final submission	Corrections, Editing and final submission of the final study would have been completed by 30th July, 2019.

However, this was not met for several reasons. There was a time when the supervisory team changed, and it took time to get feedback on work submitted before a new supervisory team was allocated. research supervisor departed without a lot of warning. There were also unexpected events on my part, and this caused delays in the submission of required work. My initial submission date was in July 2019 but had to seek an extension because this could not be met. I

was only allocated a supervisor in April 2019, and submission without a supervisor was not possible. An extension was granted. Here, I learnt that getting a supervisor for one's doctoral work is also a challenge. Once supervisors were allocated, I submitted my work for their review. Supervisors read submitted work and made some comments and suggestions. I found myself having to deepen different parts of my thesis to align with the supervisory comments. This process was time consuming, but I found the suggestions and criticisms to be constructive because they helped me to deepen my understanding of the research topic. Because of the need to respond in detail to supervisory comments, deadlines could not always be met because I was balancing my personal, professional work, and my studies. There were also challenges posed by time differences. I was in South Africa, and my supervisors in the UK. Interactions were via email, and through skype. However, these issues were resolved without much difficulty.

There were also delays in data collection that were a result of personal scheduling issues. I also found that transcribing qualitative interviews was time consuming. This was contrary to my initial expectations. However, I learnt that analysis starts when transcribing. Here, I would listen to the audio tape again and again whilst transcribing. This helped me to think through what was being said and started to develop my own thinking, and open codes for the data. In the final data analysis, I had to use the NVivo software, and this meant I had to learn how to use it. I found the software to be very useful in organising my data and drawing graphics to visualise patterns in my data. Here, I acquired a new skill, and found that on its own to be personally rewarding. I felt a sense of achievement, and accomplishment in earning and being able to use this software. Here, I learnt that as a researcher, I must engage with technological developments to enhance my data analysis and presentation skills.

I also learnt about the importance of proofreading work. There are times when I read the first draft of my work and was embarrassed with my own work. Even after reading a soft copy, and making the corrections, I later found errors. I then resorted to the practice of printing a hand copy, and then adjusting the work on the hard copy. This made me feel even more connected to my own work. I would correct the errors in ink and found this to be more effective and rewarding than doing the corrections on the soft copy only, without a hard copy. When I thought I had finished my work, I submitted to the first supervisor who gave some detailed feedback. It took time to make the suggested improvements. The work was then submitted to a second supervisor, again, another set of comments had to be addressed. Though the process was time consuming, it made me to see my work from different perspectives. This was done under stay-at-home orders that was a result of the coronavirus pandemic. On my part, I had limited access to facilities to do my work and working from home was not easy. This made me understand why some supervisory comments might have been delayed particularly between 2019 and 2021. I appreciate that despite the pandemic, my supervisory team gave me some feedback that helped to improve my work.

3.9 Summary of the Chapter

This chapter discussed the research methodology, the blueprint upon which the study is founded. The rationale for this methodology was to accomplish the set objectives. Key points under discussion included research approach, population, sample size, sampling technique, as well as data analysis techniques adopted. Adopting a qualitative approach helped to obtain insights that brings understanding to the challenges facing SMEs in the built environment sector. The case study firms helped to provide rich insights to answer the research questions. Methodologically, it is important to use multiple methods when collecting qualitative data sets. For instance, I had insights from interviews and from observations, and this helped to strengthen my work, and deepen my own understanding of the research topic. There is also a need to be flexible with the initial research plan and accommodate changes in the environment. For instance, I had to seek extensions to my project for various reasons. Unexpected events such the coronavirus pandemic can also mean changes in research practices. Researchers must always be ready and flexible to accommodate such changes. I learnt that the choice of a research approach is informed by the researcher's own philosophical orientations, and the research questions. Engaging with reflective and reflexive practice helped me to think through my own thinking and develop a deeper understanding of the data sets that I collected. The fact that I had spent over 25 years as an engineering company head in the built environment sector helped me to obtain data sets both as an insider and an outsider. I was an insider to the industry, but an outsider to the other SMEs. However, repeated visits to the SMEs and the fact that they became aware that I was also a practitioner in the industry helped me to gain trust from the participants. This helped participants to discuss matters of concern openly and freely. Here, I learnt that the researcher's position of power and authority can be a barrier to obtain deep insights. I broke this barrier by gaining acceptance as a scholar-practitioner in the industry. The next chapter presents the findings of the study.

CHAPTER 4: FINDINGS

4.0 Introduction

This chapter presents the findings of the study. In this chapter, the researcher is trying to find answers to the following research questions:

- What are the gaps in knowledge on the literature surrounding SMEs, and the associated ecological systems?
- What are the internal challenges faced by SMEs in the built environment sector in KwaZulu-Natal?
- What are the external challenges faced by SMEs in the built environment sector in KwaZulu-Natal?
- How do SME consulting firms perceive the public procurement policy system in South Africa?
- What guidelines can be developed to help SMEs in the built environment to compete more effectively?

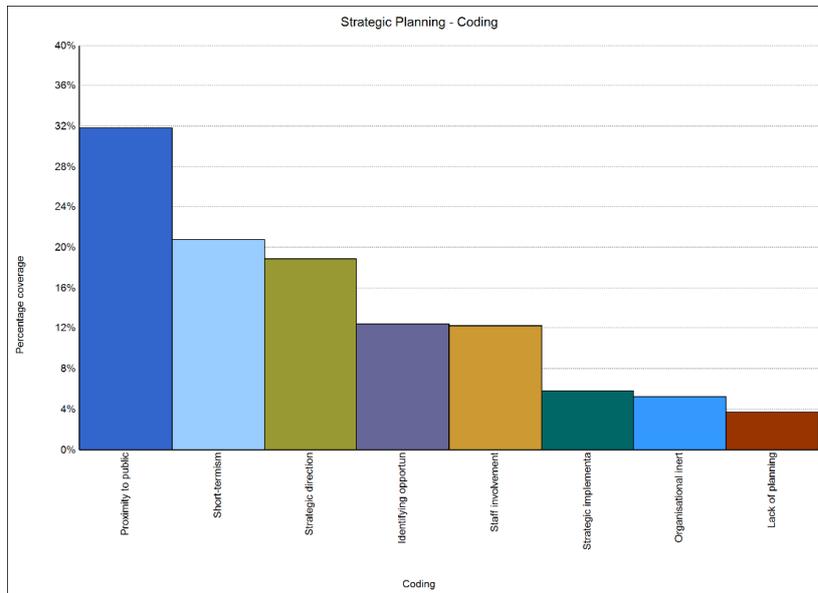
The results of in-depth interviews, and observations are used in a concurrent manner. The intention is to see where they converge, as a way of helping to deepen the analysis of the emergent themes. In doing so, the results of content analysis are presented first, using the word frequency techniques, and then presented using a word cloud. This helps to quantify the textual information, a practice that is gaining increasing attention in qualitative research (Palinkas, *et.al.*, 2015; Magnus, *et.al.*, 2019; Frericks, 2021). The intention is to see the patterns in the data and determine the words that were used most often by the participants in the interviews. This process helps to have a broader insight into the data. This is then followed by thematic analysis of the interview data, and then mixing with the observation notes to help deepen understanding of the emergent themes. The intention is to see the context in which some of the words were used. The chapter also uses diagrams to show the development of ideas. A summary of the chapter is then provided.

4.1 Strategic planning

The literature suggests that the small business problem as seen from the business and strategic planning perspective is the ability of its owners to generate and execute the plan (Johnson, and Lafley, 2010; Willcox, 2012; Zucchella, and Siano, 2014). It emerged that the SMEs in KwaZulu-Natal have shortfalls in terms of strategic direction, implementing strategies, and lack strategic focus.

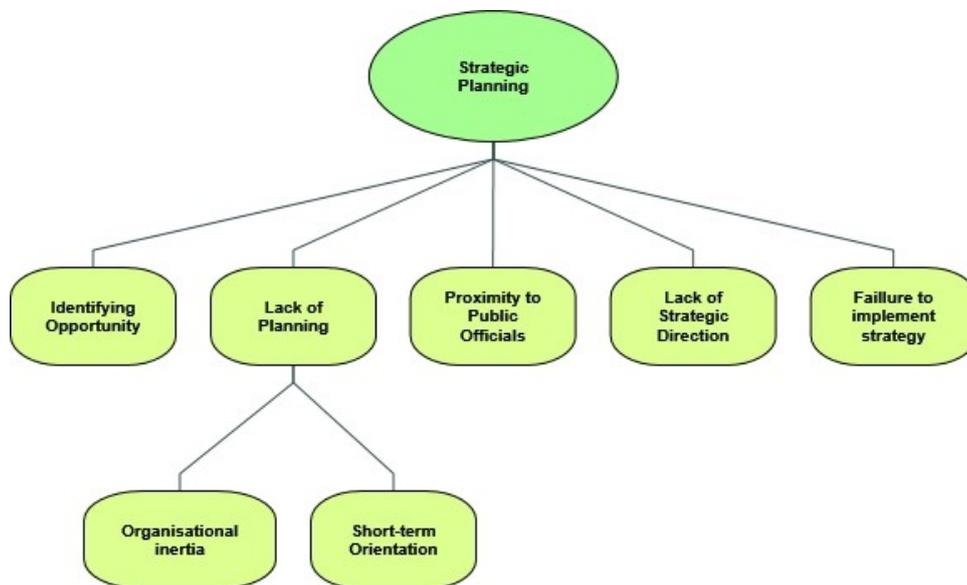
A content analysis was conducted to ascertain the pattern of text that was coded at the theme, strategic planning. The prominent words used included “opportunities, change, power, survival,

Figure 4. 2: Coding for strategic planning



The main theme that emerged from the findings is that of strategic planning. Sub-themes included identifying opportunities, proximity to public officials, lack of strategic direction, failure to implement strategy, and a lack of planning. It was found that under the sub-theme of a lack of planning were other sub-themes focused on organisational inertia, and short-term orientation. This is illustrated in figure 4.3.

Figure 4. 3: Mapping of strategic planning



Thematic analysis was then used to ascertain the context in which the text was used and give meaning to the emergent themes. The reporting of results will focus on those sub-themes that are more important, and that add value to answering the research questions. That means some of the sub-themes will not be reported on for different reasons including insufficient data to support the sub-theme, relevance to the research questions, and so forth. Hence, the focus has been on those sub-themes that are more important. This reporting format will be applied to all the themes.

4.1.1 Proximity to public officials

An emergent sub-theme is that of proximity to public officials, that is used by SMEs as a resource to be accessing public contracts, thereby circumventing the official tender procedures. This is illustrated by the extract below:

This restricts SMEs bargaining power and believes that by having proximity to public officials can solve their problems. This reliance on interpersonal relations with the client hoping compliance and procedure would be flouted on their favour. This enjoyment of comfort zone and failure to take advantage of lucrative business opportunities outside their local networks of personal relations leads to the inability to access information or administering contracts” (Participant DS3).

Instead of utilising their internal resources to compete effectively, the SMEs focus on their “proximity to public officials”, as a resource that can help to solve their problems. The intentions on creating these interpersonal relations so that they can use them as a resource to circumvent compliance procedures. In other words, engage in corrupt activities. It is this mindset that fails to see beyond the “local networks” that is of concern. The term “reliance on interpersonal relations with the client hoping compliance and procedure would be flouted on their favour”, is interpreted as the root cause of corruption, and a lack of strategic planning among SMEs in the built environment sector. In fact, SMEs managers or owners use this as a “comfort zone”, and fail to engage with concepts of strategic planning, and strategic thinking. Here, the term “comfort zone” is interpreted as a shield against any competition in securing public contracts. In this sense, the public officials become the shield that ensures that SMEs that are willing to partake in unethical business practices secures the contracts, even if they cannot perform. Rather than “take advantage of lucrative business opportunities outside their local networks”, SME managers/owners direct their efforts of building these unethical networks of public officials. This is the theme that emerged from participant DS3, and many other participants.

This theme is also reinforced by observation comments, as illustrated by the extract below:

quite a number of participants in consulting sector believe that corruption ought not only be sought just in the process alone, but also in state-owned authorities and the lack of ethics in the conduct of the public officials that are part of the process (Observation notes, 13/05/2018)

This proximity to public officials is interpreted as a barrier to strategic thinking. The underlying perception is that proximity to public officials is the route to accessing public contracts, regardless of their inability to demonstrate capabilities to plan and execute the work. In this vein, SMEs invest their time and resources to establishing connections with the public officials, rather than thinking about how best they can create networks and effectively utilise their resources. There was an observed “lack of ethics in conduct of the public officials”, and this is cause for concern. Drawing from over 25 years of experience in engineering consulting field in the built environment

sector, and reflecting on personal experiences, the researcher notes that “a number of participants in consulting sector believe that corruption ought not only be sought just in the process alone”. Here, the work “believe” shows that rootedness of corruption, both amongst the public officials, and some SME managers/owners. The fact that it is a belief indicates it has been allowed to be done repeatedly over a long time, to the point that some perceive it as the norm. That means without proximity to the public officials, contracts cannot be secured. However, there is a need for the SME managers/ owners to look beyond their daily issues and establish a long-term view of things. Unethical practices can continue because of a lack of leadership. Once leadership takes steps to combat corruption, then these SMEs will fail to compete effectively. As such, proximity to public officials must be viewed as a sign of weakness, and SMEs must root their strategies in their capabilities because this can help them to compete more effectively and perform on contracts awarded.

4.1.2 Short-termism

The literature suggests that a strategic focus can help SMEs to be more competitive (Hochscheid, and Halin, 2020; Islam, and Chitakunye, 2019). Here, the enterprises can also employ different strategies such as cost focus, differential focus, differentiation, or cost leadership (Parnell, 2013; Hauser, Eggers, and Guldenberg, 2020). It emerged that SMEs in KwaZulu-Natal lack a strategic focus, and this is interpreted as being short-term oriented, as illustrated by the extract below:

“one other problem the SMEs in the built are facing is that management is suffering an obsession with resolving day-to-day issues and survival instead of casting the net wider for more opportunities. (Participant DS3).

Here, the term “*obsession with resolving day-do-day issues*” is interpreted as being short-term oriented. In fact, participant DS3 is drawing attention to the short-term focus that SMEs in KwaZulu-Natal have. Rather than thinking strategically and “*casting the net wider for more opportunities*”, SMEs are focused on daily survival issues. Participant IC2 stated that:

The banks do not assist. They give some assistance or finance with stringent arrangements. Do not even go there. They might give you an overdraft with cost do not even go there. Aaaah we have a minor overdraft. The bank can take you off anytime, three months you cannot carry forward. The opportunity is limited and makes small businesses vulnerable (Participant IC2).

Here, the nature of finance provided is that of a short-term. This is because of the poor financial history of the SMEs, and as such, lenders cannot take a long-term risk. It appears that the banks are aware of the practices of contracts obtained using proximity to public officials, and the tendency of failing to perform on the part of the SMEs. For that reason, “*the banks don’t assist*”, a term that is also interpreted as an admission of not being creditworthy due to a short-term oriented strategy. At best, the SMEs might be given an “*overdraft*”, in fact, “*a minor overdraft*”. This is interpreted as an overdraft inadequate for the needs of the SME. The term “*the bank can*

take you off anytime” is interpreted as uncertainty surrounding the repayment of the overdraft, and its inability to be used for long-term planning. This is reinforced by my observation notes in the extract below:

The researcher depicted the difficulty faced by small companies to deal with the operational related matters and financial needs (Observation notes, 07/05/2018).

This short-term orientation is a difficult one. Because of this, they face challenges in dealing with operational issues, and finding solutions to their financial challenges, as reinforced by the extract below:

The consulting firms in the built environment are not able to cope with the high-interest rate of the overdraft for a short-term loan. To protect themselves, most consulting firms find it uncomfortable taking any form of loan from banks because of prolonged non-payment by clients. They take such perceptive measures to avoid repossessions and financial losses that could be a result of failure to meet their repayment obligations with the banks (Observation notes, 08/05/2018).

Over the years, the researcher observed the inability of consulting firms in the built environment sector to cope with overdraft loans because they are of high interest. For this reason, taking loans from banks has become a monumental task. The term “*uncomfortable*” is interpreted as a lack of trust between the banks and the SMEs in the built environment sector. This lack of trust is a result of a short-term approach of the SMEs, and an overreliance on their proximity to public officials. In fact, SMEs “*take such perceptive measures to avoid repossessions*” because they fully know that their strategy of dependency on corrupt public officials cannot stand a test of the bank’s lending models, and lending practices. This is also interpreted as an awareness of a lack of performance on contracts awarded. Because of their short-term thinking, their strategic orientation or direction becomes questionable.

4.1.3 Strategic direction

The strategic direction provides a roadmap for the SMEs, and clear goals to aspire for (Sandada, Pooe, and Dhurup, 2014; Majama, and Magang, 2017). However, there is an inability to generate a strategic plan, nor aspire to move in a specific direction. Participant ID 1 (the owner of the civil and structural firm in Durban) informed that his failure to generate strategic plan had caused the business to operate out of focus and embarked on work he never anticipated of doing. This is illustrated by the extract below:

“You have a duty to change situation to be able to change direction, but if you follow no path, any path can take you there, thereby leading the company astray and in all directions, this has been the case in the past few years we did not know where we were going and, in the process, completely lost focus” (Participant ID 1).

The term “*follow no path*” is interpreted as emphasis on a lack of a strategic direction. Admittedly, this can lead “*the company astray and in all directions*”. That means the company has no focus

and direction. That means there is not even a plan or strategy to deal with competition entering the market. Hence, a good reason for the failure of SMEs.

“In most cases, there is nothing documented to guide towards the strategic direction. We hardly undergo strategic planning with clear action plans that should talk to the company’s mission, vision, and values that form part and parcel of the long-term goals”. (Participant ID 3).

Participant ID3 reports that “there is nothing documented to guide the strategic direction”. This is interpreted to mean that the SMEs do not have written strategic plans. This could be a result of the lack of skills to develop the strategic plans, a lack of willingness and understanding of the importance of strategic plans, or a lack of staff. This also means that these SMEs have been operating for a long period of time without any written strategic plan, yet they continue to do business. The literature tells us about the company mission, values, vision, and strategic plans (Soni, 2020; Gibbons and O’connor, 2005), and yet these SMEs have nothing documented for a prolonged period. Theoretically, these strategic plans must guide an enterprise, and these must be written so that they can be measured and reviewed (Majama and Magang, 2017), but in practice, these SMEs operate without any written plans. The lack of written plans may affect the continuity of the SMEs. By stating that “we hardly undergo strategic planning with clear action plans”, participant ID3 reveals that staff are not even clear of the organisational goals and direction. This is cause for concern because there is a lack of a unifying bond in terms of values in the organisation. This is a recipe for disaster in a competitive business environment.

“With the flooding of the MNEs into the country, the onus is on management to become proactive in planning for the future and ever changing economic and business environment. Without collaboration and cooperation resources shall always be limited to help achieve the desired end state. Such a move of teaming up with companies with complementary skills and vision can help the company grow faster to compete at international level”. (participant IB2).

Participants share the view that management must be “proactive”, and plan “for the future”, whilst taking into consideration the “changing economic and business environment”. This is illustrated by participant IB2. A lack of planning affects the achievement of the desired goals. There is a need to think and act strategically amongst SMEs, and team up “with companies with complimentary skills and vision”. Participant IB2 and many others are of the view that strategic planning “can help the company grow faster” and can help SMEs in the built environment sector “to compete at international level”. A lack of written strategic plans by SMEs in the built environment sector is interpreted as an impediment to their competitiveness, and ability to capitalise on opportunity. The literature suggests that strategic thinking, and strategic planning are key resources for competitiveness and capitalising on opportunities in the business environment (Thompson, Bounds, and Goldman, 2012; Majama and Magang, 2017).

I could share the experiences of the participants in this study, as illustrated by an extract from my observation notes:

I am a co-founder and a Managing Director for the company under review, that has been in operation for more than 28 years. The company is founded on five main core functions: Programme and Project Management, Civil and Structural Engineering, Industrial, Retail and Commercial Development, Public Transport and Traffic Engineering and Water and Sanitation. As a co-founder and part of the executive of our company, I am charged with the responsibility to lead and come up with the strategic direction and operational tactics for the company. As an internal research practitioner, I am directly affected by the situation faced by local companies in KZN province, including mine. I want to be a part of its solution... (Observation notes, 12 July 2019).

By stating that “*I am charged with the responsibility to come up with the strategic direction and the survival tactics for the company*”, the researcher is drawing attention to the fact that some of the SMEs engage in strategic planning and making choices to set the strategic direction of the firm. Because of this, and challenges observed across some of the SMEs, the researcher decided to embark on a doctoral study to help sharpen strategic thinking skills. By stating that “*I am directly affected by the situation faced by local companies in KZN province, including mine. I want to be a part of its solution*”, the researcher realises that there is an opportunity to help not only his SMEs, but other SMEs in the built environment sector with the intention of helping them to think strategically and make choices that will set a clear direction for their enterprises. Here, a direction grounded in an understanding of the organisation’s core competencies and capabilities, and not its proximity to public officials and corruption means.

4.1.4 Identifying opportunities

It emerged that strategic planning also involves the process of identifying opportunities. However, there is a lack of skills amongst SMEs in the built environment sector to engage proactively with the process of identifying opportunities in the market, as illustrated by the extract below:

difficulty to cope with stiff competition against MNEs and the effect of the economic meltdown and issues around the government payments and work shrinkage (Observation notes, 18/05/2018)

Rather than perceive competition as an opportunity to improve their own business practices, they find work shrinking. In fact, their lack of strategic planning is made bare by the “economic meltdown”. This made it difficult for governments to make payments on time, and there was a reduction in government contracts. This made it difficult for those SMEs that had used proximity to public officials as a resource to secure contracts. Rather, what was needed are skills to identify opportunities in the marketplace and use the firm’s capabilities to compete effectively. However, there is little evidence of SMEs identifying their own capabilities. This is reinforced by the extract below:

There is a sense of despondency, the spirit is down, and hope is fading away due to what politics and economy downturn have caused (Observation notes, 18/05/2018).

Failure to identify opportunities in the marketplace impacts on the SMEs. By using the term “*the spirit is down*”, the researcher is drawing attention to a lack of ideas of how to survive the economic challenges. This “*spirit is down*” because the SMEs had over relied on their proximity to public officials rather their own networks and core competencies as sources of competitiveness. The term “*a sense of despondency*”.

4.1.5 Staff involvement

Strategic planning requires the involvement of staff so that the plans can be owned and accepted by employees. Whilst there was little evidence in strategic planning by most of the participating SMEs, an extract from observation notes states as follows:

The researcher’s direct involvement led to self-awareness which paradoxically strengthened leadership skills that led to a profound sense of courage, high level of responsibility for pursuing the current study in the business management field and thereby resulting in a classical change agent and an informed practitioner (18/05/2019).

Here, involvement of the researcher in the strategic planning process helped to deepen their understanding, and “*strengthened leadership skills*”. The term “*a profound sense of courage*” is interpreted as deep-seated courage to engage in planning and sharing practices with other practitioners in the built environment sector.

Incompetent staff (Observation notes, 28/05/2018)

An extract from the observations also summarises a lack of involvement of staff in strategic planning as incompetency of the staff. This is interpreted as a lack of skills.

4.1.6 Strategic implementation

The literature suggests that some SMEs develop strategic plans (Dubihlela, and Sandada, 2014), but there is a failure at the implementation stage (Dubihlela, and Omoruyi, 2014). Consistent with the literature, the findings reveal evidence of undertaking strategic planning among some SMEs in KwaZulu-Natal. However, the strategies fail at the implementation level, as illustrated by the extract below:

I have cited that the company do undertake strategic planning but fail to execute it. Our ideas are not implemented even though we all contribute to the planning. I think the inertia comes from wanting to change but cling on the status quo. This is frustrating if you consider that we all see the opportunities out there but have no power to influence the company’s strategic direction (Participant DS3).

This is interpreted as a lack of training and managerial skills to implement the strategy. By stating that “*the inertia comes from not wanting to change but cling on the status quo*”, the respondent is

trying to draw our attention to the lack of risk-taking behaviour. By stating that they “*have no power to influence the company’s strategic direction*”, the respondent is drawing our attention to the lack of empowerment. They are not empowered to employ their creativity and innovativeness in dealing with the competitive business environment.

“what is strange is that emerging strategic leaders with great potential and skills are usually overlooked or get stifled. The process of development and promotion is unclear which stifles superlative performance and ambition for those whose careers are dependent on this company. For our company to prosper, the combination of organisational systems and individual’s abilities and capabilities become imperative if we were to develop and retain good managers.” (Participant, EAW2).

There is a realisation amongst workers that strategies must be developed and implemented. There is also a feeling that “*emerging strategic leaders with great potential and skills are usually overlooked or get stifled*”. The term “*get stifled*” is interpreted as a form of resistance to any organisational change. Here, we learn that there are some “*emerging strategic leaders*”, possibly with the intention of developing written strategic documents, and follow them. But, those in positions of authority are afraid of change, and would rather continue working with unwritten plans. This affects the implementation of any strategic initiatives, as illustrated by participant IC3.

“What is sad is that management is unable to inspire us to take action. This kind of boldness requires the ability to empower employees and lead them. There is a continuous poor communication and a lack of honesty and integrity. Our company needs reliable, brave and highly motivational management at all levels. If the above can be accomplished, smart decisions based on experience would help managers to embody company values founded on vision and strategy”. (Participant IC3)

A lack of leadership is cited as a major impediment to strategic planning and implementation. By stating that “*management is unable to inspire us to take action*”, participant IC3 is referring to a lack of motivation, and a lack of inspirational leadership. Rather than “*empowering employees*”, there is a sense of being entrenched in old practices, and fear of change. This is interpreted as a lack of leadership willing to take risks and accept change as something that is good for the SMEs in the built environment sector. The fear of the unknown is the problem. Yet, “*smart decisions based on experience would help managers to embody values founded on vision and strategy*”.

4.2. Strategic Alliances

The literature suggests that SMEs can use strategic alliances as a vehicle to augment their capacity and become more competitive in a globalised business environment (Brouthers, Nakos, and Dimitratos, 2015; O'Dwyer, Gilmore, and Carson, 2011). This entails using internal resources to help build and develop growth strategies (Borch, and Madsen, 2007; Brunswicker, and Vanhaverbeke, 2015). In this study, it emerged that the alliance relationships are muddled by a lack of trust, type of alliance factors, unequal power balance in the alliance, and failure to use personal relational capital effectively.

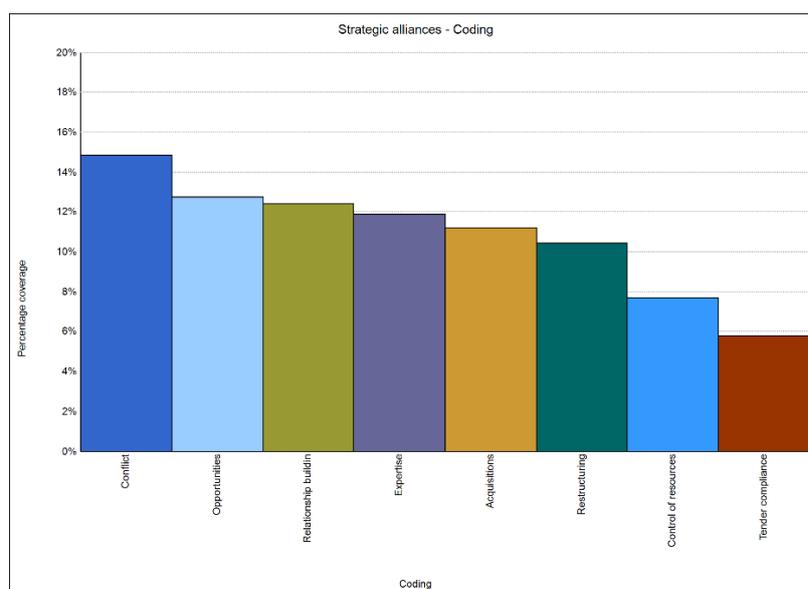
A content analysis was conducted to ascertain the pattern of text that was coded at the theme, strategic alliances. The text was drawn from the participants' transcripts. The prominent words used by participants included “tendering, small, buy, compliance, relationship, ventures, acquire, restructuring”, among others, as illustrated in figure 4.4. Of importance is to understand the context in which these words were used.

Figure 4. 4: Word cloud for strategic alliances



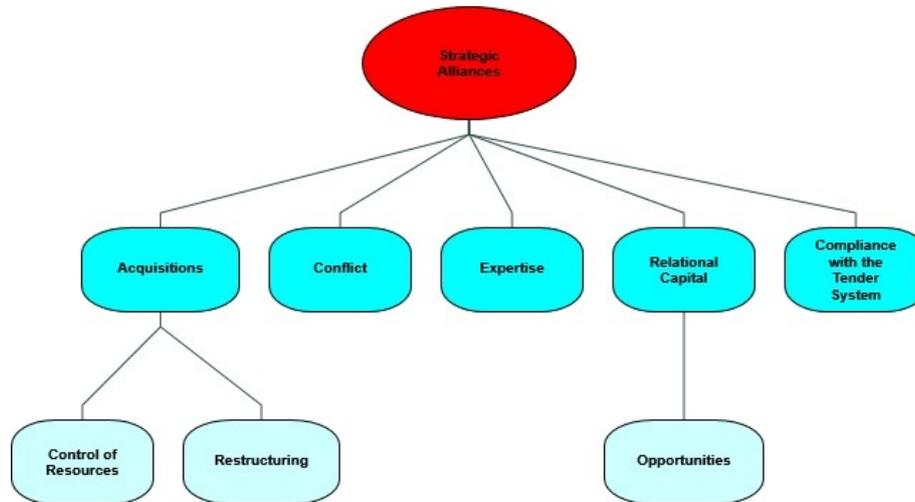
The text was coded at different nodes, and these included conflict (15%), opportunities (13%), building relationships (12.5%), expertise (12%), acquisitions (11%), restructuring (10.5%), control of resources (7.8%), and tender compliance (5.9%), as illustrated in figure 4.5. The percentage illustrates the percentage of text coded at a specified node. In other words, this indicates the extent to which meaningful text was attached to the code.

Figure 4. 5: Coding for strategic alliances



Another main theme that emerged from the findings is that of strategic alliances. Sub-themes included acquisitions, and the aligned sub-themes of control of resources, and restructuring. Other sub-themes are as illustrated in figure 4.6.

Figure 4. 6: Mapping for strategic alliances



Thematic analysis was then used to ascertain the context in which the text was used and give meaning to the emergent themes.

4.2.1 Conflict

It emerges that participants understood the conflicts that arise within strategic alliances. This is illustrated by the extract below:

Based on the conflicting interest, SMEs and MNEs cannot exist in the business space all by themselves; they need to be mediated to find common ground and their complementary roles for a seamless and smooth transition. A neutral mediator in the form of the government could add the desired value in locating a collaborating zone between SMEs and MNEs in South Africa (Observation notes, 16/06/2018).

Alliances between MNEs and SMEs are burdened with conflicting interests. It was noted that “SMEs and MNEs cannot exist in the business space all by themselves”. This is interpreted as a need of government intervention to help in balancing the relationship between MNEs and SMEs. This can be achieved through a regulatory environment that encourages alliances that are based on mutual respect, and genuine interest in doing business, and not just for the sake of securing government contracts. In fact, a mediator is needed to “find common ground”, and this mediator can be the industry associations. Drawing from over 25 years as an engineering head working in the built environment sector, the researcher came to the conclusion that “a neutral mediator in the form of the government” would be strategic to help protect South African SMEs from unfair competition.

It was also acknowledged that there are some conflicts in the strategic alliances, as illustrated by the extract below:

“There was a time when my partner and I could not see eye to eye, and that resulted with severe problems between us, and I reached a stage where to be able to salvage my business I had to pull out the company to resume afresh” (Participant IB1).

Here, the term “could not see eye to eye” is interpreted as a serious conflict, and businesses was obstructed because of misunderstandings between the parties to the alliance. This was so bad that one party “had to pull out the company to resume afresh” because the conflict could not be resolved. This is interpreted as an alliance that was established without adequate research, nor shared goals, other than securing the government contracts. Here, the focus was on short-term gains at the expense of long-term gains. Conflicts also arises when the MNE lays off local staff, as illustrated by the extract below:

They buy the local firms, layoff their workers and only keep a few handpicked ones (Participant EAW2).

Relations are strained due to internal and external issues (Observation notes, 17/05/2018).

Conflict also arises when MNEs “buy the local firms” because they often “layoff” local workers and retain only a few. This causes unemployment. But on hindsight, the MNEs may only retain those workers that are needed, and with the necessary skills. Yet, the local SMEs may have other reasons for retaining unwanted and unskilled staff. This is illustrated by observation notes in the extract before:

Some staff are not qualified to do the job. They are just there because they are connected to the owners, or to someone that helped to secure a contract, and not that they can do the job. This is an unnecessary waste and can affect the firm in a competitive environment (Observation notes, 19/07/2019).

Here, the SMEs have an opportunity to self-introspect and they reduce unnecessary staff costs. This can be done if they operate professionally, with their staffing being informed by need rather than familial or need to satisfy the needs of the corrupt public officials. This is an opportunity to transform and think strategically.

4.2.2 Opportunities

It also emerged that SMEs have opportunities to form different types of strategic alliances, as illustrated by the extract below:

In a bid to get the required expertise to bid for big jobs, we form joint ventures, but soon these joint ventures fall away because of who controls the resources for the project (Participant IB3).

The above statement shows that SMEs come together to find legal means to position themselves to bid with MNEs for big tenders. The formation of a joint venture remains the most comfortable option for SME consulting firms in the built environment who want to annex big jobs to meet the

right capacity and experience on different big projects. Here, the joint venture fails because of issues surrounding the control of resources, as illustrated by participant IB3, and many others. Disagreements arise over the control of resources, and the “*joint venture falls away*”.

Whilst participants view alliances as a strategic resource for their survival, they also report of the strong negotiating powers that these MNEs bring to the alliance formation. Rather than being an alliance of mutual benefit, it emerges that the SMEs are outwitted because of their weaker negotiating positions. The relationship between MNEs and SMEs is not balanced. This is to the detriment of the activities of local SMEs, as illustrated by the extract below:

they have their experts, capital and experiences, they do not need the small firms like ours. All I see is MNEs entering into South Africa because there are many opportunities. All they do is to acquire/buy over small firms for the purposes of tendering compliance. They buy the local firms, layoff their workers and only keep a few handpicked ones (Participant EAW2).

It emerges that these MNEs enter the alliance to gain access to lucrative government contracts. In effect, they piggy-back onto the SMEs to access the government contract. By stating that “*All they do is to acquire/buy over small firms for the purposes of tendering compliance*”, participant EAW2 is interpreted as the nature of the relationships in the alliances. Here, the MNEs have one purpose of using, and not working with SMEs as equal partners. Yet, the SMEs have a strategic resource in terms of the BEE compliance requirement. Founded on the Broad-Based Black Economic Empowerment (BBBEE) principle whose aim is to ensure equitable distribution of work among the designated recipients, the Black Economic Empowerment (BEE) is the tool used by the South African to undo the imbalances of the past caused by the apartheid government. It’s an initiative that gives priorities to entities owned by South Africans blacks to give preference and advantage in securing government contracts. Whilst MNEs are foreign owned, they get into the alliance arrangement to gain access to the BEE status and compliance purposes of the SMEs. In this process of “fronting” with the SMEs they miss the opportunity to do the business correctly and correctly earn their compliance.

4.2.3 Building relationships

The results reveal the failure of SMEs to build lasting business relationships and locate appropriate and trustworthy business partners. Yet, the literature suggests that relational capital is a resource for competitiveness (Hormiga, Batista-Canino, and Sánchez-Medina, 2011; Debicki, Ramírez-Solís, Baños-Monroy, and Gutiérrez-Patrón, 2020). This also involved failure to choose reliable business associates, and failure to recruit and appoint competent staff. Securing fitting business partners is illustrated in the extract below:

“There was a time when my partner and I could not see eye to eye, and that resulted with severe problems between us, and I reached a stage where to be able to salvage

my business I had to pull out the company to resume afresh. It was tough because there were some extra staff that had to leave during that time, meaning the restructuring and reconfigure the company from the beginning” (Participant IB1).

By saying they “*could not see eye to eye*”, participant IB1 is drawing attention to a business relationship that had gone all wrong, and there were serious differences between the parties. This force participant IB1 “*to pull out the company to resume afresh*”. This means the disagreements were affecting the company’s activities. This is a result of failing to identify business partners correctly.

In this vein, Stokes, and Blackburn (2002) suggest that there is a tendency to associate business “*closure*” with business “*failure*”. Scholars often confuse owners that close a business with ‘*unsuccessful*’ entrepreneurs (Arasti, Zandi, and Bahmani, 2014; Hatten, 2015). For participant IB1, the closure process was a positive learning experience. In fact, lessons learnt helped participant IB1 to realise the importance of selecting the right business partners or alliance partners.

Equally important is selecting the right clients. It was noted that working for the wrong clients and poor client mix presented substantial financial implications and strain to the company. Some of these clients are bad payers which result in the collapse of their business. For example, failure to meet monthly overheads close to salaries and SARS proved to be detrimental to the existence of the business of *participant IB1*. In fact, participant IB1 reported of jobs completed, invoiced, but payments repeatedly delayed. This affected the cashflows of the SME to the point of using overdraft facilities to meet the company’s daily expenses.

As part of the SMEs strategic alliances, it is therefore good to maintain good relations with the banks/finance institutions to provide overdrafts and teaming up with like-minded companies help to alleviate problems of monthly overheads and minimise the abovementioned risk exposure. In a strategic alliance, relationships are important (Drewniak, Słupska, and Posadzińska, 2020). In fact, relational capital is an important ingredient of strategic alliances (Islam and Chitakunye, 2019).

The literature suggests that personal relational capital is a strategic resource that can be used by SMEs to improve their competitiveness (Welbourne, and Pardo-del-Val, 2009; Yoo, Sawyerr, and Tan, 2016). Whilst relational capital is a strategic resource (Sardo, Serrasqueiro, and Alves, 2018), the findings reveal failure of SMEs to utilise this resource effectively.

A case in point, *participant IB2* divulged that a shortage of needed backing networks suggested that she could not get a tender for the project of building school classrooms and laboratories in Richards Bay. Tightly associated with this is the ability to preserve a close personal relationship with the clients and other stakeholders. This was considered paramount by participants who

contended that close personal relationship with clients motivated clients to stay loyal. This belief is coherent with the emerging marketing concentration on client relationship management. The ensuing remark by *participant IB2* illustrates this:

When I visited my clients, I make sure I engage them in business-related and unrelated matters sometimes out of the buzzing office just to retain a close personal relationship with them. I have to. I believe with clients out sight is always out of mind. The long-distance you keep with them can terribly harm you (translation). Clients are easily swayed to new service providers. The difficulty in seeing and respond to better quality opportunities emerged as another danger to the business (Participant IB2).

Participant EAW2 (the manager in the quantity surveying firm – Pietermaritzburg and Ladysmith) illustrated that, in her years of operation, numerous businesses collapsed of the inability to read, identify and solicit industry opportunities, failure and being under-prepared to respond swiftly when opportunities availed themselves. Participant IC3 (manager from civil and structural engineering firm) added that endless scrutiny and perpetual analysing of possible business partners could culminate to opportunity loss. So careful identification and selection of compatible partners local and international reside on the ability of owners to make good on a correct choice. These individual skills are needed to build successful strategic alliances (Ardito, Peruffo, and Natalicchio, 2019). The role of the individual in strategic alliances must never be underestimated because their individual skills and capabilities can make or break an alliance (Gulati, Wohlgezogen, and Zhelyazkov, 2012).

4.2.4 Expertise

Strategic planning requires some expertise and skills. Whilst some SMEs had expertise in developing strategy, like the firm of the researcher, others had not, as illustrated by the extract below:

Laxity on coming up with strategies to deal with external factors (Observation notes, 17 May 2018).

Here, the term “*laxity*” is interpreted as a lack of seriousness because of the failure to realise the importance of strategic planning. This is interpreted as a lack of expertise to develop the required strategies. This is because of the failure of SMEs to retain skilled staff, as illustrated by the extract below:

Clearly, brain drain in the built environment seems to have entrenched itself and worsens when the consulting SMEs are unable to meaningfully and competitively participate in big tenders which ordinarily are easily accessible to MNEs (Observation notes, 16/06/2019)

Here, the SME have a lack of expertise to engage in strategic planning because of the brain drain. This provides an opportunity to formulate strategies that will help to retain staff. Because of a lack of expertise, “*SMEs are unable to meaningfully and competitively participate in big tenders*”.

4.2.5 Acquisitions and tender compliance

This subtheme has been combined with the tender compliance subtheme because of the connectedness of the acquisition practices. MNEs engage with local SMEs through a few strategies including acquisitions. The intention is to be more compliant and more competitive. An acquisition as a form of a strategic alliance meant different things to the participants as illustrated by the extract below:

All they do is to acquire/buy over small firms for the purposes of tendering compliance. They buy the local firms, layoff their workers and only keep a few handpicked ones (Participant EAW2).

Here, the term “*all they do*” is interpreted as a standard practice that has become the norm in these strategic alliances. That is the practice of acquiring “*small firms for the purposes of tendering compliance*”, and not for the long-term view of transferring skills to SMEs. This is reinforced by the extract below:

The type of decision-making I am involved in allows me to weigh and decide what is right for the organisation and its employees. I am also best placed to engage key role players and some strategic alliances outside the organisation to propose any form of relationships like joint venture (JV), acquisitions and mergers (Observation notes, 23/07/ 2019)

Reflecting on personal observations, the researcher engaged “key role players” and was actively involved in different forms of alliances. This was viewed an opportunity for enhancing the competitiveness of SMEs. However, for mergers and acquisitions to be successful, there must be mutual understanding between the parties, as illustrated by the extract below:

One of the first vital steps in a process is a comprehensive approach to identify the possibility of mergers or acquisitions of the SMEs, the like-minded companies to merge with or to create a strategic partnership (Observation notes, 22/06/ 2019)

The term “like-minded companies to merge” is interpreted as those companies with a common understanding, and similar goals. However, it emerges that the goals of most of the SMEs are short-term in nature because of a lack of evidence of strategic planning. Yet, the MNEs have clearly documented strategic plans. Therefore, it is not surprising that conflicts arise.

4.2.6 Restructuring

For strategic planning to be more effective, there may be a need to restructure. In fact, there may also be a need to “reconfigure the company from the beginning”, as illustrated by the extract below:

It was tough because there were some extra staff that had to leave during that time, meaning the restructuring and reconfigure the company from the beginning” (Participant IB1).

When restructuring takes place, areas of inefficiencies may be noted, and “extra staff” may have to leave the company. This is also reinforced by observational notes, as illustrated by the extract below:

heavy staff and poor business restructuring and slow organisational restructuring (Observational notes, 7 May 2018).

Here, the term “*heavy staff*” is interpreted as unnecessary staff. It was also observed that the SME was not properly structured and there were opportunities to reduce costs by reducing staff. This was perceived as necessary to help the SME to be competitive and drive its strategy, as illustrated by the extract below.

To cope there's a need to embrace organisational transformation and restructuring... A never coming company restructuring and poor business development (Observation notes, 17 May 2018).

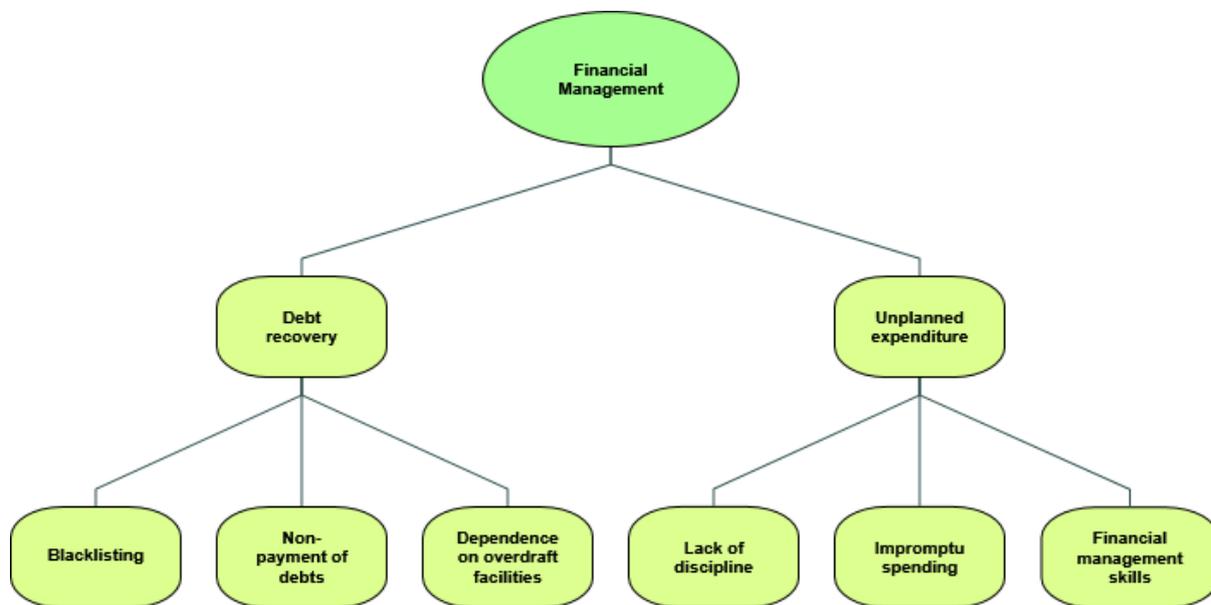
This is interpreted as a call for SMEs to adopt strategic thinking practices and streamline their activities so that they can be more agile and efficient. This can be achieved by restructuring and retaining only the staff complement that is needed.

4.3 Financial management

The literature suggests that the financial management practices of SMEs impact upon their performance (Omsa, Ridwan, and Jayadi, 2017). Whilst financial management requires specific managerial skills, and work ethos (Ngibe, and Lekhanya, 2019), it emerged that there are deficiencies in terms of financial discipline, lack of financial management skills, poor cashflow management, and ineffective debt recovery strategies.

Data was subjected to content analysis to see the patterns of text coded at the theme financial management. The text was drawn from the participants’ transcripts. The prominent words used by participants included “*spendthrift, debt, budget, games, expensive, blacklisted, court, upmarket, luxurious, animosity*”, among others, as illustrated in figure 4.7. Of importance is to understand the context in which these words were used.

The text was coded at different nodes, and these included lack of financial discipline (25.5%), poor financial management practices (13%), debt recovery (10%), blacklisting(10%), unplanned expenditure (9.5%), impromptu spending (9.2%), non-payment of debts (8.8%), and overdraft dependency syndrome (3%), as illustrated in figure 4.8. The percentage illustrates the percentage of text coded at a specified code. In other words, this indicates the extent to which meaningful text was attached to the code.



Thematic analysis was then used to ascertain the context in which the text was used and give meaning to the emergent themes.

4.3.1 Unplanned expenditure

Because of their connectedness, impromptu spending and lack of discipline, and financial management skills are discussed under the sub-theme unplanned expenditure. It emerged some SMEs were not managed properly, as reported by several of the participants. This is interpreted as a lack of financial management skills. Here, the company funds are often not used properly, and this is interpreted as a lack of financial discipline. This is illustrated by the extract below:

“I have been the greatest spender on client’s entertainment. I am a great sport fanatic; as a result, I own the stadium box where I would spend money on leasing it and the expenditure on food and expensive beverages for clients and friends when there the games. I have spent money overseas trip to watch games, travelling in luxurious classes. I did this hoping I would get more work when I come back” (Participant IC4).

Here, rather than reinvesting into research and development, participant IC4 embarks of a spending spree that is unplanned. This is interpreted as an impromptu spending. The use of the term “travelling in luxurious classes” is interpreted to mean that it was not the most economical decision. Rather than use “the stadium box” to bring in more money into the business, participant IC4 uses it for personal entertainment. In doing so, business income is spent in an irresponsible way. The issue of a lack of financial discipline is reinforced by participant DS3, who had this to say:

“Like most business owners in our sector, I personally like flashy things, they are a symbol of success even though success is sometimes at the expense of the company. I remember buying a house way above my budget because of the wife, who was a spendthrift. The temptation was that the house was on auction which prompted an impromptu buying. Obviously, if you buy an upmarket house, it follows that you have

to buy expensive clothes and drive the upmarket vehicles to match. The offices had to be in the upmarket area with expensive furniture. It took me long to realise that all these added up” (Participant DS3).

By stating that *“I personally like flashy things, they are a symbol of success even though success is sometimes at the expense of the company”*, the respondent is drawing attention to the lack of financial discipline, and a lack of strategic thinking. Yet, unnecessary expenditure impacts on the company’s cashflows (Perez-Sebastian, 2015). Consequently, unplanned expenditures impact on cashflows, and culminate in non-payment of suppliers (Fatoki, and Odeyemi, 2010; Fatoki, 2014). Three managers from Entrepreneur DEI (Delca, Excellence and Ibhongo) commented that it is unfortunate that unplanned financial expenditures are often unilateral decisions made by the company owners. Here, the operational level staff are not involved. Yet, it is the operational level staff who are left to deal with the challenges of poor cashflows (Ghebrihiwet, 2019).

Participant IB2 had this to say:

this threatened non-payment of salaries as well as other business overheads. Many times company lived on overdraft facility to keep itself afloat” (Participant IB2).

A lack of financial discipline means salaries may even go unpaid. This indiscipline has deteriorated to the extent that the *“company lived on overdraft facility to keep itself afloat”* and is cause for concern.

According to *participant DS1*, lack of financial management skills, especially with regards to debt collection, always have bad implication for the company. He said one of the real difficulties in business is debt collection, as illustrated below:

“I grappled with that issue about four years ago it had serious repercussions” (Participant DS1).

Here, the *“serious repercussions”* is interpreted as the consequence of poor financial management skills. As reported by other participants, this can cause poor cashflows, and the business failing to meet its daily operational expenses.

In a similar vein, participant *DS2* had this to say:

“the major task in business management is debt collection with Department and Municipalities not paying on time. We do follow-ups to the point of appointing debt collectors and ultimately, litigation. This creates unintended animosity with clients to the point of being backlisted for future work” (Participant DS2).

In a study of thriving entrepreneurial businesses in KwaZulu-Natal, it was discovered that rigidity and financial management were rated amongst the highest areas in managing the business (Hood and Young, 1993). Wrong advice from business consulting experts was also another major factor in business failure. This was confirmed by *Entrepreneur IC1* who pointed out that his accountant

gave him wrong reports and advised “*on careful choosing of professional people to surround you when making decisions*”. This is interpreted as a need to identify people with the right skills so that they can give the correct advice for decision making.

4.3.2 Debt recovery

Because of poor financial management skills, the SMEs often find themselves being referred to debt management companies, and thereby affecting their credit rating scores, and consequently their ability to borrow. The sub themes blacklisting, non-payment of debts, and dependence on overdraft facilities are discussed under the theme debt recovery because of their connectedness in meanings. It emerged that SMEs lack the skills to effectively manage their cashflows, as illustrated by the extract below:

“that technical, financial, as well as a human limitation that adds minimal value to service or narrow profit margins, shrink the scope for embarking innovative improvements to management, processes and service for seizing new opportunities” (Participant IC4).

Participants reported that without the much-needed cashflows, their ability to embark on “*innovative improvements*” is limited, and this affects their potential to identify and seize “*new opportunities*”. Properly managed cashflows provide “*new opportunities*”. Sometimes poor cashflows are a result of an ineffective debt recovery process, and illustrated in the extract below:

We sometimes go to court to recover our money from clients. Unfortunately, the money recovered is usually recovered without interest and legal costs. This is further coupled with the tendency of finding faults in every work to unsettle the consultant to the point of blacklisting for future work. On several occasions we went to court we recovered our money, but they never gave us jobs again (Respondent IB4).

The term “*we sometimes go to court to recover our money from clients*” is interpreted as an integral part of the debt recovery process but results in poor credit scores for the SMEs. However, it is the SMEs struggling to recover money from their clients, and not the SMEs failing to pay their suppliers. Nonetheless, SMEs in the built environment sector will fail to pay their debts if they cannot also collect what is owed to them. However, there is an awareness of the court process to recover debts. This is utilised when all amicable channels have been exhausted towards recovering outstanding due payments, they are usually left with no option but to resort to courts to enforce payments as revealed above. The court process is costly, and some SMEs may not be able to afford. This is cause for concern. The observation notes state as follows:

The consulting firms in the built environment enjoy no special preference when it comes to bank facilities like overdrafts and guarantees as they are considered high risks according to the bank clients’ rating (Observation notes, 20 July 2019).

The consulting firms in the built environment are not able to cope with the high-interest rate of the overdraft for a short-term loan. To protect themselves, most consulting firms find it uncomfortable taking any form of loan from banks because of

prolonged non-payment by clients. They take such perceptive measures to avoid repossessions and financial losses that could be a result of failure to meet their repayment obligations with the banks (Observation notes, 21 July 2019).

Over 25 years of experience in the industry revealed that “*consulting firms in the built environment enjoy no special preference when it comes to bank facilities like overdrafts*”. There is a worrying trend of being considered as “*high risk*” because of failure to pay some of their debts, and an overreliance on overdrafts. Moreover, these overdrafts come at a high cost as well, because of “*the high-interest rate*”. To avoid “*repossessions and financial losses*”, the SME seek for other sources of finance other than those made available through the banking system.

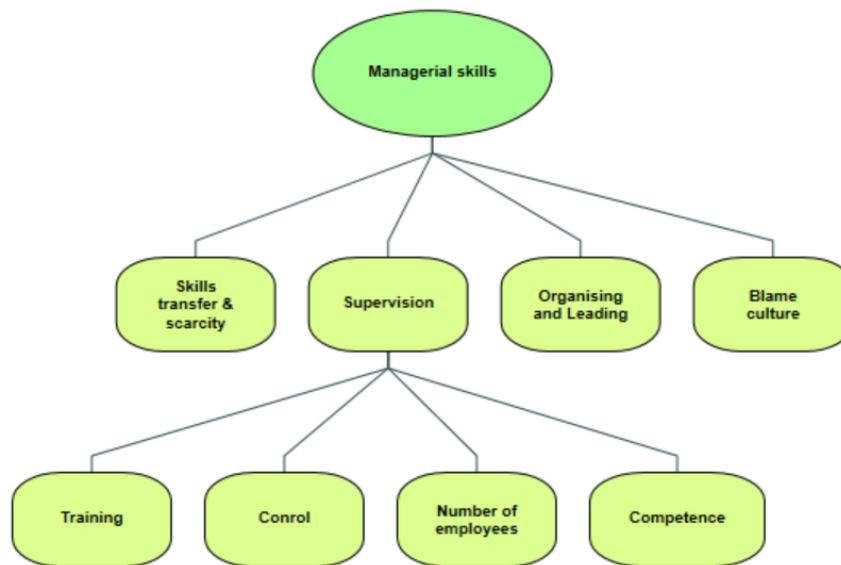
4.4 Managerial skills

Previous studies suggest that SMEs in South Africa have a deficit of the necessary managerial skills (Van Scheers, 2011; Cant, and Wiid, 2013; Derera, Chitakunye, and O’Neill, 2014). Data was subjected to content analysis to see the patterns of text coded at the theme managerial skills. The text was drawn from the participants’ transcripts. The prominent words used by participants included “*competencies, training, scarcity, control, statutory, skills, staff, worthless, technicians, pay*”, among others, as illustrated in figure 4.10. Of importance is to understand the context in which these words were used.

The text was coded at different nodes, and these included scarcity of skills (24%), training (18%), skills transfer (16%), blame culture (12%), and so forth, as illustrated in figure 4.11. The percentage illustrates the percentage of text coded at a specified code. In other words, this indicates the extent to which meaningful text was attached to the code.

and span of control. Blame culture, training, organising, leading, and control were standalone sub-themes.

Figure 4. 12: Mapping for managerial skills



4.4.1 Skills transfer and scarcity

In this study, a skill is defined as the ability to do something well. It emerges that these skills can be transferred from managers to employees, and vice versa. The scarcity of the relevant skills was observed at both managerial levels, and at an employee level. Whilst there is a shortage of skills, some participants felt that this must be taken as an opportunity to be entrepreneurial and develop locally based solutions to the problem. This is illustrated by the extract below:

As the skilled managers and technicians get green pastures inadequate recruits are competent of substituting them, the scarcity of skills is bound to increase and consulting cost will rise, posing an unnecessary burden in the built environment sector and economy. It is not justified to continue blaming the government (or apartheid) for this predicament or even expect the government's intervention for a solution. Yet that is exactly what we are doing (Participant, CR1).

The development of that preventive interventions could be a secondary measure to check the issue of skills migration, headhunting and encroaching by MNEs. Another respondent had this to say:

these difficult economic downturns necessitate SMEs to carefully guard their bottom lines and ignore of everything else outside their business, let alone helping with training new technicians many of whom acquire the competencies during working process to pay them commensurate with their skills abilities. Clearly, professional and statutory bodies are exclusive from the issues and are doing less to identify and enhance real skills (Participant, IC3).

Here, the onus is upon the SMEs to retain their skilled staff. It is suggested that the SMEs must “*carefully guard their bottom lines*”. This is interpreted as saying they must utilise their internal resources effectively and ensure that they retain skilled staff. This can be achieved through rewarding them appropriately and providing them with attractive packages or benefits. Instead of spending on luxury trips, as indicated by another respondent earlier, SMEs are called upon to prioritise their most important assets, that is skilled labour.

Similarly, participant AB1 had this to say:

To avoid leaving money in the hosting country, some international companies bring funding on condition that their skilled employees would be utilised to execute the project. This double-edged sword drains the money out and leaves no skills transfer to the country (Participant AB1).

The perception is that most MNE do not have the intention of leaving any “*money in the hosting country*”. Whilst the SMEs are instrumental in getting government projects, once secured, the MNEs use “*their skilled employees*” to execute the project making SMEs look like they are fronting for them to get jobs. By stating that the MNEs “*leaves no skill transfer to the country*”, participant AB1 is drawing attention to a lack of skills amongst SMEs. Here, the MNEs focus on getting contracts, but not transferring any skills. These skills are protected as a strategic resource. And yet, the SMEs give away their BEE status and qualification advantage for short-term gains. This is interpreted as a lack of strategic focus on the part of the SMEs. Yet, we know from the resource-based view theory that internal resources must be used as strategic assets (Drees and Heugens, 2013; Voss and Brettel, 2014).

4.4.2 Supervision

Managerial skills are also required to effectively supervise staff, and the associated activities, as illustrated by the extract below:

Fully understand the need to cope around situations they can't control using survival tactics (Observation notes, 25 May 2018).

Managers and employees must “*fully understand the need to cope*” with different situations. There are situations that “*they can't control*”, and there are situations that they can control. It emerges that training can help to bring positive results to the supervision task, as illustrated by the extract below:

SME owners appear to be seriously impacted by more essential barriers like being progressively worried about staff turnover as well as skill development which is easily resolved by training programmes instead of concentrating on basics and bigger issues like strategies to stay agile and focussed (Observation notes, 4 July 2019).

It emerges that the “*SME owners*” are “*seriously impacted*” by “*staff turnover as well as skill development*”. There is a realisation that this can be “*resolved by training*” staff so that they can

have the skills required to do their jobs. There is an emphasis on both managers and shopfloor staff to acquire the skills needed to do the job. This is reinforced by the extract below:

Absence of education and training is one key reason why there is an extremely high failure degree of SMEs (particularly the recently established) and low degree of entrepreneurial development (Observation notes, 5 July 2019).

The term “*absence of education and training*” is interpreted as a barrier to the competence of staff. As a result, the SMEs fail because of a lack of skilled staff, both at managerial and shopfloor levels. Hence, there is an opportunity to develop the skills set of staff working in the built environment sector through training programmes targeted both at managerial level, and the shopfloor level. This is reinforced by the extract below:

in my initial business, I experienced an exponential growth that superseded my expectation. The company happened to be relatively reasonable, with 80 odd staff members. This ended up being beyond my control. This was when it became clear that I am a worthless administrator. I am a very good architect but pathetic administrator (Participant LBM1).

It also emerges that SMEs owners or managers are at times not adequately prepared to manage a growing number of staff in their organisation. By saying “*this ended up being beyond my control*”, the participant is drawing our attention to the difficulty in managing and controlling a large workforce, and the fact that this was not planned. The term “*it became clear that I am a worthless administrator*”, is an admission to a lack of managerial skills.

4.4.3 Organising and leading

Leadership and organising skills are needed to help SMEs in the built environment sector operate more competitively. It emerged that leadership, as well as organising skills, is an area that needs further development, as illustrated by the extract below:

Some of these firms also highlighted the need to expand and optimise on business development, quality control, poor staff delegation of duties, enhancement of book-keeping, credit or alternative funding solutions, teamwork as well as leadership training (Observation notes, 4 July 2019).

The expansion of business needs leadership. Further, leadership is needed to steer the organisation in the right direction. In fact, leadership is needed to ensure all functions of the organisation are operating smoothly.

I am a very good architect but pathetic administrator (Participant LBM1).

Term “*pathetic administrator*” is interpreted as an admission of the lack of organisational and leadership skills. Whilst the participant is “*a very good architect*”, there are skills required for other parts of the business that are lacking. This requires leadership to help with developing a

training programme that will enhance the performance of both management and staff. These extracts are a specimen of what was shared by the participants, both managers and employees.

4.4.4 Blame culture

It emerges that there is a tendency to deflect failure by blaming others for the non-performance of the SMEs. Rather, a lack of managerial skills appears to be aligned with SMEs failure, as illustrated by the extract below:

The SMEs, therefore, must first look inward before levelling blame of their failures to others. Whilst the government has a role in supporting them, the reality is that there is an oversupply which outweighs the demand, and the government is operating in the limited fiscus. The constant expectation that the government is the sole provider of projects is arguably false. (Observation notes, 8 July 2019).

Drawing from over 25 years of experience as an engineering company head in the built environment sector, the researcher observes that it is important to “*look inward before levelling blame of their failures to others*”. This is interpreted as a call to look at the individual skills, and internal resources of the SME. The term “*the reality is that there is an oversupply which outweighs the demand*”, is revealing of the competitiveness in the built environment sector. This means the SMEs must be pro-active, train their staff, identify their competencies, and use their internal resources to compete. They should also look into new opportunities besides that which government can provide. Whilst there is a “*constant expectation that the government is the sole provider of projects*”, there is a need for SMEs to look beyond government projects.

We always find it easier to level blame of failed businesses on doing wrong things, but seldom do founder-owners appreciate that the failure resides in their thinking patterns... To ensure a sense of independence, SMEs’ government spoon-feeding and blame games need to cease if the reality of everchanging business terrain were to be appropriately responded and adhered to if compared reasonably with their MNEs counterparts (Observation notes, 6 July 2019).

The term “*seldom do founder-owners appreciate that the failure resides in their thinking patterns*” is interpreted as admission of failing to accept their own shortcomings as managers or founders of SMEs in the built environment sector. The term “*spoon-feeding*” is interpreted to mean that the SMEs have not yet matured and are not engaging their own independent thinking and skills, but rather want everything to be done for them by the government. This is because of a lack of competence, and the relevant skills set to do the job by managers, and their employees. Yet, the blame culture reaches even the top level of the SME management, as illustrates by the extract below:

The participant is the CEO of this company. According to this participant, the blame of SMEs failure is on management attitude and their questionable business knowledge capacity; inability for SMEs to self-introspect. This talks to misaligned priorities and serious poor forward planning (Observation notes, 25 May 2018).

Here, the term “*questionable business knowledge capacity*”, is interpreted as a lack of the required skills set to run a business. The term “*self-introspect*” is interpreted as a realisation that the problem is not only from the MNEs nor government officials, but also within the SMEs management and its employees. This is because they have “*poor forward planning*” and fail to put the long-term survival of the business at heart. This is reinforced by the extract below:

Blame failure on SMEs lack of synergising its systems and processes (Observation notes, 28 May, 2018).

This is interpreted as a failure by management to coordinate activities between its functions. In a way, it’s a failure of leadership. This requires “*a true and honest review of the root causes*” of failure amongst SMEs in the built environment sector as illustrated by the extract below:

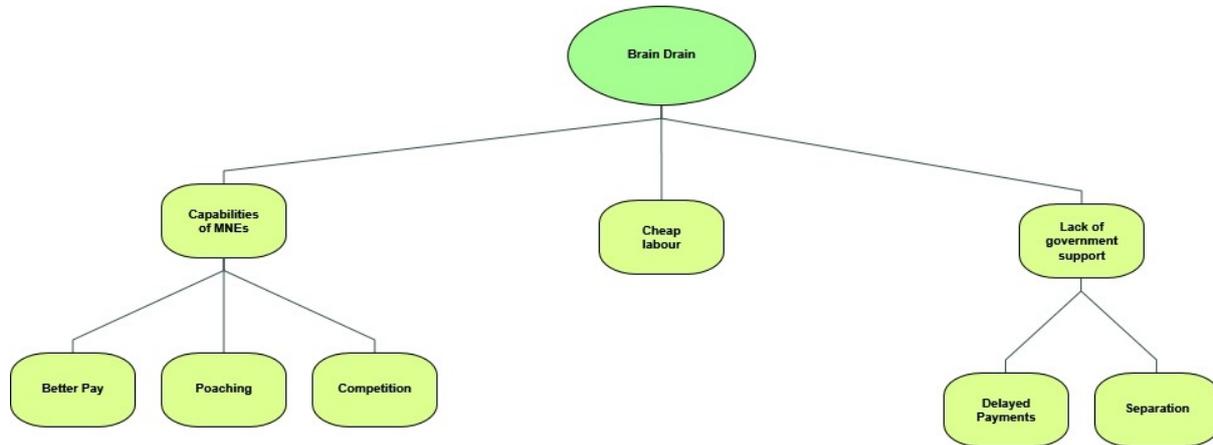
A true and honest review of the root causes by this participant help minimise shifting of blames. Whilst cited problems are real, a need to come up with a balanced view looking inside and outside is critical (Observation notes, 25 May 2018).

The idea of “*shifting blames*” detracts SMEs from dealing with the root causes of their problems. This requires an objective review of their staff complement, their skills set, their competencies, and individual contributions to the goals of the SMEs and proactively embark on new opportunities beyond what government can offer. Similarly, at management level, there is need to reflect on their ability to engage in strategic thinking, and strategic planning. These extracts are a specimen of what was shared by the participants, both managers and employees.

4.5 Brain Drain

One of the greatest challenges facing the African continent is the migration of skilled workers to developed countries for better paying job prospects and quality of life (Docquier, and Rapoport, 2012; Gibson, and McKenzie, 2011). The issue of brain drain is more serious in the built environment in KwaZulu-Natal because the SMEs are finding it difficult to recruit and retain skilled personnel thereby resulting in a loss of potential contracts. South Africa, as a developing country is facing a perpetual and escalating shortage of skilled labour (Mawela, Ochara, and Twinomurinzi, 2017; Booyens, 2020). The prominent words used by participants included “*trained, pay, offer, experience, poach, MNEs, leave, shortage, acquire, competitiveness*”, among others, as illustrated in figure 4.13. Of importance is to understand the context in which these words were used.

Figure 4. 15: Mapping for brain drain



4.5.1 Capabilities of MNEs

It emerges that because of their superior capabilities, MNEs can offer better pay, engage in “poaching”, and compete more effectively. This results in the movement of workers from the SMEs to join the MNEs, leaving a void in the skills within SMEs. The migration of the few skilled ones usually for greener pastures exacerbates this untenable situation. This is illustrated by the extract below:

Our good, highly skilled staff leave for MNEs or go overseas for better-paying jobs since we cannot afford to pay them well (Participant IC3).

By stating that “we cannot afford to pay them well” is interpreted as a lack of financial resources to remunerate staff properly. There is a paradox here with some paying for expensive items like participant DS3, whereas others say they can’t pay for staff properly, like participant IC3. This is interpreted as financial mismanagement because rather than paying staff properly, and providing them with good packages or benefits, money generated by the business is used inappropriately. There is also an embedded attitude of an unwillingness to pay staff competitive wages, and yet, they still require the services of skilled staff. For this reason, the underpaid staff migrate. Ultimately, SMEs end up without skilled staff. However, with the encroachment of MNEs into South Africa, there are job opportunities for skilled manpower from the local SMEs to join the MNEs, who are often perceived as having better remuneration packages. Again, the SMEs are left without skilled labour.

This is illustrated by the extract below:

The MNEs poach our good staff, they identify them and offer them what we cannot afford to pay them even in seven lives. You know it is painful; these people acquire experience from us only to leave when we need them most (Participant IC2).

The brain drain is also caused by the MNEs that “poach our good staff”. In fact, “they identify them and offer them what we cannot afford to pay them”. This is interpreted as a head-hunting

exercise, where the MNEs identify strong talents from SMEs, and offer them better packages. This is also interpreted as a lack of resources amongst SMEs to offer talented and skilled employee's better packages.

4.5.2 Cheap labour

It emerged that MNEs attract workers from SMEs with the prospect of better pay, and a better package. The term cheap labour is interpreted as the act of working hard for very little money, as illustrated by the extract below:

Looking at the business cost efficiencies, what is steep for us to meet as high demand for settling the demand for staff who have been given a chance to compare what we offer them against what MNEs offer leaves us worse off in two front loss incurred by training and grooming them and shortage of staff to meet projects and clients demands. They obviously score by getting cheap labour vs high expense of bringing in their own (Participant DS4).

There is a perception that SMEs offer relatively lower salaries than MNEs. Another perception is that the salaries offered by SMEs is a form of cheap labour even though comparatively speaking they may be higher than our but in real value they are far too short than what is received by the staff of the same qualification and experience in their country . It is therefore not surprising that skilled staff migrate to join the MNEs. In fact, South Africa, as a developing country is facing a perpetual and escalating shortage of skilled labour. This migration of the few skilled workers usually for greener pastures exacerbates this untenable situation. To confirm the foregoing, participant IC3 had this to say:

Our good, highly skilled staff leave for MNEs or go overseas for better-paying jobs since we cannot afford to pay them well (Participant, IC3).

This is typical of some international companies which usually bring along their skilled employees with the hope of using the locals as labourers. The term “better-paying jobs” is used to highlight that SMEs in the built environment sector are paying lower wages. There is an admission that they “cannot afford to pay them well”, and as such they end up losing the skilled staff. The problem of late payments is reinforced by the extract below:

our company can shut down anytime due to SARS and poor government payment (Observation notes, 28 May 2018).

The problem is so severe that the “*company can shut down anytime*”. This is interpreted as a lack of working capital because of kickbacks, the projects ‘discounts demanded by the clients and late payments to jobs done, and as such, maintaining a high wage bill is difficult. Therefore, SMEs have no other option apart from offering wages that are within their means. The problem of cheap labour is also perceived as emerging from the late payment systems for work done on public contracts by the government, as illustrated by the extract below:

Financial problems (late payments and infrequent job securing) are seen as the main cause staff migration and poor of companies' sustenance (Observation notes, 22 May 2018).

Failure to secure enough jobs, unfair competition, late payments for jobs done is perceived as “the main cause of staff migration”. It is this that forces SMEs to pay lower wages to their staff so that they can survive in the industry. On hindsight, the SMEs must be aware of the late payment system and should put contingency plans in place to help avoid the brain drain.

4.5.3 Lack of government support

Unfair competition, delayed payments to jobs completed by SMEs eventually contributes to the brain drain. There is a perception that the government can support the SMEs by making payments for services rendered on time. This is illustrated by the extract below:

the way things are, the government not doing enough to intervene and continuous payment problem, we would never match the MNEs even in our seventh life, given their financial muscle and technical expertise and experience” (Participant IB3).

This is interpreted as a call for the government to intervene and help the SMEs. Further, it is also a call for the government to pay its suppliers, most of them SMEs timeously. This would help the SMEs to continue in business as they face global competition. The brain drain in the built environment worsens when the consulting SMEs are unable to participate in big tenders meaningfully and competitively. The SMEs will be limited by their skills base. Yet, MNEs have the resources to place their bids, and satisfy all the tender requirements, as illustrated in the extract below:

Given the competitive nature of our business sector, big fish eat small ones. For instance, losing our highly trained and competent staff to MNEs is something that hurts us, making us take two steps forward and ten steps back. There is nothing we can do about it (Participant DS4).

The competitiveness of the business environment is also interpreted as a factor causing the brain drain. It is survival of the fittest, where “*big fish eat small ones*”. Without any form of support, the “*big fish*” will eat all the “*small ones*”. When skilled labour is lost to MNEs, the SMEs are at loss, as they take “*ten steps back*”. By stating that “*There is nothing we can do about it*”, the respondent is drawing our attention to the power of the MNEs, and how they can easily destroy the SMEs by offering superior products and services. Thus, they attract the best talent as a resource for competitiveness.

most SME owner-managers are not aware of what is on offer by the government for their support. Some SMEs do not have access to technology and electricity, which hampers their ability to access funding and training workshops information disseminated by government structures like IDC, SEDA, Khula and Intsika. It would assist if the government could relax some regulations and taxes and guarantees for the initial failure period of the first three years (Observation notes, 17 July 2019).

Drawing from over 25 years of experience working in the built environment sector, it emerges that “most SME owner-managers are not aware of what is on offer by the government for their support”. This means that whilst some SME managers continue to blame the government for a lack of support, leading to the brain drain, it is the SME themselves that fail to engage and access the support available. However, what emerges as the real problem here is “access to technology and electricity”. Here, the term “technology” is interpreted as the internet connectivity. This means that some SMEs have challenges in accessing the internet connectivity, and thus, face problems in accessing online resources for government support that are accessible through “government structures like IDC, SEDA, Khula and Intsika”.

4.6 Political environment

The literature suggests that the political environment influences business activity (Perez-Sebastian, 2015; Baumgärtner, and Quaas, 2010). Content analysis was conducted to ascertain the patterns of text coded at the political environment theme. The text was drawn from the participants’ transcripts. The prominent words used by participants included “corruption, bribery, tenders, abandoned, compliance, procurement, representatives, work, ethical, competition”, among others, as illustrated in figure 4.16. Of importance is to understand the context in which these words were used.

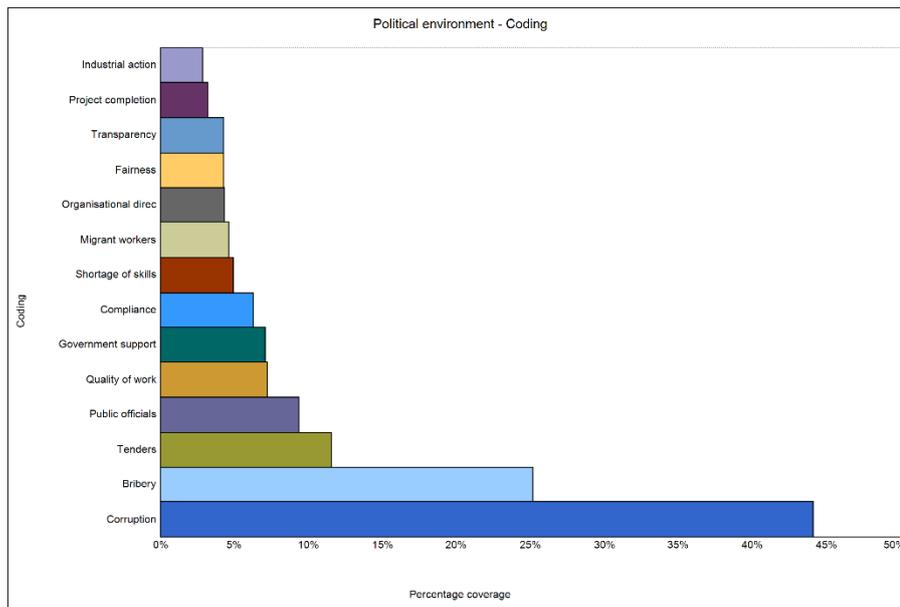
Figure 4. 16: Word cloud for political environment



The text was coded at different nodes, and these included corruption (44%), bribery (25%), tenders (13%), public officials (10%), quality of work (7%), government support (7%), compliance (6%), shortage of skills (5%), and so forth, as illustrated in figure 4.17. The percentage illustrates the

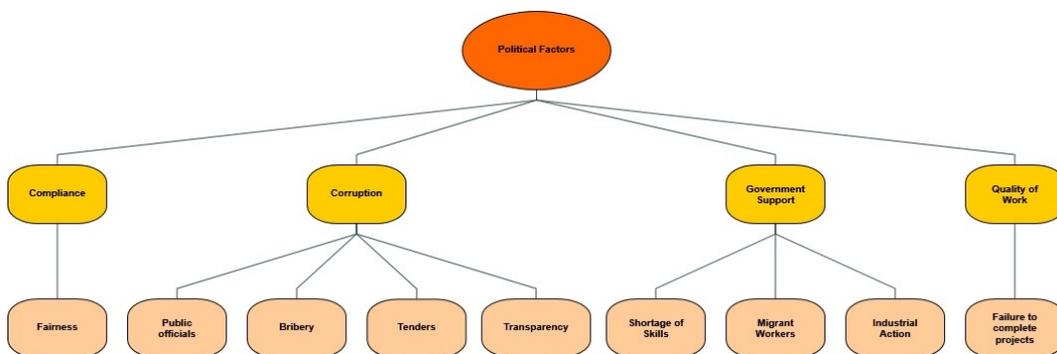
percentage of text coded at a specified code. In other words, this indicates the extent to which meaningful text was attached to the code.

Figure 4. 17: Coding for political environment



The sub-themes that emerged in this category are illustrated in figure 4.18. Corruption was aligned to public officials, bribery, tenders, and transparency. Government support was aligned to shortage of skills, migrant workers, and industrial action. Compliances was aligned to fairness. Quality of work was aligned to the failure to complete projects.

Figure 4. 18: Mapping for political factors



4.6.1 Corruption

The sub-themes public officials, bribery, tenders, and transparency will be discussed under the theme of corruption because of their interconnectedness in meanings, and context in which the text was used. The literature suggests that a major factor of concern within the political environment is that of corruption (Habibov, Fan, and Auchynnika, 2019). Previous studies also report that corruption is an impediment to economic development (Chitakunye, Ojochenemi, Derera, and Tarkhar, 2015), and it affects the operational efficiency and effectiveness of SMEs

(Sitharam, and Hoque, 2016). Consistent with the literature, the results reveal that corruption is impacting on the sustainability of SMEs, as illustrated by the extract below:

“corruption ought not only be sought just in the process alone, but also in state-owned authorities and the lack of ethics in the conduct of the public officials that are part of the process” (Participant IB2).

Here, the participant is drawing our attention to the importance of business ethics. Failure to observe ethical principles is amongst “state-owned authorities” and “public officials” is common. Yet, they are the very people that make decisions that can either make or break the SMEs. It emerged that the public procurement systems are marred by a lot of irregularities and inconsistencies. As such, this presents challenges to SMEs when they try to secure government contracts through the tender system. Some firms get favourable treatment than others, giving them an unfair advantage in securing government contracts. Some officials take personal interest in the tender process to safeguard their own interests, as illustrated by respondent IB3 in the extract below:

I cannot afford to complete the work because of the 10% of the contract sum I gave to Mr. X. If you can give me back that money it will enable me to complete the job (Participant IB3).

At times, to get a contract, the SMEs must give a certain percentage of that contract to “MR X”. Here, “Mr X” is interpreted to mean the government official who must remain anonymous. This indicates that there is an undertaking to keep the identity of the official unknown. On the promise to deliver “10% of the contract sum”, “Mr X” does his job to ensure that the consenting SME is awarded the government contract. Whilst Mr X gets the 10%, the SME is left with a reduced budget, which may not help to accomplish the intended task. A participant EAW4 had this to say:

These people that award the tenders have their own people they want to give the jobs to, because they have an interest in the jobs and as such the whole process is shady (Participant EAW4).

The above statement highlights the perception of corruption as not only affect the functioning of consulting businesses but also affect the quality of work rendered. For instance, when contracts are awarded to firms that lack the experience and capacity to execute the jobs, meet standards and quality are compromised which could have devastating consequences. Participant IC4 had this to say:

Some public servants have representatives who collect monies on their behalf to award tenders, upon payment of R80000 by a firm to award a tender, the firm ran out of funds to complete the project. Paying bribes or corporate gifts come with a price and sometimes substandard jobs are delivered because of the usage of inferior materials used (Participant IC4).

This means that a firm will not complete a project after being paid by the client because of corruption, in this case, a government official. This has a knock-on effect in that the contracted and sub-contracted people may not get paid. Further, banks and other creditors are not paid. Yet, the money to pay for contractor has been paid as a bribe. It is difficult for SMEs to thrive in such circumstances. However, this must be viewed as an opportunity for SMEs to be innovative and creative and look for orders elsewhere other than the government tenders that are endemic with corruption.

Corruption has eroded fairness in the procurement process. The core objective of corrupt individuals is for their selfish ends. This hamper and thwarts all the efficiencies and quality of work in completing bids, as illustrated by the extract below:

We rely on the government to level the playing field. On our own, it is not only impossible but difficult to be seen dictating to other businesses, hence hoping for the government to intervene (Participants IB2).

SMEs “*rely on the government to level the playing field*”, but the same government fails to root out the corrupt officials. By stating that they are “*hoping for the government to intervene*”, participant IB2 is pleading for interventions that can help to bring fairness and save the SMEs. This indicates that the level of corruption has reached an alarming level, thereby threatening the survival of SMEs. It also emerges that corruption takes place, but nothing is done about it, (Corruptor and corruptee – it always takes two to tango) as illustrated by the extract below:

“A lot have been mentioned about the existence of this menace. Despite government calls for the eradication of it, people believe that if corruption happens in a local municipality with impunity, then it is fine with the entire government therefore it a norm for living”(Participant IB3).

It is this culture of greediness that must be stopped. It is a “*menace*” that is affecting the existence of SMEs. There appears to be a lack of willingness to stop corruption. Corruptor and corruptee

Previous studies suggest that the failure rate of new SMEs in South Africa is one of the highest in the world (Fatoki, 2012). Studies also reveal that the ethical challenges faced by new SMEs are a constraint on the availability of trade credit, a major source of external debt finance (Fatoki, 2012; Akinboade, 2014). Located within this, are practices of bribery that are detrimental to the sustainability of SMEs (Hoeppli, 2015; Cant, 2012). The findings reveal acts of bribery, an impediment to the survival of SMEs in KwaZulu-Natal, as illustrated by the extract below:

“Bribery and corruption interrupt the fair procurement system and competition trajectory, thus lending opportunity to low-performing SMEs. Bribery and corruption present poor service delivery founded on less quality of service and life in the main” it is something to be abandoned (Participant DS2).

By saying “*lending opportunity to low-performing SMEs*”, participant DS2 is drawing attention to the fact that contracts are not awarded to the best bidder, but those that can pay a bribe. Therefore, the ability to pay a bribe is crucial. In these circumstances, it is those SMEs that are supported by the financial capabilities of the big MNEs that win the context. However, “*poor service delivery*” is an outcome if contracts are awarded to a firm that cannot perform. In a similar vein, participant DS1 had this to say:

Most SMEs never pull through because they believe in short cuts of getting jobs. Sometimes, they even go as far as producing fake compliance certificates like tax clearances and construction licenses (Participant DS1).

By saying that “*most SMEs never pull through*”, participant DS1 is pointed to the lack of strategic focus of SMEs that rely on bribery as a strategy. Because they take “*short cuts of getting jobs*”, their approach is not sustainable, and they fail to survive in the industry. Rather than focusing on developing a strategy that is informed by the resourced based view theory, they embark on “*producing fake compliance certificates like tax clearances and construction licenses*”. Because of this, the quality of jobs that they produce are below standard. It is also reported that bribery and corruption are of national concern, as illustrated by the extract below:

“Bribery and corruption not only an issue for SMEs but the entire nation as it perpetually erodes ethical values and norms” However, SMEs in the dire need to make a living they either consciously do it or be compelled to do it” (Participant IB2).

Here, we learn that SMEs are in an environment where corruption is of national concern. In fact, bribery, and corruption “*perpetually erodes ethical values and norms*” at a national level. As such, SMEs are left with no choice but to engage in bribery and corrupt activities.

4.6.2 Government support

The sub-themes shortage of skills, migrant workers, and industrial action will be discussed under the theme of government support because of their interconnectedness in meanings, and context in which the text was used, as illustrated by the extract below:

We are operating within the political confines, whether we like it or not. Politics dictates the organisational direction of our companies. This creates problems than solutions. The shortage of work on one hand and the South African highly unionised work environment on the other has resulted in the employment of foreigners as means to cut down on operational cost and stable work environment with fewer strikes and stay-aways. This has caused us unending problems and severe impact on our businesses (Participant CR1).

This is interpreted to mean that these “*political confines, whether we like it or not*”, have an impact on the activities of SMEs. In fact, it is politics that “*dictates the organisational direction*”. This means planning is informed by political decisions, such as government policies. Further, political

decisions may also create an environment for industrial actions, as illustrated by the “*strikes and stay-aways*”. The intention is to have fewer “*strikes and stay-aways*”.

It also emerges that migrant workers are utilised, as illustrated by the term “*the employment of foreigners as means to cut down on operational cost*”. This is interpreted as cheap labour because of the term “*to cut down on operational cost*”. In a sense, allowing migrant workers is a form of government support, and some of these workers have the skills needed to do the jobs. Here, there is an opportunity to formalise and regularise skilled migrant workers so that they can help SMEs in the built environment sector to grow and compete effectively.

The findings reveal that there are some government initiatives to train and ensure SMEs acquire the right skills. This is illustrated by the extract below:

Even though there are some initiatives through SETAs that encourage and incentivise training of staff by the government-funded programme, some of the consultants are not aware of that, and also, they are running their companies in a shoestring given the project deadlines and shortage of resources (mainly time and human resources). They do not have the willingness and spare capacity to spare to do that (Participant DS3).

These “*government-funded programmes*” are vital for SME survival. However, there is a lack of awareness of these programmes. This is interpreted as a lack of effective communication between the programme management teams and the SMEs. As outlined in chapter 2, SETA is an acronym for Sector Education and Training Authority (SETA). It is a vocational skills training organization in South Africa.

4.6.3 *Quality of work*

The quality of work provided by SMEs on government contracts also emerged as an issue. Of particular concern was the awarding of public contracts to firms that “*lack the experience and capacity to execute the job*”, as illustrated by the extract below:

when contracts are awarded to firms that lack the experience and capacity to execute the job, standards and quality are compromised which could have devastating consequences (Observation notes, 13 July 2019).

However, such firms are used repeatedly, and this affects the quality of work. Work is awarded based on connections to public officials, and not the quality of work produced by the SME nor their ability to perform. The term “*standards and quality are compromised*” is interpreted as an admission to the sub-standard work offered by some SMEs, and yet, they continue to be awarded public contracts. Here, there is an opportunity for the procurement process to put this practice to an end. However, there is inaction because “*these people that award the tenders have their own people they want to give the jobs*”, as illustrated by the extract below:

These people that award the tenders have their own people they want to give the jobs to because they have an interest in the jobs and as such the whole process is shady (Participant EAW4).

Here, we learn that the “*whole process is shady*”, and this is interpreted as a lack of honesty and transparency. Consequently, contracts are not awarded based on the quality of work that can be produced but based on connectedness within the tendering system. The “*corrupt government officials*” are at the heart of the “*shady*” process, and this compromises work quality, as illustrated by the extract below:

The prosecution and successful sentencing of corrupt government officials could reduce corruption in the public sector which could, in the long run, bring about stiff competition and add value to the quality of work being undertaken by SMEs in the built environment (Observation notes, 14 July 2019).

The quality of work is also compromised by a lack of “*prosecution and successful sentencing of corrupt government officials*”. Here, prosecutions and sentencing are shaped by government policies. This indicates that there are opportunities to improve the implementation stage of some government policies, particularly those aligned with prosecuting and sentencing “*corrupt government officials*”.

4.6.4 Compliance

It also emerges that there are compliance issues when it comes to providing information for contracts, before and after the tenders are awarded, as illustrated by the extract below:

The deliberate modification of project cost, or planning inputs or outputs, so as to misinform clients and other stakeholders, conceal factual information, win the contract, disguise performance challenges, overestimate margins, or other similar goals are prevalent habits in this sector which is marred by intense competition (Participant DS2).

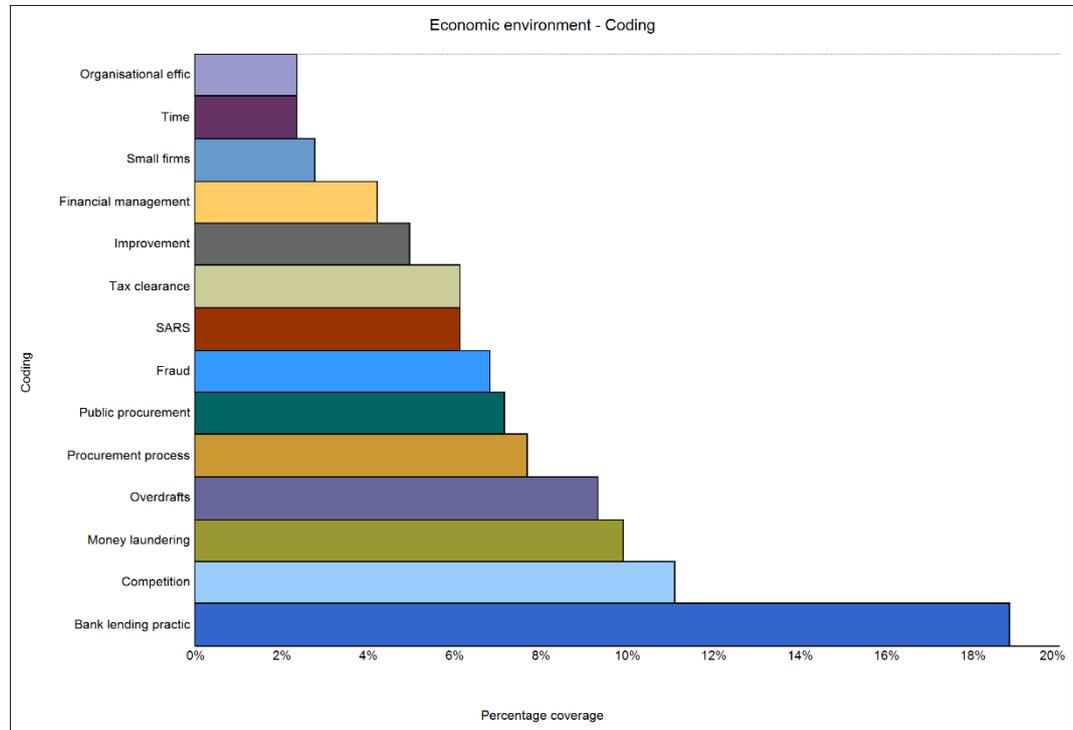
The term “*deliberate modification of project cost*”, is interpreted as an unethical practice that should be stopped, but the public officials wilfully turn a blind eye for their own personal gains. The fact that “*factual information*” is concealed is interpreted as a form of non-compliance. However, there is a perception amongst SMEs that this is a common practice to “*win the contract*”. Here, the “*contract*” referred to is the public contract.

The manager is worried about the state of the country and the way institutions like the Departments and Municipality are politicised. Unequitable distribution of work. Lower margins of tendering. Some inherent expectations by officials during tendering and invoicing (Observation notes, 28 May 2018).

Here, the term “*politicised*” is interpreted as a dimension of the non-compliance practices. In fact, decisions are made based on political views rather than stipulated regulations and guidance. This is interpreted as the root cause of non-compliance. Yet, it is a practice that can be stopped if serious action is taken from the enforcement departments. But the public officials have “*some*

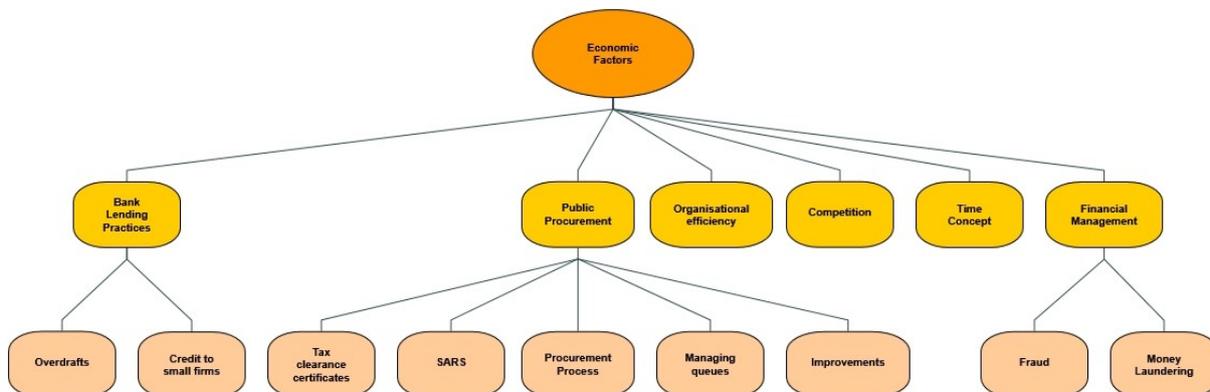
procurement (7%), fraud (6.5%), SARS (5%), and so forth, as illustrated in figure 4.20. The percentage illustrates the percentage of text coded at a specified code. In other words, this indicates the extent to which meaningful text was attached to the code.

Figure 4. 20: Coding for economic factors



The sub-themes that emerged in this category are illustrated in figure 4.21. Public procurement was aligned to tax clearance certificates, SARS, procurement process, managing queues, and improvements. Bank lending practices was aligned to overdrafts, and credit to small firms. Financial management was aligned to fraud, and money laundering. Organisational efficiency, competition, and time management were stand-alone sub-themes.

Figure 4. 21: Mapping for economic factors



4.7.1 Bank lending practices

The text coded as overdrafts, and credit to small firms is discussed under the theme labelled bank lending practices. This is because of text interconnectedness, meanings, and relatedness of the context. It emerged that banks have put in place stringent lending models because of their experiences with fraud in the financial sector. This is illustrated by the extract below:

The banks do not assist. They give some assistance or finance with stringent arrangements. Do not even go there. They might give you an overdraft with cost do not even go there. Aaaah we have a minor overdraft. The bank can take you off anytime, three months you cannot carry forward. The opportunity is limited and makes small businesses vulnerable (Participant IC2).

By stating that “*the banks do not assist*”, participant IC2 is drawing attention to the fact that the SMEs face difficulty in getting support from the banks. The “*stringent arrangements*” deters SMEs from accessing bank loans. Even using “*overdraft*” facilities has become costly for SMEs. The SMEs are “*vulnerable*”, and this is cause for concern. This indicates that the banks must review their lending models to help accommodate contextual factors being experienced by SMEs in South Africa.

The consulting firms in the built environment enjoy no special preference when it comes to bank facilities like overdrafts and guarantees as they are considered high risks according to the bank clients’ rating, as illustrated by the extract below:

It is tough to dispute the fact of some not all business and financial mismanagement, who have misaligned and mismatched priorities. Using money for what it was not intended to is a sign of immaturity and a common phenomenon in this sector. My observation is that this is more prevalent in youth (Participant IB4).

This attitude of bad rating then ensues fundamentally perpetuated by the view held by the banks of some consulting firms who misuse their monies in valueless things like cars, entertainment etcetera. Instead of putting money into the project. To all banks, profit, and protection of investors, interests are key. Thus, to cover themselves, they increase their rates. The consulting firms in the built environment are not able to cope with the high-interest rate of the overdraft for a short-term loan. To protect themselves, most consulting firms find it uncomfortable taking any form of loan from banks because of prolonged non-payment by clients. They take such perceptive measures to avoid repossessions and financial losses that could be a result of failure to meet their repayment obligations with the banks. The lack of support from the banks is also reported by participant DS2 in the extract below:

Unless the banks transform and focus on the needs of all its clients, SMEs shall always struggle to pull through because its processes are geared towards profit generation at the expense of the business relationship. They are out to suppress our existence. They never provide solutions nor support SMEs goals as they see risk through and through (Participant DS2).

By stating that “*unless the banks transform and focus on the needs of all its clients*”, participant DS2 is indicating that the bank lending models are not relevant or suitable to the context of SMEs in KwaZulu-Natal. For this reason, SMEs “*struggle to pull through*”. They struggle to survive. The participants are of the view that the banks are more focused on profit motives rather than building lasting relationships with local businesses. By stating that “*they are out to suppress our existence*”, the participant is pointing to the fact that the bank lending models are not helping the situation of SMEs in KwaZulu-Natal, and as such, they must be modified so that they can be more useful and helpful.

4.7.2 Competition

Competition within the built environment sector emerged as a concern for some SMEs, as illustrated by the extract below:

other similar goals are prevalent habits in this sector which is marred by intense competition (Participant DS2).

The term “*marred by intense competition*” is interpreted as an admission to the competitive rivalry in the built environment sector. There are also some observed “*prevalent habits*”, which have become a norm. For instance, the issue of corruption, as illustrated by the extract below:

the primary source of corruption is over the competition during the tender process, inadequate transparency in the choice criteria for tenders, unacceptable political interference, intricacy of institutional roles and functions as well as asymmetric information amongst consultants (Observation notes, 26 July 2019).

Because of the “*intense competition*” some SMEs resort to corrupt activities so that they can get public contracts. Competition is also within “*the tender process*”, and some SMEs rely on political influence, manipulation, and connections as a way of circumventing the competitive tender process. Further, SMEs find it difficult to compete with MNEs that have an advantage because they bring foreign currency that is relatively stronger than that of the South African currency rand, as illustrated by the extract below:

What is even more sad is that these companies find life easy, the rand exchange rate is cheaper; employees flood into their companies (Participant LBM2).

Because of their superior resource base, MNE attract skilled workers from the local SMEs. By saying that “*employees flood into their companies*”, participant LBM2 is drawing our attention to the attractiveness of packages offered by MNEs compared to those offered by SMEs. This is a resource that is used by MNEs to attract skilled labour from local SMEs, and this puts them in a better competitive position. The MNEs also use their resources to outprice the local SMEs in the tender process, as illustrated by the extract below:

They usually come in at low tender prices factor to eliminate possible contenders. For instance, some companies come below acceptable and reasonable tender price percentage to get the award. Once they are in, there are various ways used to increase the project price like variation orders, scope enlargement etc. We pin our hope on Competition Commission and the Public Protector's office to intervene and eradicate this problem (Participant DS2).

The “low tender price” is used as a resource “to eliminate possible contenders”. On hindsight, the MNEs could be charging a fair price since their prices are not inflated as per the instructions of the corrupt government officials. This means that prices charged by the SMEs are higher because of additional costs to meet the greediness of the corrupt public officials. It also emerges that “*some companies come below acceptable and reasonable tender price percentage*”, with the intention of making it difficult for the SMEs to get the contracts. Whilst some companies peg their prices very low, they subsequently increase their prices once the contract is secured because “*there are various ways used to increase the project price like variation orders, scope creep or scope enlargement etc*”. Such tactics make it difficult for SMEs to compete effectively, as illustrated by the extract below:

A very concerned Managing Director who expresses, difficulty to cope with stiff competition against MNEs (Observation notes, 7 May 2018).

A managing director of an SME was concerned about this and admitted that it was difficult “to cope with stiff competition against MNEs”. This view was shared by both management and staff across that participating SMEs.

4.7.3 Financial management

Text coded as money laundering, and fraud have been combined, and are hereby discussed under the heading financial management. This is because of their interconnectedness, and the context in which the related text was used. The literature suggests that the proceeds attained by MNEs in the host country may be legitimate and earned money, it becomes illegal if the portion meant for local taxes and social responsibility is concealed using some unethical accounting practices (Barone, and Masciandaro, 2019). The literature suggests that tax evasion and avoidance does not assist in furthering the government programmes and other obligations (Slemrod, 2007; Junpath, Kharwa, and Stainbank, 2016). In fact, this amounts to fraudulent activities because the MNEs send the money to their offshore accounts. This is illustrated by the extract below:

the government does not have risk-based tactic to deal with the illegal money leaving the country to other countries. What is even more sad is that these companies find life easy, the rand exchange rate is cheaper; employees flood into their companies (Participant LBM2).

By saying “*illegal money leaving the country to other countries*”, participant LBM2 is drawing our attention to the practice of tax evasion. The money is sent abroad to avoid paying taxes.

And yet, the SMEs are expected to fulfil the same tax obligations as MNEs. The findings revealed that the SMEs are subjected to the same tax regime as MNEs, and identical licensing obligations. Given the challenges faced by SMEs in KwaZulu-Natal, there is a need to review the turnover-based tax system. The tax system must be transformed so that it is relevant to and meaningful to the different business categories and a changing business environment. This affects the taxes collected by SARS, and the amount of resources that can be allocated to help SMEs. It also emerged that there is a practice of inflating or delating project costs so that bids can be won, as illustrated by the extract below:

The deliberate modification of project cost, or planning inputs or outputs, so as to misinform clients and other stakeholders, conceal factual information, win the contract, disguise performance challenges, overestimate margins, or other similar goals are prevalent habits in this sector which is marred by intense competition (Participant DS2).

This is interpreted as an unethical conduct, and an act of fraud. There is a lack of attention to master skills needed to do the job currently, but a focus is on deceiving. If this is the mentality of some SMEs, then it is not surprising why they fail. Rather, the focus must be on working transparently and competing effectively. This brings into questions issues of personal morality, and conscience.

there is a number of company owners who believe that engaging in fraudulent activities produce easy money. This is usually done with corrupt and unscrupulous officials. They usually come in at low tender price to eliminate possible contenders. For instance, some companies come below acceptable and reasonable tender price percentage so as to get in. Once they are in, there are various ways used to increase the project price like variation orders. We pin our hope on Competition Commission and the Public Protector's office to intervene and eradicate this problem (Participant DS2).

Here, there is a belief “*that engaging in fraudulent activities produce easy money*”. The term “*easy money*” is interpreted as money that has been obtained through unethical means. Here, prices are inflated to defraud the government. Bid are submitted at low price “*to eliminate possible contenders*”. Once the bid is awarded to the lowest bidder, the officials and winner of the bid connive to defraud the government by increasing “*the project price using scope creep and variation orders*”. This practice makes it difficult for SMEs in the built environment sector to compete. By stating that “*we pin our hope on Competition Commission and the Public Protector's office to intervene*”, Participant DS2 is drawing our attention to the rootedness of these fraudulent activities.

Krishnan (2009) states that it was not amazing fact that the built environment more especially the construction sector was the highly corrupt sector given its intricate nature of doing business and the involvement of several different key parties. This is due to a large movement of public funds, most competitive nature of tendering process, unclear selection of process criteria for projects,

political meddling, monopolistic nature of service delivery, stiff margins and sometimes collusion by closely related consultants and contractors. Sohail and Cavill (2008) posit that this specific characteristics and conditions, inevitably increases the probability of corruption. Many a times this involves government officials, technical staff, material and equipment suppliers, companies' owners, investors, and regulatory bodies that usually turn a blind eye to matters of conflict of interest. They went on to say these corrupt tendencies also include bid rigging and collusion, fronting companies, and fraud to mention a few. Here, participant DS2 is drawing our attention to bid rigging and other associated fraudulent activities in the public procurement system.

4.7.4 Public procurement

Text coded as tax clearance certificates, SARS, procurement process, managing queues, and improvements money laundering, and fraud have been combined, and are hereby discussed under the heading public procurement. This was a befitting label for this theme because of the interconnectedness, and the context in which the related text was used.

Most participants in the study were of the view that a centralised procurement policy system is a good concept. Regardless, they also felt that this created avenues for malpractices. The procurement system was conceived to create sound accountability and increase public control and the buy-in in executing infrastructural development projects and service delivery, as illustrated by the extract below:

The idea to have a procurement policy to create a level playing field. I believe there comes the point in time to look at what is achieved and how do we adjust it to be even again. The process is cumbersome, there are too many documents to fill, and it is a problematic point for consultants. For small work yes but for big jobs no, it does not favour small firms (Participant, EAW2).

The term “*level playing field*” is interpreted as fairness. However, it is difficult to establish fairness where the MNEs have an advantage because of their resource base. The system is “*cumbersome*” for SMEs because “*there are too many documents to fill*”. And yet, the SMEs do not have skilled personnel to help with the process. This acts as a barrier because the SMEs may fail to place bids “*for big jobs*”. In this sense, they are naturally excluded from some government contracts.

Another challenge is found in the tax clearance system operated by the South African Revenue Service (SARS). This is as illustrated by the extract below:

this tax clearance requirement which is usually an immediate disqualification requirement does not take into account the trouble of getting them from SARS, the queues and time taken going to these offices, is a pain. You are only allowed twenty copies of something that gets finished within two weeks of the tendering period. Maybe if a central database should be created as a springboard for all kinds of consultant information that has been submitted (Participant DS2).

It emerges that SMEs face difficulties to obtain tax clearance certificates “*from SARS*”. In fact, “*the queues and time taken going to these offices, is a pain*”. This is interpreted as a time-consuming process, and with limited resources, SMEs find this difficult. Further, SARS limits the number of copies that can they avail to companies, yet these “*twenty copies get finished within two weeks of the normal tendering process*”. This is interpreted to mean that they are used up quickly whilst placing different bids.

4.7.5 Organisational efficiency

It also emerged that there are inefficiencies within the public procurement process, as illustrated by the extract below:

The process is cumbersome, there are too many documents to fill, and it is a problematic point for consultants. For small work yes but for big jobs no, it does not favour small firms (Participant, EAW2).

By saying “*the process is cumbersome*”, participant EAW2 is drawing our attention to the inefficiencies inherent in the system. For instance, “*there are too many documents to fill*”. This indicates that there are opportunities to simplify the process. These inefficiencies and complexities of the documents required “*do not favour small firms*” because of their limited resources, and a lack of skills. There is also an admission that inefficiencies arise out of a “*conflict of interest*”, as illustrated by the extract below:

The conflict of interest on the part of the public servants who use their positions in public offices to favour firms they are linked to, has crippled the efficiency and credibility of the process (Observation notes, 20 July 2019).

Here, “*the public servants*” are blamed because they “*use their positions in public offices to favor firms*” that “*they are linked to*”. Whilst the blame is on the conduct of “*public servants*” for the inefficiencies, there is less focus on the role played by SMEs in these inefficiencies. There is a lack of self-introspection on the part of the SMEs.

Organisational inefficiencies are evidenced by inappropriate use of financial resources, as illustrated by the extract below:

Using money for what it was not intended to is a sign of immaturity and a common phenomenon in this sector. My observation is that this is more prevalent in youth service providers (Participant IB4).

The term “*immaturity*” is interpreted as a sign of deep-rooted inefficiencies in the built environment sector. There is a strong perception that inappropriate use of financial resources “*is more prevalent in youth run businesses*”. This is interpreted as an admission that the younger entrepreneurs tend to use financial resources inappropriately, perhaps because of “*immaturity*”, and a lack of financial management skills, a lack of experience, and a lack of foresight.

4.7.6 Time concept

Text coded at the node time concept alluded to different things including difficult times, as illustrated by the extract below:

There is a need to establish the plan for survival in such difficult times (Observation notes, 17 May 2018)

This is interpreted as a realisation of the need to plan effectively to help make effective decisions. However, it was found earlier that there was a lack of strategic planning, and managerial skills. An opportunity arises for SMEs in the built environment sector to plan so that they can withstand the test of times. Long range planning is needed to help plan for different eventualities within the competitive business environment. Failure to plan can affect the working capital of the organisation as illustrated by the extract below:

Aaaah we have a minor overdraft. The bank can take you off anytime, three months you cannot carry forward. The opportunity is limited and makes small businesses vulnerable (Participant IC2).

The fact that “*the bank can take you off*” from the “*minor overdraft*” is interpreted as a factor that affects the planning of SMEs. In fact, long-term planning is difficult if there is uncertainty over the overdraft facilities or any kind of revenue. This is an opportunity for SMEs to build trusted relationships with their banks so that they can access stable overdraft facilities. The term “*three months you cannot carry forward*” is interpreted as an admission of a lack of long-range planning that affects the operational activities of SMEs in the built environment sector.

You are only allowed twenty copies of something that gets finished within two weeks. Maybe if a central database should be created as a springboard for all kinds of consultant information that has been submitted (Participant DS2).

Time is also wasted whilst SMEs wait for copies of documents from SARS because they are issued in smaller quantities. Here, there is an opportunity to digitise the process so that the required documents for SMEs to complete the public procurement bids can be readily available when needed. Here, we learn that the SMEs “*are only allowed twenty copies*” of the required documents. The use of the term “*gets finished within two weeks*” emphasises the short duration, and the frequency of seeking additional documents. This is perceived as a waste of time, as reinforced by an extract from observation notes below:

the processes for all compliance documents should be simplified to ease the time and effort required to attain the same (Observation notes, 22 July 2019).

There are opportunities to simplify “compliance documents”, and this can be achieved through digitisation. This will help to “ease the time and effort” required. Thus, saving time and effort, and freeing the time for SMEs to engage with other activities. It also emerges that the time taken to process payments for jobs done is a concern, as illustrated by the extract below:

The struggle of this company to stay financially afloat is evident on statements like “our company can shut down anytime due to SARS and poor government payment (Observation notes, 28 May 2018).

The term “*poor government payment*” is used to emphasise the delayed payment system. There is an opportunity to help the cashflows of SMEs by paying them on agreed times, so that they can be able to plan accordingly. The perception held by SMEs in the built environment sector is that payments are delayed, and this is shared by both senior management and employees across the participating SMEs. There is also a need for interlinking recovery system amongst the government institutions, for example SARS must be able to garnish and retrieve its money owed by the SME from any contracting government department. In other words, if the SME owes SARS 2million rands and Department of Works owes the SMEs 30million rands, a sensible thing to do is to recover its money directly from the invoiced Department and release the balance of the invoice to the SME. Instead of compelling the SMEs to find money to settle its debt for SARS when the SME has no money and waiting to be paid. What is even more hurtful is that SARS is quick to attach belonging if one is unable to pay. It’s sad that SARS can withdraw money from any account whether personal or companies’ but the Departments.

4.9 Summary of the chapter

This chapter has reported the findings of the study. This was achieved by using word clouds to get a general understanding of the data and determine the words that were used most frequently by the participants within each of the emergent themes. This was then followed by thematic analysis to reveal the context in which the words were used. Internal challenges faced by SMEs in the built environment that emerged from the data included a lack of managerial skills, lack of financial management skills, a lack of strategic management skills, among others. Some of these challenges are a result of external factors such as the culture of corruption inherent in the public procurement system, inefficiencies in the public procurement system, and growing competition in the built environment sector, among others. It also emerged that the brain drain was a significant factor affecting SMEs in the built environment sector, and this was caused by the inability of SMEs in the built environment sector to offer attractive packages to their staff, whilst MNEs were able to do that. Yet, the same SMEs were able to make pay-outs to public officials for their services in securing government contracts. This process was worsened by the failure to ensure transparency in the public procurement system, and a shying away from practices of digitisation. Rather than focussing on using their internal capabilities that are easy to deal with and something they can control as sources of competitive advantage, the SMEs resort to acts of bribery, and corruption as resources to compete. Rather than develop strategies to attract and retain skilled staff, some SMEs are consumed by acts of bribery, and corruption. This confirmed the researcher’s

view that some SMEs challenges are self-induced and are internal in nature. That require introspection and fundamental interrogation of self and all factors within their control. Most of them pointed to SMEs as accomplices to their own destruction. Whilst some of these challenges are documented in the literature, there are themes that emerged that forced the researcher to revisit the literature because they were not properly explained by studies reviewed in the initial literature review. This iterative process helped to deepen the understanding of some of the emerging findings. This also made the researcher realise that important literature had been missed in the earlier review. These findings were consistent across the 11 female participants, and 9 male participants. However, almost all the top positions in these SMEs were occupied by males, rather than females. There were only 6 females in senior management positions. Further, all these SMEs were black owned. The next chapter will discuss the findings with the intention of developing some guidelines that can be used to help SMEs in the built environment to compete more effectively.

CHAPTER 5: DISCUSSION

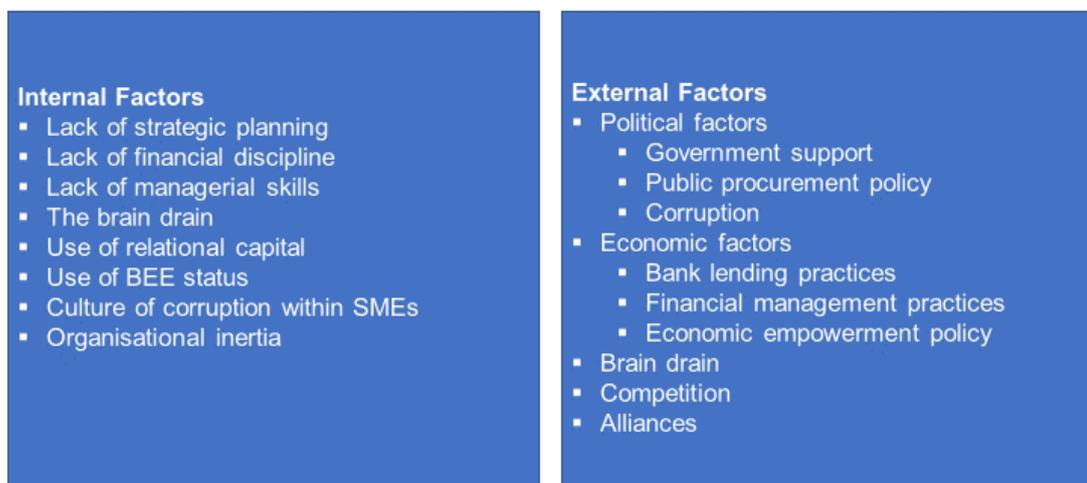
5.0 Introduction

This chapter discusses the findings. Here, the results are compared with the literature with the intention of identifying any consistencies and inconsistencies. The intention is to understand the findings more deeply within the context of the literature and unpack the challenges that are facing SMEs in the KwaZulu- Natal province of South Africa. Though a discussion of the findings has begun in the previous chapter, this chapter deepens that discussion by confirming or contesting with findings from earlier studies. For instance, whilst there is an understanding in the literature that directs our attention to the importance of formal planning before undertaking a business venture, it emerged that the SMEs did not take any formal research before embarking on their business ventures. This may have been caused by a lack of relevant skills amongst the SMEs, or a lack of resources. Of concern was a pattern of blaming the government and its officials for the failure of SMEs, as is consistent with many studies, but what emerged from this study is a lack of self-introspection by the SME managers or owners. The consistencies and inconsistencies with the literature have culminated in the development of some guidelines that can help SMEs in the built environment sector to compete more effectively. These guidelines provide practical actions that can be taken to help solve some of the challenges being faced by the SMEs. The gaps identified, and actions to be taken are discussed in this chapter.

5.1 Factors affecting SMEs

The study identified internal and external factors affecting the survival of SMEs in KwaZulu-Natal province. Figure 2.1 in chapter 2 categorised these factors as internal and external. Some of these factors were supported by the findings of the study, as illustrated in figure 5.1.

Figure 5. 1: Factors affecting SMEs in KwaZulu-Natal



5.1.1. Internal factors

These are factors that can be managed using the internal resources of the SMEs by means of identifying their own competencies, and then using them to compete effectively. The internal resources are also interpreted as the strengths and weaknesses, and if identified, and managed properly, can help to build a basis for the competitiveness of SMEs in the built environment *sector*.

5.1.1.1 Lack of strategic planning

Surprisingly, the most prominent factors were the failure to generate strategic plans by the SMEs, culminating in a lack of business direction. This also meant that there was failure to undertake industry research. Yet, conducting industry research helps to generate information that would help to plan strategically, and enhance managerial decision making (Vecchiato, 2019). The results also reveal that some SMEs do undertake strategic planning. However, these plans fail at the implementation stage. These insights were consistent across the data sets regardless of the participants ages, gender, working experiences, and educational levels.

It emerged that the SMEs did not take any formal research before embarking on their business ventures. Yet, the literature suggests that conducting research would help entrepreneurs in coming up with calculated decisions in assessing market demand (Stokes and Blackburn, 2002). For instance, participant *EAWI* experienced financial loss because of a misinterpretation of the market demand and employed more staff than the work at hand even though that was informed by forecasting and hope of upcoming work. Learning from experience, participant *EAWI* shared the view that entrepreneurs must conduct market research prior to undertaking business ventures. Similarly, participant *IB3* ended up shutting down some branches because of selecting unsuitable business locations. Had research been conducted, this would have been averted. Learning from experience, participant *IB3* shared the view that thorough research on the appropriateness of the location must be conducted beforehand. This should include market research based on political, economic, and social factors. For instance, Covid 19 was never anticipated to cause the damage it has caused. Whilst there was a failure to engage in planning, the entrepreneurs demonstrated an ability to reflect on their failures and learn from mistakes. Here, they all learnt that planning is the route to survival and sustenance. However, this is constrained by a lack of skills, and the service is often outsourced or given to MNEs because of their capacity.

According to Gunasekaran, Rai, and Griffin (2011), owners of businesses are likely to alter their initial plan if clients change their requirements. There is also an understanding that owners of small businesses could adapt to the sector transformation better than big enterprises because of their elasticity advantages (Gunasekaran, Rai, and Griffin, 2011). The small business problem as seen from the business and strategic planning perspective is the ability of its owners to generate and execute the plan (Wiklund, Patzelt, and Shepherd, 2009). That knowledge should be backed

by sound educational background, sound business skills, right attitude, and experience (Brinckmann, Grichnik, and Kapsa, 2010). On the contrary, the results reveal a lack of strategic planning amongst the SMEs in KwaZulu-Natal. This is a result of the lack of planning skills that emanate from the brain drain, and a focus on achieving success through bribery and corruption. Rather than focusing on developing effective strategies that can help them to compete, the SMEs are engulfed in a macrosystem where corruption and bribery are the order of the day. As such, they see no point in developing strategic plans as suggested by the literature. However, there are some SMEs that undertake strategic planning, but these plans are not executed appropriately and as planned. Others fail to implement the strategies because of a lack of skills and the difficulty to change. In these circumstances, the SMEs take an approach of hit and miss due to their haphazard and coincidental planning (Johnson, and Lafley, 2010).

5.1.1.2 Lack of financial discipline

Previous studies also suggest that bad financial control is one of the causes of business failures among SMEs (Cant, and Wiid, 2013). In this vein, Salazar, Soto and Mosqueda (2012) suggest that the critical reasons for business failure are the absence of financial planning, inadequate access to funding, the dearth of capital, spontaneous growth, low strategic and financial projections, excessive fixed assets investment with minimum cashflow to run the business and capital mismanagement. Consistent with the literature, the results report of SME owners embarking of luxurious and unplanned spending rather than reinvesting in their businesses. This was interpreted as a lack of financial discipline. This was a shared view by participants of different ages, gender, working experiences, and educational levels.

The literature suggests that mismanagement of financial procedures has adverse effects on the future success and prosperity of the company (Watkins, 2012). It was found that most of the SMEs do not keep soft and hard data that help them manage their business effectively. There is a lack of financial discipline. Some participants could not relate to financial indicators of their business. This deprived them of the opportunity to make informed decisions.

It also emerged that cash flow problems are prevalent. Proper cashflow management helps SMEs meet their daily operational activities. However, it emerged that some SMEs had to end up borrowing to finance their daily operations. Surprisingly, money available was spent in an unplanned and unnecessary way.

It emerged that there is a failure on the part of SMEs to meet financial deadlines. This results to fines. Yet, proper cashflow planning would help avert such avoidable expenses. The literature suggests that when faced with globalisation, financial mismanagement culminates to a lack of agility (Nkuda, 2017), and the resulting inability to seize the opportunities. It also emerged that SMEs fail to capitalise on the opportunities presented by the cloud, technology, automation, and

software control. All these can be used effectively to help ensure financial discipline. However, what is lacking are the skills to help capitalise on these opportunities.

These findings are consistent with the literature which points out that the critical reasons for business failure are the absence of financial planning, inadequate access to funding, the dearth of capital, spontaneous growth, low strategic and financial projections, excessive fixed assets investment and capital mismanagement (Salazar, Soto and Mosqueda 2012). Studies also suggest that bad business management and financial control are some of the causes of business failures among SMEs (Cant, and Wiid, 2013).

5.1.1.3 Lack of managerial skills

The literature suggests that there is a lack of managerial skills amongst SMEs in South Africa (Van Scheers, 2011; Watkins, 2012). This affects the management and administration of SMEs. Studies also suggest that the lack of managerial skills amongst SME owners and directors, is cause for concern (Cant, 2012; Daniels, 2017; Eresia-Eke, and Okerue, 2020; Mukwarami, Mukwarami, and Tengeh, 2020). Consistently, the results reveal the lack of managerial skills, with some SMEs being formed just to circumvent the systems and support corrupt activities that are rampant in the procurement system. Whilst the literature suggests that managerial skills are characterised as a set of emotional, social, and psychological knowledge which can be utilized to forecast the adequacy in professional management and positions of authority (Boyatzis, 2011), the results paint a picture of owners' managers of SMEs that are focused on getting things done through bribery and corruption. This was a shared view by participants of different ages, gender, working experiences, and educational levels. There is a need to cultivate an entrepreneurial mindset that will focus on identifying opportunities and using internal resources and networks as sources of competitiveness. A focus on bribery and corruption is not a sustainable strategy.

The results revealed that unethical behaviours were a result of failure to make timeous business decisions and coming up with evidence-based management decisions. Participants reported that the limitation in making sound and timeous business decision when needed had posed a danger to their operations.

These outcomes are in keeping with those derived from the study of Gaskill *et al.* (1993), wherein poor decision making was cited as the causal factor of failure. Stoke and Blackburn (2002) also discovered that inability to make decision timeously was an essential reason for the failure of 14% from their sample of 306 failed operations. Furthermore, the participants in the current study referred to issues linked with a limitation of business prowess, notably a lack of knowledge regarding the business, a paucity of business experience, and their unawareness of the changing circumstances happening in the industry.

According to Gambin *et al.*, (2016) the issue of skills shortage in South Africa is over-rated by media and professional bodies. The literature suggests that professional bodies are the ones that complicates processes for SMEs registration (Sitharam, and Hoque, 2016). It is the professional bodies that develop the specifications for certain required professional skills sets. This is done without considering the local South African contexts but guided by standards from more advanced economies. For instance, professional bodies impose strict compliance practices, application procedures and high registration fees. Most of these focus on knowledge as evidenced by a paper-based qualification, rather than the work performed (Sitharam, and Hoque, 2016). This is an approach that puts more weight on the theoretical understandings rather than the practical knowledge as exhibited during daily life within the organisation. On the other hand, the literature also points to the inability of SMEs to help their employees so that they can obtain the requisite qualifications (Purcell, et al., 2013). This is because of financial challenges faced by the SMEs (Felstead et al., 2013).

5.1.1.4 The brain drain

The literature suggests that SMEs in South Africa face a severe brain drain (Radwan, and Sakr, 2018). For instance, Hagander *et al.*, (2013) reveal that there has been a mass migration of skilled workforce from developing countries to developed countries for better pay and work. In this sense, South African SMEs are deprived of much-needed trained employees (Firsing, 2016). Similarly, Likupe (2013) revealed that government agencies and private sectors are implementing employment policies to mitigate and curb a mass exodus of skilled workforce in developing countries. The literature also suggests that the migration of skilled employees for better pay has severe consequences for both government and private sectors outside the cost of training and development of these employees (Noe, and Kodwani, 2018). The findings revealed that beyond pay, there are myriads of other fundamental factors like political instability and xenophobia that influence the migration and immigration of skilled labour in South Africa. This was a shared view by participants of different ages, gender, working experiences, and educational levels.

It was also found that there is an internal brain drain from SMEs to MNEs. Instead of bringing in their expatriates from their parent countries at high cost, the MNEs benefit from cheap local workforce. They use their financial resources to attract skilled workforce from the SMEs. This has affected the SME consulting firms' ability to compete effectively. It also emerged that the MNEs identify the best talents from SMEs, and "*poach them*". The challenge has gone beyond trying to prevent skilled employees from leaving or "*being poached*". This leaves SMEs with the momentous task of reskilling their workforce and encouraging them to be multi-skilled. Whilst the literature focuses on the external brain drain (Beladi, Chao, Ee, and Hollas, 2015), where employees migrate from one country to another looking for greener pastures, the current study also reveals an internal brain drain, where employees from SMEs are headhunted and taken by

bigger companies and MNEs that are operating in South Africa. The challenge for SMEs is to develop mechanisms that will help retain their skilled staff.

Whilst SMEs might be financially constrained, rewarding, and remunerating workers competitively must be used as a resource that can be used when dealing with issues surrounding the brain drain. For instance, the skills outflow could be averted by creating skills hub, facilities, and institutions that deal with the empowerment of skilled manpower. Purcell et al., (2013) posit that the development of appropriate and enough staff for the consulting firms in the built environment could help in mitigating the issue of the other firms that have a shortage of skilled labour. In this case, both the government and the private sector can play a meaningful role in ameliorating the impasse. Participants alluded to the need to find ways to create capacity that can close the gap between SMEs, bigger companies and MNEs if they were to stay in business.

In a similar vein, participants LBM2, DS3, IC3 all agree that a shortage of long-term projects and the inability to match MNEs ability to absorb costs are the main causal factors of skilled staff migration. The inverse of the above relates to the work conditions employees face when working for small companies. Participants DS3 and IC3 both mentioned the issue of working conditions and job security as the push factors. They both disputed the issue of salary as the main issue.

Sheldon and Li (2013) posit that skilled employees benefit and enjoy numerous market choices which come with increased wages. South Africa is endowed with abundant resources and vast business opportunities to attract MNEs from all over the world and for everyone to benefit. The remuneration of poached local skilled employees most times are usually incomparable with what they pay their employees in their home countries (Cabanda, 2017). It could thus be deduced that big companies and MNEs save vast amounts of resources and capacity through attracting skilled labour force locally than bringing their staff from their own home country.

5.1.1.5 Use of relational capital

Previous studies suggest that relational capital encompasses all forms of relationships (Yong, Yusliza, Ramayah, and Fawehinmi, 2019). This may include market relationships, power relationships and cooperation's (Kohtamäki, Vesalainen, Henneberg, Naudé, and Ventresca, 2012). Such relationships can be between firms, institutions, and people (Yong *et al.*, 2019). The intention is to collaborate, corroborate by building a strong sense of business partnership and develop and augment their capacity to compete effectively.

Relational capital can also be manifested in the form of teaming, joint ventures (Lenart, 2014). As a mitigating factor, joint ventures emerged as one of the preferred interventions adopted by SMEs to overcome the challenge of capacity and the lack of skilled manpower in the built environment. Whilst joint ventures were preferred by SMEs that participated in this study, they also have unique

short-termism and their temporary nature challenges that render it ineffective in addressing the challenge of skilled manpower and augment internal capacity to tender for big jobs. Hoyler, Finlayson, McClain, Meara, and Hagander (2014) posit that the shortage of skilled manpower in developing countries like South Africa is impaired by migration to higher income paying countries. As a result of the quest for a better life and improved income, the skilled workforce migrates to developing countries (De Haas, 2012)

Further, the relational capital which is also called as the social capital of the firm, that is, the sum of the potential and the actual resources of the organization (Jajja, Kannan, Brah and Hassan, 2017), must be understood within the context of SMEs in South Africa. This asset is derived through the network of the relationships that are possessed by the social unit or by an individual. Further, the literature suggests that the human capital and the relational capital help provide the organization with the legitimacy and reputation which in turn helps to improve the performance of the organization (Biermann and Harsch, 2017). This is a resource that can be used by SME managers to improve the performance of the organization. Effectively managing these resources is of importance because they provide a source of competitiveness and business growth.

5.1.1.6 Use of local Presence/knowledge and the BEE status

It emerged that the MNEs had a comparative advantage that positioned them unfairly and strategically to bid alone for government contracts. At times MNEs form relationships with SMEs to obtain access to the local presence and the BEE status of the SMEs. However, there is a failure on the part of SMEs to realise that the BEE status is a strategic resource that can be used to create a balance of power in business relationships with the MNEs. In fact, SMEs seem not to realise the value of their BEE resource, and they need managerial skills to exploit such a strategic resource more effectively. In this sense, the BEE status must be viewed a strategic resource for competitiveness. Yet, SMEs lack the managerial skills to exploit this resource.

In situations where BEE points are required, some MNEs buy over the individuals in SMEs, and use their BEE status. Here, the SMEs are undervaluing their BEE status. However, after the contract is obtained, the workers of the SME are laid off. In this sense, rather than taking a long-term view, the SMEs are guided by short-term views and forget their strategic direction.

Buckley and Prashantham (2016) posit that diversity between SMEs and MNEs remains visible in areas of assessment and utilisation capabilities that have the potential for value creation in the international interfirm network. However, the findings in this study indicate otherwise as there are no common denominators to which the SMEs and MNEs converge. The MNEs' business and financial power interest dictate what they want, who to collaborate with, and at times go as far as buying over SMEs that are in line with their companies' objectives and visions. In this context, SMEs must realise that a well-structured, well-aligned alliance between with MNE could bring

about the desired capacity and other advantageous attributes to benefit from in meeting tender requirements for big jobs. SMEs must use their BEE status as a bargaining tool and a resource to develop long-term relationships that will help to transfer skills to the SMEs. This requires a strategic planning and a forward-thinking mindset.

5.1.1.7 Culture of corruption within SMEs

Previous studies point out that corruption disrupts SMEs' investments and consequently could lead to their business liquidation (Kanu, 2015). In this sense, corruption constitutes a core challenge to SMEs in the built environment. Further, corruption detracts foreign and internal investors (Chitakunye, Ojochenemi, Derera, and Tarkhar, 2015), thereby limiting globalisation opportunities. The negative impact of corruption by SMEs in the built environment is huge but not as huge compared to that of MNEs (Smith, and Thomas, 2015). This could be explained by their capital base, capacity to endure loss and their experience to navigate such dynamics. The big scandal includes Enron, Tyco, Steinhoff, Gupta companies etc. In many instances, officials want money upfront i.e. at the receipt of the appointment letter or before the project commences. Therefore, it takes those with deep pockets to afford this arrangement. Unfortunately, SMEs struggle to meet such expectations.

The findings reveal that some bribery is initiated by corrupt consultants to corrupt officials with the intention of \ the public procurement system. It was found that these consulting SMEs fail to meet the compliance requirements. As such, they offer public officials an incentive to get the contract. Yet, the SME does so knowingly that they cannot perform on the contract. This was a shared view by participants of different ages, gender, working experiences, and educational levels. There is a need for SMEs to utilise their internal assets as resources for competitiveness, rather than focus on paying a bribe. There is also a need to change the mindset of these SMEs so that they can desist from bribery and focus on delivery quality products and services.

The literature suggests that internal resources can be used as sources of competitiveness (Najib, 2013), and yet these are ignored by the SMEs. *What is lacking is a mindset that can help to turn the internal strengths into resources for competitiveness.* Drawing from the ecological systems theory, this brings questions located at the microsystems level – the individual's ability to change (Wattanapinyo, and Mol, 2013), as well as the morality and values of the individual workers in SMEs. Rather than developing an effective business strategy, they focus on developing short-term relationships with corrupt officials, only to win bids that sometimes they cannot perform on.

5.1.1.8 Organisational inertia

Inertia is a Latin word meaning idle or sluggish. This substantial barrier is a propensity to resist change by an established company that opt to pursue the same trajectory even when there's a need to exercise its ability to apply internal changes when faced with external changes. This is achieved

through business model innovation and reinvention to create a value-creation systems and propositions, a new culture of doing business. SMEs and MNEs operate under the same legal environment. Regardless, SMEs have a challenge to create jobs. Further, there is a requirement to comply with labour laws. However, the literature suggests that SMEs often fail to comply with labour laws (Leboea, 2017). Consistent with the literature, the findings reveal that SMEs in KwaZulu-Natal are failing to retain staff. This is because of a failure to provide for the welfare of employees. As such, skilled staff are then attracted to the better packages offered by MNEs. However, the labour laws do not take cognisance of the hardships faced by SMEs. For instance, SMEs lack resources even to train their own staff. This is unlike MNEs that can afford to send their staff to specialist training courses.

A case in point of unprofessional management is evident in their inability to distinguish between the corporate and personal expense for the owner where corporate money is utilised for personal needs. Although this is mostly characterised as a behavioural issue bedevilling the owner, it succinctly explains the lack of professional management for most SMEs. This usually leads to business failure. This is a self-induced challenge. Here, a shift in mindset is needed to instil financial discipline. It is either the mindset is shifted, or the SMEs will perish. Failure to adapt and do the business correctly does not help the situation.

The findings reveal that there is a denial amongst SMEs to transform, as they are more focused on courting the corrupt public officials for contracts. Yet, the SMEs are not always sure that they will get the required business. And when they succeed in being awarded the contracts, they sometimes fail to perform due to lack of capacity and wrong business attitude. This is of concern.

It is proposed that for SMEs must aim to achieve self-sustenance, and self-reliance through total agility and flexibility. This requires transformation of the mindset from saturation to the peak. Rather than focus on corruption and bribery activities, SMEs must capitalise on the opportunities provided by technological advancements and globalisation to compete more effectively. This requires a mindset that will be able to use internal resources as a pillar of their competitiveness.

The might of MNEs in terms of capital base, capacity, experience, and cash flow cannot be compared to that of SMEs in the built environment. Unless the plain is levelled and used appropriately, there shall always be a commotion, continuous noise, and dissatisfaction that eventually hinder the award and the project progress. Other support programmes involve encouraging SMEs to embark on R&D, service advancement with new technology, design activities and unsolicited bids. Government aid, while being valuable, should not amount to an only absolute solution for eradicating the pace of business failures. There are other essential aspects that an SME must trigger to guarantee their own continuous prosperity. The literature suggests that to help transform SMEs, there is a need to focus on the business owners as units of

analysis (Stokes and Blackburn, 2002). As revealed by the findings, the failure of SMEs can be averted by a change of mindset of the managers or owners.

5.1.2 External factors

The external factors are those that are uncontrollable by the SMEs, and can pose threats, as well as present some opportunities.

5.1.2.1 Political factors

Factors that emerged as prominent include government support, public procurement policy, and corruption.

5.1.2.1.1 Government support

The participants reported difficulty in finding business finance even though some banks have government as their client. It also emerged that the government has set up incubator programmes and institutions to address SME finances. These include but not limited to Khula, Independent Development Corporation (IDC), Ntsika, Small Enterprise Development Agency (SEDA), Department Trade and Industry (DTI) National Empowerment Fund (NEF), Development Bank of South Africa (DBSA), Small Enterprise Finance Agency (SEFA), Banking Association of South Africa (BASA). There are also industry associations that could be of help to SMEs. This infrastructure provides a resource that can be used by SMEs for financial support. However, a lack of financial discipline, and managerial skills are detrimental to SMEs succeeding in obtaining this support, if funding is obtained, its badly managed. This was a shared view by participants of different ages, gender, working experiences, and educational levels.

An overreliance on government support creates a culture of dependency and laziness. As such, SMEs must look beyond the government financial support, and seize opportunities posed by innovative technologies and globalisation. The focus of the SMEs must shift from the government dependency syndrome, to being creative and innovative, and capitalise on opportunities. This needs financial discipline and leadership and the SME higher level of thinking.

5.1.2.1.2 Public procurement policy

Most participants suggested the modification of the procurement policy to a more straightforward and less complicated process. Covid 19, as well as the 4th industrial revolution, compel the government to find the need to simplify the documentation for bidding and the procurement process. Infact, introduce tendering online. The complicated procurement system creates opportunities for corruption. In this vein, Basheka and Kabatereine (2013) suggest that an ethical procurement is one devoid of corruption and based on well-known procurement practices that promote efficiency and effectiveness.

UROMI (2014) reveals that good public procurement policy is virtuous for governance, order, and control. As much as the conceptualisation of procurement policy is for the betterment of the

economy and the people at large, it could create a lot of unanswered questions with rampant corruption, unethical practices, and lack of accountability. Ambe and Badenhorst-Weiss (2012) suggest that fairness, equitability, transparency, competitiveness, and cost-effectiveness should be embedded in the public procurement policy. The results reveal that these qualities are lacking in the procurement policy. For instance, inefficiencies are witnessed in duplicated tax clearance certificates, as reported by the participants. Yet, there are opportunities of digitisation of the whole procurement process, and this would help to minimise human interference and avert duplication of activities. In this sense, SMEs might then focus on developing creative and innovative strategies to compete effectively, rather than seek to establish relationships with corrupt public officials to get business. My company introduced the computerised testing system.

The issue of prolonged payment system within the public procurement system was identified as a core challenge faced by SMEs. This affects the payment of SMEs. This was a shared view by participants of different ages, gender, working experiences, and educational levels. Given that SMEs have challenges with their cashflows, some SMEs find it difficult to offer their services because of delayed payments. This is due to the intertwined nature of their appointment. When payments are not processed service providers are not paid.

Winterbotham, et al. (2014) believe that timeous and smooth cashflow guarantees the smooth delivery of projects and is critical to grow and sustain a strong, professional, and competitive consulting sector. The unpleasant impact of late or non-payment of consultants is a common occurrence to everyone in this sector (Robertson et al., 2014). This suggests that there is a need for review and enforcement of the current legislation that regulates the payment of service providers in accordance with their contract. Enforcement of contractual obligations must be supported by the enforceable legislative system, as this will help the SMEs to recover payments for their products and services timeously. The findings revealed that SMEs in KwaZulu-Natal experience the same problems, if not worse than their international equivalents regarding payments of completed services. It is unfortunate that most of SMEs don't have any other option available for them to recover their money because government is their only source of existence.

5.1.2.1.3 Corruption

The literature suggests that corruption is a genuine obstacle to a nation's social, economic, and political advancement (Awofeso, and Odeyemi, 2014). Corruption undermines the standard of law, brings about the wasteful distribution of scarce resources, upsets democratic political agenda and threatens regard for human rights. Corruption likewise hinders economic development. With widespread corruption, foreign and local investment is impeded (Hoang, 2018).

Njomen and Njomen (2016) revealed that corruption in government is more prevalent in the database formulation and the use of Section 32 (which allows for the use of the appointment letter

from other municipality, in order to avoid subjecting appointment to a full tendering process), when awarding contracts. This is, unfortunately, Africa's wide-spread phenomenon.

The participants revealed that some government officials collect upfront financial payments before awarding tenders to firms. This affects project execution, cashflows, and quality of the job. Ultimately, service providers produce inferior reports and designs. The quality of products and services provided are compromised. This was a shared view by participants of different ages, gender, working experiences, and educational levels. Consistent with these findings, the literature suggest that the investigation units target unscrupulous firms to get cashback or collect monies gained for personal use (Graycar, 2015). These acts of corruption reverse the economic gains achieved by destabilizing the economy and affecting the efficiency and effectiveness of parastatals and state-owned enterprises.

Regardless of commissions and arrests by Hawks an intelligence arm of the South African police force, public officers mostly continue to collect inducement from SME consulting firms in the built environment to assist them in winning tenders by influencing the process. The findings reveal that some SMEs receive confidential tendering information in advance, working hand in hand with corrupt public officials, with the intention of submitting a successful bid. Here, whilst SMEs also partake in corruption, they are enticed by the public officials. Hence, some SMEs take corruption as a resource for their survival and sustenance.

The issue of influencing the outcome of the tender process was raised by participants in the study. Further, it emerged that there is a lack of feedback to unsuccessful bidders. Participants reported that firms that are unsuccessful in the bidding process are not given any feedback. For instance, participant DS4 maintained that because of lack of feedback, the process is said to lack developmental attributes since bidders cannot correct the mistakes they made in the bidding. This is interpreted as a lack of transparency in the public procurement system.

It is concerning that the public servants abuse their positions to enrich themselves at the expense of businesses and taxpayers whom they are supposed to serve. Here, there is a focus on self-enrichment at the expense of the public interest. The literature points out that corruption remains visible in public procurement processes in South Africa (Hyslop, 2005; Masiloane and Dintwe, 2014; Martin and Solomon, 2016).

Drawing from the ecological systems theory, we learn that the macro system influences the microsystem (Klewitz, and Hansen, 2014). Whilst SMEs take a fair share of the blame for their lack of strategic thinking, the macrosystem in which they are located is inhibiting. There is a need to develop combative policies that can be implemented effectively. There should be also serious consequences management for those who might fail to comply with the policies. This entails a drive to combat bribery and corruption that is spearheaded from the national level.

The results reveal that “*corruption happens in the local municipality with impunity*” (Participant IB3). This extract is a specimen of what all other participants stated. In other words, this was the perception of the participants. This suggests that the organisational policies, values, and ethics must be scrutinised. It is the individuals that hold decision making positions in the public sector that must be held to account. Perhaps it is an issue that needs an overhaul of the public sector organisations and flush out those who partake in corruption and bribery. We learn from the literature that organisational cultures influence employee behaviours (Ritala, Vanhala, and Järveläinen, 2020). Therefore, it is argued that the bribery and corruption activities are fuelled by a lack of ethical cultures within the public sector.

5.1.2.2 Economic factors

Factors that emerged as prominent included bank lending, unethical and poor financial management practices, and economic empowerment policies.

5.1.2.2.1 Bank lending practices

It emerged that the nature of finance provided to SMEs in the built environment sector is that of a short-term. This is caused by poor credit history of the SMEs, and their inability to develop bankable strategic plans. As such, lenders cannot take a long-term risk. It appears that the banks are aware of an overreliance of SMEs in the built environment sector public contracts. Yet, these contracts are obtained through a procurement system riddled with corruption, and contracts awarded based on proximity to public officials rather than merit. However, the literature has often pointed a finger at bank lending models that were too stringent, and discriminatory (Derera *et.al.*, 2014). Contrary to the literature, it is the lack of strategic planning, lack of financial discipline, and lack of managerial skills that adversely affects the ability of banks to take risks of lending to the SMEs. At best, the SMEs might be given an “*overdraft*”, in fact, “*a minor overdraft*” because of the banks’ hesitancy on taking risks on the SMEs. Hence, there are opportunities for the SMEs to attract skilled labour that can help to instil financial discipline, develop bankable strategic and business plans, and help to build capacity within the managerial teams. This can be the foundation needed to build a positive image of the SMEs and be able to produce professional and persuasive documents needed to secure bank loans.

5.1.2.2.2 Financial management practices

Consistent with the literature, it emerged that the banks in South Africa perceive SMEs as high-risk borrowers because of poor financial management practices. Similarly, it emerged that there is a lack of enforcement to comply with Treasury financial management guidelines within the public procurement process (30days). The findings reveal that “*consulting firms in the built environment enjoy no special preference when it comes to bank facilities like overdrafts*”. There is a worrying trend of being considered as “*high risk*” because of failure to pay some of their debts,

and an overreliance on overdrafts. Moreover, these overdrafts come at a high cost as well, because of “*the high-interest rate*”. It must also be acknowledged that the financial management problems faced by SME are a result of corrupt public officials who demand bribes for SMEs to secure contracts, even if it means the SME will not be able to complete an awarded contract. Rather than use the money to complete the contract, the SME pay the corrupt public officials. Here, there is financial indiscipline in both the SME and the public officials, and this has become a practice within the public procurement system.

Whilst there are efforts to help SMEs, the stumbling block is at the individual level, that is, the SMEs themselves. What is needed is a shift in culture and financial management ethos. Therefore, the onus is on SMEs managers and owners to provide leadership and ensure financial discipline. While the government must help them, the SMEs must also help themselves by adopting transparent and professional financial management practices.

5.1.2.2.3 Economic empowerment policies

It emerged that there are some economic empowerment policies such as BBBEE (Broad-based black Economic Empowerment). In fact, it is economic empowerment initiative that gives priorities to fully capacitated and compliant entities owned by South Africans to get public contracts. Yet, the SMEs get those priorities but fail to perform on projects because of a procurement system that is riddled with corruption.

Instead, utilising BEE status as a resource to compete effectively, the SMEs focus on their “*proximity to public officials*”, to circumvent compliance procedures. It is this mindset that fails to see the opportunities embedded in the BBBEE policy. In fact, there is a “*reliance on interpersonal relations with the client hoping compliance and procedure would be flouted on their favour*”. This is indicative of SMEs that fail to interpret the BBBEE policy as a resource that can help them to develop effective strategic plans. However, it must also be acknowledged that most SMEs lack the required managerial, and strategic thinking skills, and this may be the cause of their failure to capitalise on favourable economic empowerment policies.

5.1.2.3 Brain drain.

Whilst SMEs complain of the brain drain, it also emerged that there is an influx of skilled migrant workers into South Africa. This presents opportunities for SMEs to recruit and retain skilled staff. On the contrary, it is also worth noting that some of the skilled migrant workers are hounded out of their jobs, by South Africans who claim they take their job in their country thereby subjecting them to xenophobic attacks. This leaves the SMEs without the needed skilled staff. Yet, the literature suggests that SMEs in South Africa are constrained by the brain drain (Shree, and Urban, 2012). This becomes a brain drain caused by the failure at policy levels, or the SME managers or owners failing to protect their migrant workers from xenophobic attacks.

Further, Hagander *et al.*, (2013) reveal that there has been a mass migration of skilled workforce from developing countries to developed countries for better pay and work. In this sense, South African SMEs are deprived of much-needed trained employees (Firsing, 2016). Contrary to the literature, there has been an influx of skilled labour from other surrounding African countries into South Africa, and this has been made possible by intergovernmental relations and policies. Therefore, SMEs are facing a problem of failure to attract and retain staff, and this affects their performance. In fact, it emerged that failure to attract and retain skilled staff was because of the poor working conditions, and a failure by the SMEs managers/owners to realise that skilled employees are a strategic asset. This is confirmed by the fact that the SMEs tend to operate without any strategic plan. Yet, the literature suggests that strategic planning is the first step that must be undertaken by a business enterprise (Bouwman, Nikou, and de Reuver, 2019), if it were to be competent and successful. It is proposed that SMEs must engage in strategic planning, and within that, develop plans that will help to attract and retain staff and clients. This might help to reduce the brain drain.

5.1.2.4 Competition

The findings reveal that the SMEs in the built environment sector blame the government for failing to protect them against competition from the MNEs. Yet, MNEs are competing using their competences, and most times not their ability to pay bribes to corrupt public officials. For instance, they use their financial resources to attract skilled workforce from the SMEs, whilst the SMEs managers and policy makers are failing to protect skilled migrants from xenophobic attacks. Failure to identify their competencies and use them as resources to compete adversely affects the ability of SME consulting firms to compete with the MNEs. In fact, there is an admission from the participants that MNEs identify the best talents from SMEs, and “*poach them*”. There are no reports of staff being “*poached*” from MNEs to SMEs. The “*poaching*” here is one directional, from SMEs to MNEs. This leaves SMEs with the momentous task of reskilling their workforce and encouraging them to be multi-skilled. Whilst the literature focuses on the external brain drain (Beladi, Chao, Ee, and Hollas, 2015), where employees migrate from one country to another looking for greener pastures, the current study also reveals an internal brain drain, where employees from SMEs are headhunted and taken by the MNEs that are operating in South Africa. The challenge for SMEs is to develop mechanisms that will help retain their skilled staff.

5.1.2.5 Alliances

The literature suggests that SMEs have opportunities to form local and international strategic alliances as well as joint ventures (JVs) as individual companies or clusters (Ngek and van Aardt Smit, 2013). Whilst the focus of the literature is on those alliance with MNEs, what emerges here are the alliances and partnerships between individuals, and SMEs with the intention of enhancing their competitiveness. Regardless, such alliances and partnerships must be based on merit of

bringing certain value-adding strategic resources to the relationship. As in the case of participant IB1, the ultimate result is that the business partners “*could not see eye to eye*”, because the relationship was not well researched and thought out. Sometimes the issue of chemistry comes to play. It is this ability that that is lacking amongst SMEs in KwaZulu-Natal.

The literature also suggests that the control and minimisation of the individual interest and purpose over that for the group would foster a better joint venture (Iturrioz, Aragón, and Narvaiza, 2015). This helps to share skills and resources between parties in the relationship. Ertug, Cuypers, Noorderhaven, and Bensaou (2013) show that in as much as joint ventures have their benefits in terms of market power, access to resources and markets, there are also challenges of cooperation among the stakeholders of the joint venture. The issue of cooperation amongst them could be attributed to an individual’s habits and characteristics that could be dovetailed to achieve a collective group desired end state. It emerged that these relationships are impeded by a lack of trust, and an unequal balance of power. Ertug et al. (2013) posit that the higher the level of trust amongst the stakeholders in a joint venture, the lower the perceived risk that could jeopardise the success of the joint venture. Generally, trust plays a vital role in any relationship and seen explicitly by participants as an important factor to thrive in the governance and functioning of joint ventures of SME consulting firms in the built environment in KwaZulu-Natal.

Studies have also observed that to survive the challenges brought by MNEs, some SMEs have entered various collaborative and cooperative relationships arrangements to enhance and strengthen their competitive edge in the declining of local markets (Oparaocha, 2015). Vahlne and Johansson (2013) revealed that most SMEs worldwide have very often considered inter-organisational cooperation as the only way to survive in the domestic markets and global competition. Guarda, Santos, Pinto, Augusto, and Silva (2013) maintain that SMEs’ consulting firms in South Africa are fundamentally and substantially disorganised in their operations. This indicates that they lack the networking skills and collaborative effort.

5.2 Transformations: the dawn of a new era

This thesis argues that the mindset of SMEs owners/ managers must be transformed so that they can utilise their resources to overcome the challenges that they face and compete effectively. This transformation in mindset can be achieved through the lens of the ecological systems theory. However, it must be acknowledged that it will not be easy to transform mindsets, but it must start by changing little things in a positive way. For example, by SME owners or managers acquiring skills related to strategic planning, and financial management. This can be done through training workshops and creating industry networks that share similar progressive views of creating SMEs that can be self-reliant and compete without an overreliance on corrupt public officials. This problem includes the inertia to explore new relations and new business opportunities outside the

government business. To ensure a sense of independence, SMEs' government "spoon-feeding" and "blame games" need to cease if the reality of everchanging business terrain were to be perceived as opportunities. The mindset of SMEs in the built environment sector must be transformed to accept new ideas and seize on business opportunities. There must be a preparedness for change, and willingness to form business networks that are guided by ethical practices and values.

5.2.1 Localised understandings of resource-based view theory

The literature suggests that the resource dependence theory primarily focuses on identifying the factors that may have an influence on the behavior of the organization (Drees and Heugens, 2013). The important aspect of the concept of the resource dependence theory is that of the power to utilize the vital resources (Malatesta and Smith, 2014). In this sense, owners and managers of SMEs must be concerned with both internal and external issues faced by the organization and be able to find a solution. Managing of these resources determines the success or the failure of an organization (Voss and Brettel, 2014). For instance, instead of focusing on corruption and bribery as resources for competitiveness, the mindset of SME owners and managers must be transformed to focus more on their relational capital, BEE status, and local knowledge systems as resources to compete effectively. This requires skilled personnel that will help to transfer skills that can be used by SMEs to analyse their resources and determine sources of competitiveness. This means creating localized understandings of resources, and sources of competitiveness. SME owners/managers can be assisted to understand resource-based view theory by engaging them in training workshops, and customizing the training to focus on the resources of the specific SMEs, and thereby engaging them to identify their own competencies.

5.2.2 Localised understandings of stakeholder theory

The stakeholder theory can be defined as any individual or a group of individuals who are or can be affected by the organization's activities in pursuit of its objectives (Hörisch, Freeman and Schaltegger, 2014). The understanding is that the managers are responsible to serve a network of relationship which includes suppliers, employees, and the business partners and this is more important than the owner management relationship (Mainardes, Alves, and Raposo, 2011). The intention is to draw focus on those groups of stakeholders that impact on an organisation's activities (Abdullah, 2009). The findings reveal that SMEs have numerous stakeholders but lack a strategy to manage them effectively. For instance, the SMEs work with public officials to secure contracts, but some sometimes fail to deliver the required service or product quality. This impacts on their customers because of poor service delivery. Here, SMEs must understand that the customers are an important stakeholder, and that the right product and service must be delivered. This is particularly important given the encroachment of MNEs on the local KwaZulu-

Natal market, who end up providing the required services and products. As such, SMEs must be honest in their dealings and engagements with different groups of stakeholders. Because of their dishonesty, these SMEs find it difficult to acquire credit from reputable sources. Another group of stakeholders are the corrupt public officials.

These focus on getting their “10% cut” of any deal and have little regard for service delivery nor product quality. The onus is on SMEs owners and managers to transform this mindset by making decisions that will help them deliver products and services that are reputable. Whilst the SMEs might need the corrupt officials to get contracts, they must also focus on ensuring that they can perform to the satisfaction of the customers. Such a focus would help them to stand the pressures coming from the MNEs. SME owners/managers can be assisted to understand stakeholder theory by engaging them in training workshops, and customizing the training to focus on their stakeholders, and thereby understanding how to engage effectively with each group of stakeholders.

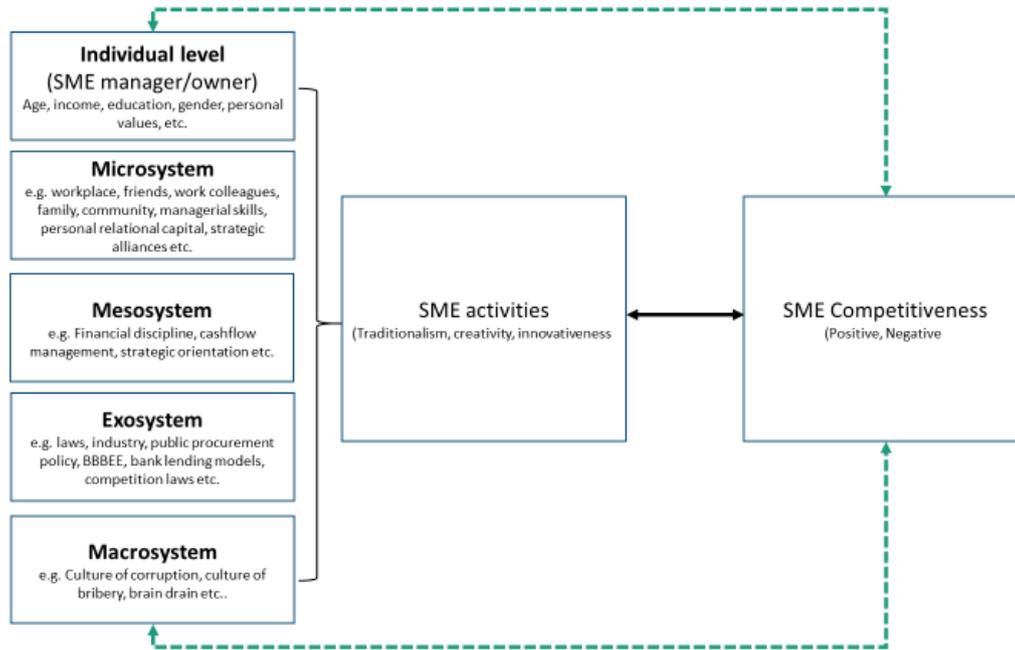
5.2.3 Localised understandings of network theory

Scholars define network theory as relationships, associates, relations, and connections between a company and other relevant actors in the business market (Koe, 2013). The inter-connected relationships, creates networks, and this is achieved through different ties and strengths of the relationship (Rajesh *et al.*, 2008). However, the process of relationships building of businesses through links and contacts contributes to the success or failure of the business (Catora, 2010). The relationship could be formulated differently, either through exchanges of natural or human resources (Kumar, 2012). Given the increasingly globalised business environment, SMEs have an opportunity to benefit from developed communication systems, linkages, and multiple contacts, thereby creating a network with business across borders. SME owners/managers can be assisted to understand network theory by engaging them in training workshops, and customizing the training to focus on their networks, and thereby understanding how to engage effectively with their networks.

5.2.4 Lineages of the SME ecological systems approach

The study takes the view that the factors challenges facing SMEs in KwaZulu-Natal are ecologically embedded. These factors are categorised into five main levels, that is, individual, microsystem, mesosystem, exosystem, and macrosystem levels, as illustrated in figure 5.2.

Figure 5. 2: Analytical framework of SME ecological systems



Using this lens helps to provide fresh insights into the interdependence of actors within KwaZulu-Natal’s business environment, and to create new value that might help SMEs to become more competitive. This helps to establish a deeper understanding of the emergence, growth, and context of SMEs in KwaZulu-Natal, and inform strategies that makes SMEs more sustainable.

5.2.4.1 Individual Level

The individual SME owner or manager is located at the heart of the ecological system. Insights were drawn from participants of different ages, gender, working experiences, and educational levels. The SMEs generated different incomes, and the individual owners or managers were guided by personal values. For example, observational notes reveal the need to be creative, whilst the interviews revealed the overreliance on public officials. There is a lack of self-reliance and dependability on the SMEs. Therefore, training programmes are needed to encourage positive personal values, with the intention of instilling self-confidence, courage, and a personal sense of achievement by SME owners, managers, and their employees. Whilst the interview guide did not ask about culture in the SMEs, the idea of cultures emerged from the discussions. This was articulated by the participants whilst discussing other challenges that they face. Moreover, organisational practices are nested in individual values, and organisational values. It is argued that these personal characteristics shape the conduct and mindset of the SME managers or owners as they engaged with the challenges posed by the business environment. Part of this mindset is entrenched in traditionalism and entails organisational inertia. On the other hand, there is a mindset that is creative and innovative, and this is manifested by the SME activities.

5.2.4.2 Microsystem Level

The literature suggests that the microsystem level includes morality as defined by interpersonal relationships in business which includes individual interactions within the work environment (Skinner, 2012). In fact, Skinner (2012) portrays the levels of moral generation within the parameters of recognised cultural and business norms. In this level, the business sphere would be very close to the individual consulting firm, which could get affected by any industry and government decisions taken on its behalf as part of its microsystem, and macrosystem, respectively.

The findings reveal that corruption is a challenge facing consulting firms in the built environment in KwaZulu-Natal. Rather than viewing corruption as a strategic resource for their survival, SMEs must understand that corruption is an obstacle to their innovativeness, creativity, and survival. Previous studies have examined the factors that are prominent towards corruption to include collusion, competition, monopoly, demand, and supply (Backman, 2016). Participants reported that the primary source of corruption is the tender process. Therefore, there is a need to make the tender process more transparent to avert corruption practices. Drawing from the researcher's personal experience for over 25 years as an engineering company head in the built environment sector, digitisation of the microsystem within the tender process would help promote transparency, so that decisions can be tracked at each stage of the tender process. Furthermore, section 4.8.5 of the findings highlights organisational inefficiencies, and acknowledge the need for digitisation of the procurement process. In fact, digitisation would also help to give feedback to unsuccessful bidders. The findings reveal that the SMEs were concerned that they do not get any feedback on unsuccessful bids, and they were worried about inefficiencies in the procurement process.

5.2.4.3 The Mesosystem Level

Previous studies suggest that the mesosystem level represents the interfaces and collaboration among the different aspects of the individual's microsystem (Bronfenbrenner and Ceci, 1994). According to Drucker (2014), business organisations cannot operate in isolation and independently but are interlinked and interdependent to other like-minded businesses. In this sense, businesses apply influence upon one another. In this case, the relationship of the individual SMEs is between its employees as well as its strategic partnering companies.

Just like microsystems, mesosystems impact the individual directly. Simply put, an individual is energetically able to participate and mingle with others in the mesosystem. Relationships in a microsystem are bi-directional simply meaning individual reactions to the people in their microsystem will have an impact in the way they are treated in return. The mesosystems involve the interfaces amongst various parts of a person's microsystem. This is where a person's individual microsystem does not operate autonomously but are interconnected and assert authority upon one

another. These interfaces pose an indirect effect on the individual. The problem of bad procurement practices is a double-edged sword that consultants must grapple with. Notwithstanding that bid rigging happens less often, if in the event the process has been followed correctly one tenderer emerges as a winner.

Further, it also emerged that the SMEs have a strategic resource of relational capital, which they fail to exploit to their own advantage. Rather, they would rather accept bribes than use this resource as a source of competitiveness. Additionally, it emerged that with the public officials, the nature of the relationship is based around the “10% cut” of the deal, rather than forging long lasting strategic alliances that will help to deliver quality products and services. It is proposed that the SMES must identify their strengths at this level and use these strengths as resources to compete effectively. In a similar vein, rather than forming alliances with MNEs, SMEs have opportunities to form alliances amongst themselves, and use their relational capital to outperform the MNEs.

5.2.4.4 Exosystem

The exosystem involves the generic decisions taken on behalf of the individual and from the business point of view (Kline, Gard McGehee, Paterson, and Tsao, 2013). It pertains to decisions with a bearing to the individual organisations (Acs, Stam, Audretsch, and O’Connor, 2017). A case in point, the procurement decision was taken by the government to distribute work using the central or provincial database, which affects the way the works get accessed by the SMEs as well as the MNEs. The work distribution becomes a bone of contention. Within this, SMEs and MNEs form alliances to work harmoniously. However, it emerged that the power balance in the alliances is unequal. SMEs often utilise their strategic resources e.g., BEE status, local presence and local knowledge, to secure government contracts. But, once the contract is secured, the MNEs use their own staff to execute the contracts, leaving no room for skills transfer to the SMEs.

There is a need to develop procurement policies that also empower SMEs. Here, there is a need for the representative industry association to engage with the policy makers, and other stakeholders to help develop procurement policies that can exclusively prioritise and accommodate SMEs. At this level, external factors are critical to understand so that informed decisions can be taken. The SME owners and managers must engage in strategic planning to help assess risks posed by the external environment and identify opportunities. Yet, the results reveal that there is a lack of strategic planning amongst the SMEs. In this sense, there is limited understanding of the business environment nor the strategic orientation of the SMEs. Engaging in strategic planning, and strategic thinking, helps SMEs to make informed business decisions. This can be achieved through workshops designed by the industry association, government academies and other institutions of higher learning. The intention is to help SMEs in the built environment sector, and as such, the industry association can be persuaded to help SMEs in the sector by

providing industry specific training sections on strategic planning. These workshops can also be designed in partnership with established institutions that deliver training courses. Support and costs of the training initiatives can also be sought from the Department of Small Business Development, whose mandate also includes the support for the growth and sustainability of small enterprises.

5.2.4.5 Macrosystem

The literature suggests that at a macrosystem level of influence, individuals incorporate the cultural circumstances and macro-environmental variables to ascertain how these variables affect business systems (Cowan, 2012). A challenge facing small consulting firms includes their unwillingness to change. SMEs are also constrained by an unequal distribution of resources and operate in an environment riddled by the brain drain, lack of financial discipline, lack of managerial skills, bribery, and corruption.

Of concern is that local consulting SMEs have a government dependency syndrome. Rather than focusing on developing strategies to compete effectively in a globalised business environment, SMEs always look for the government to support them. This is capitalised by corrupt public officials who use SMEs for their own personal financial gains. It emerges that these SMEs lack leadership. Rather than utilising their relational capital as a source of competitiveness, the SMEs focus on paying bribes, and paying the “10% cut” to the public officials.

5.2.4.6 SME Activities

The SME activities are influenced by different levels of their ecological systems. For instance, it emerged that some SMEs in the built environment sector were unwilling to embrace change because of their fear of the unknown. This fear can be located at the individual level of the ecological system. With this mindset, organisational inertia is the outcome. On the other hand, there is a mindset that is creative and innovative, and this is manifested by the SME activities as informed by different levels of the ecological systems. It was found that the participating SMEs were concerned that they do not get any feedback on unsuccessful bids. This is a result of the microsystem of the ecological system that is not digitised. In this sense, the microsystem influences the activities of the SMEs. At the mesosystem level, it emerged that the participating SMEs have a strategic resource of relational capital, which they fail to exploit to their own advantage. Instead, they accept bribes than use relational capital as a source of competitiveness. This illustrates the influence of the mesosystem on the activities of SMEs in the built environment sector. For the exosystem, the results reveal a lack of strategic planning amongst the participating SMEs. This indicates a limited understanding of the business environment. Yet, engaging in strategic planning, and strategic thinking, helps SMEs to make informed decisions. At the macrosystem level, corruption has emerged as an obstacle to the activities of the participating

SMEs. It can be said that the ecological system influences the activities of SMEs in the built environment sector. This impacts on the innovativeness, and creativity of the SMEs and informs SMEs' decisions to remain entrenched in traditional operational activities or embrace change.

5.2.4.7 SME Competitiveness

SMEs in the built environment sector can be creative and competitive. However, there is a worrying perception that they experience organisational inertia, and this is an impediment to their competitiveness. It must be understood that the activities of SMEs in the built environment, and how they deploy their resources, determines whether they can be competitive or not. It must also be understood that the competitiveness of SMEs in the built environment sector is dependent upon the ability of SME managers / owners to exploit opportunities that arise from different levels of the ecological system.

5.3 Guidelines for SME competitiveness

Drawing from the findings, the literature, and the discussion, this study proposes some guidelines that can be used by SMEs to address their issues and be effectively responsive, as illustrated in table 5.1. Another suggestion emerges out of the factors located at the microsystem. These include the workplace, friends, work colleagues, family, community, managerial skills, personal relational capital, strategic alliances, among others must be used to the benefit of SMEs in the built environment sector. The focus must be on training staff and offering them attractive packages. This will help to reduce the brain drain. Further, relational capital must be perceived as a resource for competitiveness, and not just one that can be used to facilitate bribery and corruption. Online and offline platforms can be created to help engage with all the stakeholders of the SMEs, maintain regular communications and interactions. Additionally, involving stakeholders in the decisions making process of the company must be viewed as a resource that can help to create lasting relationship, and nurture a sense of belonging and ownership. Finally, SMEs in the built environment sector are encouraged to form their own strategic alliances that are based on mutual and equal relationship, and thereby averting the exploitative nature of relationships formed between MNEs and SMEs.

At the mesosystem level, factors that emerged as of concern to SMEs in the built environment sector are financial discipline, cashflow management, and strategic orientation. SME managers/ owners are encouraged to develop written strategic plans and use these as a resource to make managerial decisions. There is also a need to instil financial discipline in the workforce and draw a line between business and personal finances.

Table 5. 1: Guidelines for SME competitiveness

Level	Factors	Suggestions
Individual	<ul style="list-style-type: none"> - Individual characteristics of the SME owners/managers - E.g. age, experience, gender, education, personal values etc. 	<ul style="list-style-type: none"> - Create an understanding at an individual level of the need for ethical business practices. - Encourage a create an innovative mindset amongst SME managers and owners. - Build an entrepreneurial mindset amongst the young people so that this mindset can be translated into innovative, creative, and competitive products and services. - Encourage both males and females to engage in entrepreneurial activities and enshrine entrepreneurial thinking within the educational curriculum. - Develop an understanding of local knowledge systems
Microsystem	<ul style="list-style-type: none"> - workplace, friends, work colleagues, family, community, managerial skills, personal relational capital, strategic alliances etc. 	<ul style="list-style-type: none"> - Retain employees and offer them attractive packages. - Use relational capital as a strategic resource to compete effectively. - Engage with all stakeholders and maintain regular communications and interactions. - Involve stakeholders in the company’s decision-making processes. - Establish a balance of power in strategic alliances, and do not underestimate the strength of the SMEs in securing contracts in the public sector.
Mesosystem	<ul style="list-style-type: none"> - Financial discipline, cashflow management, strategic orientation 	<ul style="list-style-type: none"> - Develop strategic plans and use these as a resource to make managerial decisions. - Instil financial discipline in the workforce. - Draw a line between business and personal finances. - Use local knowledge systems as a resource to compete more effectively.
Exosystem	<ul style="list-style-type: none"> - Industry regulations, public procurement policy, BEE policy, bank lending models, competition laws etc. 	<ul style="list-style-type: none"> - Create awareness of the regulatory environment amongst all employees. - Use the BEE policy as a resource to establish a balance of power in alliances with MNEs. - Create alliances with other SMEs and capitalise on the the benefits of inclusive practices
Macrosystem	<ul style="list-style-type: none"> - Culture of corruption, culture of bribery, brain drain etc. 	<ul style="list-style-type: none"> - Electronically Digitise the public procurement system to encourage transparency. - Encourage SMEs to name and shame public officials that ask for bribes

The proposed actions will need some financial resources, and this can be supported by the Department of Small Business Development, in South Africa. These suggestions help to coordinate, integrate, and mobilise efforts and resources that will help the growth and sustainability of SMEs. Here, the intention is to ignite the spirit of sustainable entrepreneurship, as evidenced by participants in this study, whose enterprises have managed to stay in operation beyond the commonly acknowledged failure period. Financial resources to implement the suggestions can be sought through other avenues such as industry bodies, and customised short-course programmes in partnership with accredited institutions of teaching and learning in South Africa. Networking platforms, both online and offline, can be created to help the intermingling of SME owners and managers, with the intention of establishing connections that can help to improve practice in the built environment sector. Another approach would be to identify the world best practices within the industry and use these as a resource to encourage other SMEs to transform.

Further, the South African construction industry can help to celebrate success by identifying the most improved SMEs and recognising their achievement through some industry awards. These efforts can be financial supported by different government departments, the private sector, and other stakeholders. For this to happen, there is a need to appoint a champion, an individual or group of individuals who will lead the initiative to transform the practices within the industry. This initiative will help to avail resources needed to train managers.

Whilst SMEs might experience difficulties in offering attractive packages to their employee, they can devote their profits to improving the welfare of their staff rather than directing it to corrupt public officials. Further, relational capital can be used as a strategic resource by sharing world best practices, supporting each other in the industry, and cross-pollinating ideas. This can be achieved by instituting a staff exchange programme on a project-by-project basis, depending on the skills needed. Whilst the SMEs may not have all the skills needed for a project, these skills can be accessed through other employees in the relational network. In this sense, the relational capital can be a strategic resource to help the SMEs compete effectively. This approach may help to resolve many practical questions from the individual to the macro system level.

Located at the exosystem, are industry regulations, public procurement policy, BEE policy, bank lending models, and competition laws. It emerged that SMEs manager/owners in the built environment sector must use BEE policies as a resource for competitiveness. This presents opportunities to create alliances with other SMEs that have higher BEE scores, and this benefits SMEs in terms of inclusive practices. Further, the regulatory environment influences the activities of SMEs, and as such, there is a need to create awareness of the regulatory environment amongst all employees. This will help to ensure regulatory compliance at every level of the organisation.

At the macrosystem are factors such as a culture of corruption, culture of bribery, and brain drain, among others. It emerged that digitisation of the public procurement system to encourage transparency and reduce corruption is the way to go. There is also a need to create a culture of naming and shaming those public officials that ask for bribes. This can help to make public contracts more accessible to deserving SMEs in the built environment sector.

SMEs sometimes find it challenging to meet their business obligations because of their limited access to strategic alliances. As such, it is proposed that alliances must be formed amongst SMEs. Here, SMEs can use their relational capital to their advantage, and compete effectively. Of importance is using the local knowledge systems as a resource to compete more effectively.

The formation of procurement policies as well as the assembling of adjudication and award committees requires some attention (Fronk, 2015). This is the case because it is where the success and failure of the tendering process hinges. Digitisation and electronic tendering of the public procurement process could help solve the problem of corruption. Further, digitisation and

electronic tendering can also help solve the problem of human interference in the tendering system and help to resolve the wastage and duplication of tax clearance certificates. This also promotes transparency.

There is also a need for SME owners, and managers to acquire the necessary skills to operate business ventures. Here, SMEs should ensure staff development through courses and/or formal education. It emerged that most SMEs avoid this vital task and hope situations will sort themselves whilst forgetting that SMEs are crucial elements of cooperative associations. Because of the shortage of resources, particularly time, SME owner-managers might gain significantly from guaranteeing that their entrepreneurship skills, as well as leadership skills, are well refined.

The findings revealed that there is poor planning, and a lack of a strategic direction amongst SMEs. It was found that the overall strategy of the company resides in the head of the owner or manager, and not outlined or shared by others. Often, the strategy is usually based on gut feel and is only in the head of the owner and mostly conveyed verbally, if at all. The situation is usually confusing to employees as they usually do not know how to help during difficult and troubling times.

5.4 Summary of the Chapter

This chapter discussed the results of the study. It emerged that there is a need to localise some of the theoretical frameworks such as the resource-based view, stakeholder theory, and network theories with the intention of making them more relevant to the context of SMEs in KwaZulu-Natal. The challenges facing the SMEs were also analysed using the lens of the ecological systems theory. It emerged that these challenges are located at different levels of the ecological systems theory. However, central to these challenges, are the individual characteristics of the SME owners or managers. At the individual level are the individual values and characteristics of the individual managers, owners, and employees. Their work ethic, honesty, and integrity. At the microsystem level, are challenges related to managerial skills, financial management skills, and relational capital. At the mesosystem level, there are challenges related to financial discipline within SMEs, and strategic planning. At the exosystem level, there are challenges related to the public procurement policy, use of BEE policy, and bank lending practices. Finally, at the macrosystem, are challenges related to culture of corruption, and brain drain. The proposed guidelines must be used as a resource that can help SMEs to be innovative, creative, and compete effectively. The costs for implementing some of the suggestions can be supported by different government programmes, as well as initiatives from the industry. Individual SMEs can also contribute by engaging in a programme of sharing skills on a project-by-project basis. This can also be used by other SMEs in different industries that are facing similar challenges. Hence, this also entails customising training programmes and engagement activities. Further, it also emerged that there is an underutilisation of local knowledge systems??. And yet, this is a resource that can be used by

SMEs in the built environment to compete more effectively. The chapter also develops an analytical framework that contextualises the results within the ecological systems theory. This culminates in some guidelines that can help SME owners and managers to transform their entrepreneurial mindset and develop business ventures that have a capacity to compete effectively. The next chapter presents the conclusions, contributions, and recommendations.

CHAPTER 6: CONCLUSIONS, CONTRIBUTIONS, AND RECOMMENDATION

6.0 Introduction

This chapter summarises the findings. This is achieved by revisiting each of the research objectives and then outlining the evidence in support of achieving the stated objectives. The chapter then focuses on outlining the contributions of the study. These are divided into three areas, that is, theoretical, methodological, and managerial contributions. Practical and actionable recommendations that are informed by the findings are then made. This is done with the intention to help SMEs in KwaZulu-Natal province to be more creative, innovative, and competitive. The chapter also offers personal reflections. Finally, research limitations are acknowledged, and suggestions for future researchers also outlined.

6.1 Main Conclusions

This section presents the summary of the research and the main conclusions. The study explored the challenges facing SME consulting firms in the built environment in KwaZulu-Natal and developed some guidelines to help SMEs compete more effectively. It emerged that there were both internal and external challenges encountered by SMEs, as reported by twenty (20) KZN consulting SMEs managers and employees in the built environment business sector. The most noteworthy internal challenges were a lack of financial discipline, a lack of managerial skills, failure to utilise internal resources as resources for competitiveness, and a lack of strategic planning, among others. The most prominent external challenges included a culture of corruption and bribery, the brain drain, globalisation and economic liberalisation, money laundering, bank lending models, public sector procurement policy, and a lack of trust in strategic alliances, among others.

While there is a need for policy makers to generate policies that are protective of SMEs, there is also an equal need for the SMEs to utilise their internal capabilities as sources of competitiveness. A case in point is that SMEs must be more proactive and utilise personal relationship capital to compete effectively. For instance, there are opportunities to develop local inter-company and external networking collaborations amongst SMEs. However, it was also found that managerial inertia was an impediment for SMEs in KwaZulu-Natal.

Further, it was found that SMEs have opportunities to form alliances with MNEs. If utilised effectively, such opportunities can help SMEs to be more competitive, and expand their market coverage. However, it also emerged that SMEs fail to utilise their strategic advantages effectively and end up in a weaker position within the alliances. This is because of a lack of strategic focus, as well as limited business and managerial skills.

Within the public procurement system, it emerged that SMEs face challenges about the human interference in the tendering process and the duplication of documentary evidence that must be attached to each of the bids. This includes compliance documents such as tax clearance certificates, bee certificate, letters of good standing etc. Yet, the entire procurement process can be simplified by adopting an online and digitisation strategy. There is also an over dependence on corrupt public officials to get government contracts.

Considering both internal and external factors, inertia in this study appears to be the critical factor SME owners of KwaZulu-Natal are suffering from. The concept of “inertia” is generally applied in multiple purposes which affect adoption and separation between drivers and barriers. In this study, observed drivers, barriers were acknowledged together with related rationality in a real situation with decision-making were analysed.

6.1.1 Achieving the Research Objectives

This section considers each of the research objectives and provides evidence on how these were met.

6.1.1.1 Objective number one

The first objective was “*To critically review the literature surrounding SMEs, and the associated ecological systems*”. This was designed to identify gaps in knowledge, as well as critically evaluate existing theoretical understandings. SMEs were conceptualised as being located at the intersection of resource based, stakeholder, network, and ecological systems theory. The critical analysis led to the development of new localised understandings of these theories, and the challenges facing SMEs. Using insights from the literature review, chapter five developed a framework, and some guidelines that bring newer understandings to the area of SMEs in the built environment sector. In this regard, this research has achieved the first objective.

6.1.1.2 Objective number two

The second objective, “*To determine the internal challenges faced by SMEs in the built environment sector in KwaZulu-Natal*”. The study revealed many internal challenges that are encountered by SMEs in the built environment sector. These include a lack of managerial skills, a lack of financial discipline, lack of strategic planning, limited financial capital, and failure to utilise personal relational capital more effectively. It emerged that failure to return skilled staff was because of the poor working conditions, and a failure by the SMEs managers/owners to realise that skilled employees are a strategic asset.

The results reveal a lack of strategic planning amongst the SMEs in KwaZulu-Natal. This is a result of the lack of planning skills that emanate from the brain drain, and a focus on achieving success through bribery and corruption. Whilst there was a failure to engage in planning, the entrepreneurs demonstrated an ability to reflect on their failures and learn from mistakes. Here,

they all learnt that planning is the route to survival. However, this is constrained by a lack of skills. It was also found that the SMEs are in most parts, unwilling to transform, and prefer to operate in their traditional ways. This can be explained by a lack of managerial skills and strategic planning, and as such, they are unwilling to take risks.

The results report of SME owners embarking of luxurious and unplanned spending rather than reinvesting in their businesses. This perception was reported by most of the participating SMEs. This was interpreted as a lack of financial discipline. It was found that some SMEs had to end up borrowing to finance their daily operations. Surprisingly, money available was spent in an unplanned and unnecessary way. Further, some participants could not relate to financial indicators of their business. This deprived them of the opportunity to make informed financial decisions. In this regard, this research has achieved the second objective.

6.1.1.3 Objective number three

The third objective, “*To ascertain the external challenges faced by SMEs in the build environment sector in KwaZulu-Natal*”. The study revealed many external challenges that are encountered by SMEs in the built environment sector. These include culture of corruption, culture of bribery, bank lending models, competition, money laundering, and brain drain, among others.

The brain drain was a factor that concerned the SMEs, and this affected their performance. The findings revealed that beyond pay, there are myriads of other fundamental factors like political instability and xenophobia that influence the migration and immigration of skilled labour in South Africa. It was also found that there is an internal brain drain from SMEs to MNEs. Instead of bringing in their expatriates from their parent countries at high cost, the MNEs benefit from cheap local workforce. It emerged that the MNEs identify the best talents from SMEs, and “*poach them*”.

The participants also reported difficulty in finding business finance. It also emerged that the government has set up incubator programmes and institutions to address SME finances. Another source of financial support for SMEs is from the banks. However, banks perceive SMEs as high-risk borrowers. As expected, the banks ensure that the borrowing firms provide enough collaterals before any form of loan is granted. Unfortunately, small firms do not have access to those kinds of collaterals thereby creating a huge hindrance to finance access.

It emerged that the MNEs had a comparative advantage that positioned them unfairly and strategically to bid alone for government contracts. At times MNEs form relationships with SMEs to obtain access to the BEE status of the SMEs. However, there is a failure on the part of SMEs to realise that the BEE status is a strategic resource that can be used to create a balance of power in business relationships with the MNEs.

The results reveal that corruption is prevalent, with impunity. The participants revealed that some government officials collect upfront financial payments before awarding tenders to firms as well as demand to be paid per invoice. This affects project execution, cashflows, and quality of the job. Ultimately, service providers produce inferior reports and designs. The quality of products and services provided are compromised.

Another external factor identified is that of bribery. Here, the SMEs or MNEs deliberately try to circumvent the public procurement system by paying bribes to decision makers. This often happens where compliance requirements are not met. As such, they offer public officials an incentive to be awarded the contract. Rather than focus on delivery quality services and products, such MNEs and SMEs focus more on paying bribes. This affects service delivery, and the pricing of goods and services. In this regard, this research has achieved the third objective.

6.1.1.4 Objective number four

The fourth objective, *“To determine the perceptions of SME consulting firms on the public procurement policy system in South Africa”*. The findings reveal that the public procurement system is perceived as corrupt, inefficient, and not transparent. It emerged that some SMEs receive confidential tendering information in advance, working hand in hand with corrupt public officials, with the intention of submitting a successful bid. It was found that bidders must submit their BEE certificate as part of the process. However, MNEs often do not possess the BEE certificate, and they buy over the individuals in SMEs, and use their BEE status for fronting.

The issue of influencing the outcome of the tender process was raised by participants in the study. Participants reported that firms that are unsuccessful in the bidding process are not given any feedback. It also emerged that there is a prolonged payment process within the public procurement system. This was identified as a core challenge faced by SMEs. This affects the payment of consultants and contractors. When payments are not processed consultants and contractors are not paid. In this regard, this research has achieved the fourth objective.

6.1.1.5 Objective number five

The fifth objective was designed *“To develop some guidelines that can be used by SMEs in the built environment to be competitive and operate sustainable enterprises”*. The intention was to provide practical recommendations that can be used to help SMEs overcome some of the barriers and focus on competing effectively. This objective was achieved as illustrated by the guidelines discussed in chapter 5. These guidelines can help to change the culture of corruption and bribery, and encourage SMEs to be more creative, and innovative. The guidelines also encourage an entrepreneurial mindset amongst SME owners and managers. Further, the findings encourage the localisation of different theoretical concepts with the intention of making them more meaningful in each context. Following from this, practical managerial recommendations are made. However,

these guidelines have resource implications. For instance, in view of the resource-based view, both internal and external resources are needed to help implement these suggestions. Internally, SMEs may consider identifying their own internal resources that can be used as their competencies. This can be achieved working in partnership with accredited institutions in the development of customised training programmes that will help to meet the needs of SMEs in the built environment sector. These resources can also be mobilised externally by engaging with industry associations, as well as in a scheme to share skilled labour across SMEs on a project-by-project basis. In terms of stakeholder theory, the SMEs can mobilise different stakeholders so that they can share best practices as a way of helping to create a culture based on ethical practices. The SMEs can also be encouraged to join both online and offline networks as a way of creating a pool of likeminded SMEs with the potential of jointly submitting bids for contracts and sharing skills and staff on a project-by-project basis. Considering the evidence summarised above, this research has achieved the fifth objective.

6.2 Contributions of the Research

This research makes specific contributions to theoretical debates, methodological debates, and managerial practice.

6.2.1 Theoretical Contributions

The study has made three theoretical contributions. Locating SMEs within the context of the ecological systems theory helps us to establish a deeper understanding of the challenges and develop more focused strategies. The localisation of the resource dependency, stakeholder, and network theories helps to make these theories more meaningful to the SMEs in KwaZulu-Natal. This helps us to establish contextual understandings of the challenges faced by the SMEs anew. These theories have been advanced in a specific context and used to help develop some guidelines that can help SMEs to be more competitive and effective. Here, the theories have been used to help develop specific actions that can help to resolve some challenges faced by SMEs in the built environment sector. Whilst their theoretical importance is understood, their practical relevance has been less pronounced in the literature. In this sense, these theories have been advanced by contextualising them, and developing practical solutions to problems faced by SMEs in the built environment sector.

It is also worth acknowledging the findings that are specific to these SMEs, and those that might be transferable to another context. Firstly, SMEs in South Africa work under the same economic empowerment policies, and public procurement policies. The challenges faced in relation to the public procurement system by SMEs in the built environment sector may also be like challenges faced by SMEs in other sectors. Therefore, the overreliance on public officials to obtain public contracts might also be affecting SMEs in other sectors. The idea of creating alliances with other

SMEs that have higher BEE scores and sharing skills across SMEs on a project-by-project basis can also be done by SMEs in other sectors. Creating an awareness of the regulatory environment for all employees can also be done by SMEs in other sectors, and so forth. Whilst SMEs in the built environment have unique skills for their industry, they however lack strategic thinking skills, managerial skills, and financial management skills. The study did not seek to differentiate the study by gender; however, all participating SMEs were black-owned, and insights were shared by both male and female participants. This suggests that the challenges affected the SMEs regardless of age, gender, or any other categorisation. What was most surprising was the normalisation of corruption by public officials, and a failure to self-introspect by the SME owners or managers. Rather, the SME managers or owners always blamed the government for their failures, rather than thinking of developing some homegrown solutions from within the SMEs to resolve the challenges. Further, the study contributes to the prevailing theoretical understandings of SMEs by unveiling knowledge systems that are often taken for granted. And yet, these knowledge systems, *enterprise-wide knowledge management systems, knowledge work systems, and intelligent techniques*. are a resource that can be used to compete effectively.

6.2.1.1 Localised resource-based view theory

This study contributes to an understanding of the collection of resources and capabilities possessed by the company to meet Valuable Rare Inimitable Organisational support. It's those strategic resources that are often taken for granted by SMEs. For instance, the localized relational capital, BEE status, and local knowledge systems within KwaZulu-Natal are a resource that can be used to help SMEs compete effectively. Yet, the SMEs fail to see these as capabilities that can be used to gain a competitive advantage. However, identifying these internal capabilities requires skilled personnel. Given that SMEs managers and owners are facing challenges of the brain drain, and that there is a lack of strategic thinking, there is a need for consulting SMEs to focus on getting and retaining skilled personnel. These skilled personnel are a resource that can help to identify the SME capabilities. Yet, such resources are often ignored. But we know from the literature that managing of these resources determines the success or the failure of an organization (Malatesta and Smith, 2014; Voss and Brettel, 2014).

Therefore, SMEs must develop localized understandings of their internal resources and capabilities because these are more relevant to the environment in which they operate. The logic behind the resource dependence theory is that the provision of resources is directly linked to the performance of the SMEs. As such, the presence and the use of the resources reduce the dependency of the SMEs on corrupt public officials, and government support. Given the lack of managerial skills, and strategic thinking skills within the participating SMEs, it is suggested that short-courses that are customized are needed to help SME managers or owners in the built

environment sector to understand more about their own resources, and how these can be used as a source of competitive advantage. This can be done on partnership with their local accredited training institutions as a community engagement initiative. Most importantly it has to learn to adapt, innovate and ensure continuous improvement.

6.2.1.2 Localised understandings of stakeholder theory

The study contributes to our understanding of stakeholder theory within the context of SMEs in KwaZulu-Natal. For instance, the SMEs work with public officials to secure contracts, but most fail to deliver the required service or product quality. This impacts on their customers because of poor service delivery. Here, SMEs demonstrate a failure to understand that the customers are an important stakeholder group. This understanding would help to ensure the provision of good service and encourage honest business practices. Given the encroachment of MNEs on the local KwaZulu-Natal market, there is a greater need to also understand that failure to meet the needs of customers may result in a loss of business as MNEs offer a superior service to customers. In this sense, SMEs must desist from prioritising the corrupt public officials as a strategic stakeholder group, rather, SMEs must focus on serving the customer clientele group transparently, and honestly. And yet, navigating through localised understandings of stakeholder theory has failed to capture the imagination of previous research.

SMEs in KwaZulu-Natal must view stakeholders as an inseparable part of the organization, as these can be a resource for their growth and survival. Given that the management of the interests, viewpoints and the needs of the stakeholders is the responsibility of the managers of the company, then the SME managers or owners must also have the right skills to manage stakeholders effectively and efficiently. Given the lack of managerial skills, and strategic thinking skills within the participating SMEs, it is suggested that short-courses that are customized are needed to help SME managers or owners in the built environment sector to understand more about their own stakeholders, and how these can be used as a source of competitive advantage. This can be done in partnership with their local accredited training institutions as a community engagement initiative.

6.2.1.3 Localised network theory

The study contributes to our understanding of the value of localised understandings of business and personal networks. These relationships, associates, relations, and connections between a company and other relevant actors in the business market must be understood at the individual SME level. It emerged that the SMEs had a lot of relational capital embedded in the local communities but failed to utilise this to achieve competitive advantage. Yet, we know from the literature that the process of relationships building of businesses through links and contacts

contributes to the success or failure of the business (Rajesh *et al.*, 2008; Catora, 2010; Koe, 2013). Given the increasingly globalised business environment, SMEs have an opportunity to benefit from developing a deeper understanding of local networks, and the using these as a resource to compete. The literature suggests that the network approach provides an opportunity for SMEs to grow (Konsti-Laakso, Pihkala, and Kraus, 2012), there is need to examine the internal resources of the SMEs and identify capabilities that could be used for growth and sustainability. Given the lack of managerial skills, and strategic thinking skills within the participating SMEs, it is suggested that short courses that are customized are needed to help SME managers or owners in the built environment sector to understand more about their own networks, and how these can be used as a source of competitive advantage. This can be done in partnership with their local accredited training institutions as a community engagement initiative.

6.2.1.4 Localised SME ecological systems approach

Understanding the challenges facing SMEs through the lens of the ecological systems theory helps to provide fresh insights into the interdependence of actors within KwaZulu-Natal's business environment, and to create new value that might help SMEs to become more competitive. Through the lens of the ecological systems approach, the researcher was able to establish a deeper understanding at each of the levels, and this provided linkages to develop interventions that would assist SMEs to build strong resilience to achieve sustainability.

6.2.2 Methodological Contributions

Within each SME, interviews were conducted with participants from different levels of the organisation. This approach helped to bring multiple views about the challenges facing SMEs. It must be noted that the participating SMEs had differences in terms of years of operation. For instance, DS and IS has been in operation been in existence for over 22years, whilst IB had been on the industry for over 21 years. CR has been operating for 19years, whilst has been in the industry for 18years. Of all the SMEs, only EW has been operating for 17 years. This variation in years of experience indicates that the SMEs were well entrenched in the built environment sector and managed to survive. The SMEs also were focused on undertaking different activities in the built environment sector. There was also a variation in the targeted customers, ranging from private, public, and both sectors. Regardless of these similarities and differences, the participants from these SMEs shared a similar story. Of the 20 participants, 11 were female, and 9 were male. Their individual years of experience within the built environment sector ranged from 12 years to 40 years. However, they all shared similar concerns about the challenges facing SMEs in the built environment sector. Common across the participants were qualifications of a technical background, and a lack of business-related qualifications. Here, the researcher was faced with a group of participants that had required technical training within their industry, but a lack of business qualifications. This could have presented problems in their understanding of business-

related issues such as strategic planning, financial management, and so forth. Regardless, the insights obtained were rich with understanding of the challenges faced by SMEs in the built environment sector.

Further, insights were obtained from different levels of the SMEs. For instance, at IC, insights were shared by the Managing Director (male), two Senior Engineers (female), and an Assistant Director (male). Similarly, at LA, insights were obtained from the CEO (male), director (female), and Senior Architect (female). This demonstrates that participants were knowledgeable about the challenges in their industry and provided insights from different levels of the organisation. The idea of obtaining insights from different levels of the SME helped the researcher to establish a complete picture of the challenges. Bearing in mind that what might be observed at one level of the organisation might be different from the other.

This helped to capture those challenges that might have been missed or taken for granted had the study focused on obtaining insights from only a single level of the organisation. This approach contributes to theoretical understandings of conducting robust qualitative studies. Whilst some studies have focused on collected data sets using multiple methods (Chitakunye, 2012; Denscombe, 2014; Creswell and Creswell, 2017), this study amplifies the importance of collecting data from multiple levels of the organisation. Focusing on multiple levels of the organisation helped to build a complete picture of the challenges facing SMEs in KwaZulu-Natal. This would not have been possible had the study focused on obtaining insights from a single level of the organisation.

It is important to acknowledge some methodological difficulties that were encountered. For example, some participants were not able to meet some scheduled appointments and advised the researcher late. However, this was accommodated by rescheduling the meeting. There were also some instances where the researcher was more knowledgeable about the nature of some challenges than some participants. This was caused by the fact that the researcher was also a practitioner in the same industry. This was resolved by the researcher adopting a listening attitude and focusing on capturing the participants' voices. The time planned to complete data collection was not always met. This is because data collected after each interview had to be transcribed and coded before going back to collect some more data. This also helped the researcher to make follow-up interviews within the same organisation before engaging with the next participant. Though this process was tedious, it was necessary to see patterns that were emerging in the data and determine the point at which saturation was reached. Although transcripts were later uploaded into NVivo

to produce graphics, it was necessary to develop the codes manually because this helped the researcher to stay more connected with the data.

Most of the studies in this area tend to use mono methods, as depicted in the literature. Drawing insights from only one organisation would have limited the researcher from obtaining new insights about SMEs in KwaZulu-Natal. This helped to generate results that can help to achieve theoretical generalisability. Thus, methodologically, this study guides future researches on how to effectively draw data sets from multiple levels of the organisation in a single study.

6.2.3 Managerial Contributions

The findings of this study offer valuable insights to SME owners, and managers in the built environment. The study also provides some insights for policy makers. The contributions are discussed below.

6.2.3.1 Develop young people's entrepreneurial skills.

It is important to encourage young people to take an active role in entrepreneurial activities. This helps to train business owners and leaders of the future. These skills will be useful in developing a mindset that is creative, innovative, and focused on meeting the needs and wants of customers, rather than a mindset that is focused on paying corrupt public officials, as evidenced in this study. This may entail that the policy makers revise the school curriculum and encourage classroom activities that build an entrepreneurial mindset among learners. This can be achieved by developing teaching materials that help to develop an entrepreneurial mindset in different subjects. Further, policy makers must make work placements as part of the educational curriculum because this will expose learners to the work environment.

This is a resource that can help future SME owners and managers to change their attitudes towards adopting ethical business practices as a resource for competitiveness and growth. The costs for implementing some of the suggestions can be supported by different government programmes, as well as initiatives from the industry. Individual SMEs can also contribute by engaging in a programme of sharing skills on a project-by-project basis. Given that community engagement is a public mission of higher education that is widely accepted in South Africa (Bender, 2008; Shawa, 2019), then SMEs have an opportunity to engage with local academic institutions as part of the community engagement initiative to build entrepreneurial mindsets through training. Further, other engagements such as work placements can be used as a resource to cultivate an entrepreneurial mindset amongst the young people. Here, the SMEs will benefit from the managerial skills, and strategic thinking skills that will be shared and transferred in this process. Some of the deliverables for the in-work learning opportunities could be the development of strategic plans for the SMEs and using the resource-based view theoretical understandings to

identify competencies of each of the participating SMEs. Appropriate strategies can then be developed using the results. The immediate benefit will be to the participating SMEs, whilst the learner will also gain practical work experiences, and thereby cultivating the much-needed skills for SMEs in the built environment sector. Embedding these initiatives with the community engagement activities of a local higher education institution will help to reduce the budgetary requirements and save costs. This approach will also help to bring the required skills with the intention of aiding managerial practice.

6.2.3.2 Create networks that help to build trust

It is proposed that SME owners and managers must be supported to create business networks, both on the online and offline platforms. This support can be obtained through the channel of community engagement in partnership with local academic institutions in South Africa. Here, a deliverable for a successful work placement opportunity for candidates can be to create business networks for the respective SME. These networks can then be used as resources to share skills, share best practices, and share staff on a project-by-project basis. This approach will help to overcome the skills deficiency problems that emerged in this study. The engagement can also be directly with experts in higher education, who can then help to bring practical solutions for the benefit of managers, and their SMEs.

Through these initiatives, the SMEs can be supported through the community engagement initiative to produce authentic and trusted products and services. This will help the SMEs to grow their business and build a positive reputation. In fact, these networks can either be formal and informal. Moreover, navigating between the formal and informal networks provides SMEs with the opportunity to strengthen their own business, and overcome some of the challenges that they face. Further, networks can be at a personal level or organisational levels. This relational capital must be viewed as a strategic resource that can help SMEs to compete more effectively. This approach will also help to bring the required skills with the intention of aiding managerial practice.

6.2.3.3 Transform bank lending practices

It is proposed that the bank lending practices must be transformed so that financial resources can be availed to SMEs. Here, it is proposed that the government must provide guarantees for loans to viable and sustainable SMEs. The SMEs can then complete a simplified loan application form. This helps to overcome the complex loan application process. This way, with the government guarantee, the SMEs owners would not have to go through the complex system of credit checking, that on many occasions, discourages many SMEs to engage with the process. The government loan guarantee scheme can be aligned with a community engagement initiative of a local academic institution. This will help to bring the much-needed skills to help instil financial discipline in SME. Alternatively, the government guarantee scheme can be delivered in partnership with a local

university's community engagement activity, thereby bringing expertise into the management of the SME's activities. This is a practical solution that will help to resolve the financial management challenges highlighted by the findings, and bring the managerial skills needed for SMEs to compete more effectively.

6.2.3.4 Develop a mindset that thinks beyond the local market.

It is proposed that the owners/ managers of the SMEs must think broadly beyond their local markets. In fact, they must use the wealth of knowledge about their local markets, products, and brand reputations to take their products and services to the international markets. This requires a mindset that identifies an organisation's core competencies and use them as resources to compete more effectively. This mindset can be developed by developing partnerships with local educational institutions under South Africa's community engagement initiative. Here, expertise from staff in institutions of higher learning can help managers to achieve their goals. This is because of an array of skills that experts from academic institutions can bring to help the managers. Practically, this would mean fewer financial resources to spend to access a wealth of expertise and skills. In fact, the collaboration between institutions of higher education and SMEs in the built environment sector can bring mutually beneficial exchange of knowledge and resources within the context of partnership and reciprocity. Whilst the SMEs benefit from the required skills, the academic institutions can benefit from bringing real life problems to the lecture rooms and resolving them within an academic and practical context. This would make learning more relevant by putting theoretical understandings into practice.

6.3 Recommendations

Drawing from the findings, the following practical recommendations are made:

1. Educational institutions and the private sector are encouraged to offer young people work placement opportunities. This can be part of a community engagement initiative between SMEs in the built environment sector, and local higher education institutions. The partnership entails establishing shared goals, a shared agenda, and deliverables that are mutually agreed by both the SMEs and higher education institution. Further, this also entails the pooling or leveraging of university resources and public and private funds provided by other stakeholders. The resulting collaboration or partnership is mutually beneficial and is likely to build the capacity or competence of all parties. For the learners, this approach will help them to gain valuable experience and exposure to the world of work, and consequently, use the acquired skills to develop entrepreneurial mindsets. For the managers, this will help to access the required skills and expertise to help solve some of the problems that they are facing, as reported by the findings of this study.

2. SME owners and managers are encouraged to create formal and informal networks that help to build trust. In doing this, both online and offline resources can be utilised. The intention is to widen both formal and informal networks and build trusting relations. Further, SME owners / managers can draw from the resources that emerge from the community engagement partnership or collaborations to produce authentic and trusted products and services. Here, the relevant university department can help to develop the products and services of the SMEs, whilst the participating institution also benefits from the knowledge gained from collaborative discovery, and problem solving in real life settings. This can also be an important resource for teaching and learning. Here, managers can benefit from the input of different disciplines from the educational institution to help solve some of their problems. The idea of bringing more than one discipline to bear on a problem will be valuable to managers because it provides opportunities for shared knowledge, expertise, and building social capital. These are the resources needed by the SMEs in the built environment sector to compete more effectively.
3. Rather than focus on the local markets, the SMEs are encouraged to think about producing products and services that can be internationalised. The resources of the community engagement collaboration or partnership can be used to help managers develop practical solutions and overcome some of the challenges that they are facing. The intention is to help overcome the overreliance on corrupt public officials to secure public contracts. Rather, this gives an opportunity for managers to produce products and services that can compete based on merit, rather than political affiliations or proximity to officials in the public procurement process.
4. The SME owners/ managers can be encouraged to acquire skills to develop strategic plans. Using resources of the community engagement collaboration or partnerships, customised training short courses can be developed with the intention of equipping managers with the relevant skills. Development of strategic plans for SMEs can also be embedded in assignment tasks to be undertaken by learners, and managers can be involved in this by providing the required information. The experts from the institution of higher learning can then provide an oversight of the developed strategic plans. These strategic plans can then be used by managers to guide their business. In the process, managers will become more aware of their internal resources and core competencies.

5. SME owners and managers can be encouraged to be more creative and innovative. Currently, a major barrier is an overreliance on corrupt officials in the procurement process to secure contracts. The community engagement initiative can be used to equip managers with creative thinking skills. This can be done in by engaging openly and honestly with learners, and experts. For instance, learners can be assigned to develop creative products or services that can help to improve the competitiveness of the SMEs. Experts from the institution of higher learning, and the managers, can have an oversight of the process. Ultimately, the SME managers will have access to the skills needed to develop competitive products or services. On a practical level, this provides an opportunity for sustained growth of SMEs in the built environment sector.
6. SME owners and managers can also be encouraged to maintain financial discipline within their business activities. This can be achieved through customised training provided by experts from the community engagement partners. Funding for this can also be accessed through other potential sponsors such as National Research Foundation, Ford Foundation, and Wellcome Trust, among others. For managers, these skills can help them to understand the importance of separating personal finances and business finance.

6.4 Limitations of the Research

There are some limitations that must be acknowledge:

1. This study was a doctoral study and had to be completed with a certain predefined time, however, COVID-19 affected the later stages of the research. For example, the researcher had limited access to libraries, and other resources.
2. The sample size was limited because the study was mainly qualitative in nature. Though there were opportunities to cover different provinces of South Africa to obtain responses, this was not possible because of the limited timeframe for a doctoral study. However, the results and solutions proposed are transferable to other SMEs that operate within similar contexts. Further, the depth of analysis helps to build trustworthiness of the results. Insights were obtained from participants at different levels of the organisation, and with a wealth of experience in the industry. These insights reflect their shared experiences. Moreover, the participants included 11 females and 9 males, and still, they shared similar experiences. Additionally, the participants had technical skills required in the built environment sector. Hence, they were knowledgeable about the subject matter. The researcher has over 25 years working experience in the built environment sector as a practitioner, and personally experienced some of the challenges that were shared by the participants, and attests to the credibility to the findings.

Data was obtained using multiple methods, that is, observations, and interviews. This helped to boost the soundness, trustworthiness, and credibility of the findings. The idea of conducting an interview with a participant, transcribing it, manually coding the transcript, and analysing the patterns emerging in the data before embarking on the next interview helped to ensure that important areas were covered, and follow-up interviews were conducted to establish a deep understanding of the emerging themes. The results obtained are relevant to SMEs in KwaZulu-Natal province.

3. On reflection, I learnt that the software for qualitative data analysis only helps one to manage data sets. The actual analysis and interpretation of results is done by the researcher. Analysing qualitative data can be tedious and requires a lot of patients. At times similar codes were identified in different themes, and this was initially problematic for the researcher because of limited knowledge on how to deal with it. Later, I realised this was pointing to the interconnectedness of the theme. I had to revisit the literature review to update it because some of the themes that emerged from the data were new. This process was tedious, but it helped me to enrich understanding and interpretation of the results. More reflections are in chapter 3.
4. Another limitation of the study were the resources required to collect data. The study was self-sponsored, and the researcher had to draw from personal savings to complete the study. This influenced the spread of the sample size because of travel costs. In this regard, the researcher had to find an area with a concentrated audience to help minimise on travel costs.
5. Another limitation of the study is the generalisability of the study results because the research focused explicitly on participants in KwaZulu-Natal. To achieve wider generalisability, there is still a need for insights to be obtained from other SMEs in different geographic areas of South Africa.

6.5 Suggestions for Future Studies

This study explored the challenges facing SMEs in the built environment and developed some guidelines that can be used to help SMEs develop sustainable entrepreneurial ventures. Specific research questions that arise out of the study are as follows:

- Is there a difference in challenges faced by women owned SMEs in the built environment sector, and those owned by their counterparts?
- How can the community engagement strategies of local institutions of higher learning help to bring solutions to challenges faced by SMEs?

- Are the challenges faced by SMEs in the built environment sector the same across different demographic groups?
- How can SMEs in the built environment sector secure public contracts without using the unfair advantage of corrupt public officials?
- How can SMEs in the built environment sector recruit, and retain skilled staff?

Gaps in knowledge were identified, and theoretical contributions to some of the gaps stated. Future studies can also look at the following specific areas:

Study 1: Replication of current study in other geographical areas

Future studies are needed to ascertain the insights of other SMEs in different development regions of South Africa. This will help to ensure that insights are obtained from each of the nine provinces of South Africa. This will help to test the guidelines outlined in chapter 5 in different parts of South Africa, thereby helping to develop a more cohesive framework that might help to develop sustainable ventures for SMEs. A similar study can be conducted with SMEs in the built environment, but in other provinces of South Africa. The intention is to identify any patterns across provinces. This research can be managed from the industry association level, with the intention of identifying and sharing best practices. This can also be done as part of a research study for post-graduate students. The approach used by this study can also be used again.

Study 2: Quantitative studies

Future studies can take more quantitative approaches to help to achieve generalisability of the results over a wider population. This will help to draw insights from a larger sample size and make the results more generalisable. Quantitative studies can also be conducted with SMEs in the built environment sector across the 9 provinces of South Africa. This will help to generate and test hypothesis. A quantitative study would be necessary to test emerging propositions from the qualitative study, and to operationalise the proposed guidelines.

6.6 Summary of the Chapter

The study explored the challenges encountered by SME consulting firms in the built environment in KwaZulu-Natal and developed some guidelines that can be used to help SMEs to be creative, innovative, and competitive. On reflection, the study has helped me as a practitioner, to think more deeply about the challenges faced by SMEs in the built environment sector and develop solutions that can also be used by other SMEs in the same sector. This study has helped me to think more about my professional role and engage more objectively with the decisions that I make in my strategic role. This has helped me to realise the importance of identifying core competencies within my organisation, and how to engage with my employees to help them desist from using proximity to public officials in the procurement process as a source of competitive advantage.

However, in my dual role as a scholar-practitioner, I found that the scholarly engagement was more challenging and at times, and consumed a lot of time, thus keeping me away from my daily duties. However, this distraction was necessary because it helped me to develop strategic thinking skills and sharpen my problem-solving abilities. Through this study, I have learnt that generating actionable knowledge is a systematic and time-consuming process. However, this is necessary to help organisations solve the problems that they are facing. Actionable knowledge helps to bring solutions to existing problems. My personal reflections and contributions can be used to produce actionable knowledge because my experience in the industry was gained by living through the challenges outlined in this thesis. However, taking the scholarly role helped me to detach myself from the industry and look at the challenges more critically, with the intention of drawing from academic theories, and practical experience, to produce actionable knowledge. Thus, the suggestions made, and guidelines developed have emerged from a position of detailed understanding of the challenges facing SMEs in the built environment sector.

Chapter 1 discussed the research problem and outlined the study aim, research objectives and research questions. Chapter 2 critically reviewed the literature and identified gaps in knowledge. This helped to locate the study at that intersection of the resource dependency, stakeholder, network, and ecological systems theories. The study identified challenges encountered by SMEs, and within this, a lack of financial discipline, corruption, and bribery were reported most. It emerged that KwaZulu-Natal consulting SMEs in the built environment sector have the potential to operate beyond their current local boundaries and reposition towards globalising their businesses. What is needed is a shift in the mindsets of SME owners or managers. This would enable SMEs to use their competencies as resources to attain competitive advantage. Following from the findings, guidelines that can be used to help SMEs to be creative, innovative, and competitive were developed. Theoretical, managerial, and methodological contributions were also outlined. The guidelines can also be used in other areas. For example, the ongoing corona virus situation can be managed more effectively by using local knowledge systems. Whilst it is reported that the situation is worsening in many western countries such as the UK, and the USA, in Africa, there has been a drive to utilise local knowledge systems to help find solutions to the problem. This has resulted in low transmission rates in Africa than the UK or the USA. Similarly, in the 1980s, and 1990s, a lot of sub-Saharan African countries imported economic prescriptions that were developed with an outsider perspective rather than an insider perspective (Dollar, and Svensson, 2000). These economic prescriptions failed sub-Saharan countries. There is now increasing attention on home grown economic initiatives. In a similar vein, SMEs managers must localise understandings of existing theoretical ideas, and then utilise local knowledge systems to develop solutions that are informed by an insider understanding of local knowledge systems with the intention of making local SMEs compete more effectively. That said, the local knowledge

systems can be a resource that can help SMEs to compete more effectively. In this sense, SMEs must focus more on identifying their capabilities from their own internal resources, and then using these capabilities as resources to compete more effectively.

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INTERNATIONAL ONLINE RESEARCH ETHICS COMMITTEE

APPLICATION FOR APPROVAL OF A PROJECT INVOLVING HUMAN PARTICIPANTS, HUMAN DATA, OR HUMAN MATERIAL

NOTES

- 1) This application form is to be used by researchers from the Online programmes seeking research ethics approval from the University, as per the [University's Policy on Research Ethics involving Human Participation](#). If an application qualifies for expedited review it may be reviewed at Level 2, by the relevant programme sub-committee.
- 2) Applications to the International Online Research Ethics Committees must normally include an **application form, participant information sheet and consent form** (all templates available online), along with any other relevant information, and should be submitted by email to the relevant contact atliverpoolethics@ohecampus.com.
- 3) Applications from Student investigators: the Committee will require proof that the research Supervisor has approved the application to be submitted. Please attach a copy of the Ethics Response Form to the email. Your supervisor must be copied in on all correspondence relating to your application.
- 4) This form must be completed by following the guidance notes attached to this Application Form. **Please complete every section, using N/A if appropriate. Incomplete forms will be returned to the applicant.**
- 5) For studies involving sites outside the UK, please ensure you have researched any local approvals that might be required. Wherever possible this should include local research ethics approval. In the absence of a research ethics approval body, other relevant local approvals should be obtained, e.g. authorisation from a site, letter from a local organisation or group etc.
- 6) This form does not constitute insurance approval which must be sought separately. Please contact AcademicOffice@ohecampus.com if your project involves sites outside the country in which the researcher works and lives, vulnerable groups or is a clinical trial.
- 7) Staff investigators: You are encouraged to discuss your proposal with your Academic Director or the Chief Academic Officer, Laureate Online Education International prior to submitting for research ethics approval.

RESEARCH MUST NOT BEGIN UNTIL ETHICAL APPROVAL HAS BEEN OBTAINED

FAILURE TO SEEK RESEARCH ETHICS APPROVAL IS TAKEN EXTERMELY SERIOUSLY BY THE INSTITUTION.



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Date: 15th March 2107

Re: APPROVAL LETTER TO CONDUCT RESEARCH

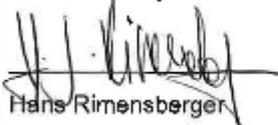
Dear Zami

This letter will serve as authorization of Mr Wordsworth Harold Ndlela to conduct the research project entitled "*THE CHALLENGES FACING SMALL AND MEDIUM SIZE ENTERPRISE CONSULTING FIRMS IN THE BUILT ENVIRONMENT IN KWAZULU-NATAL.*" at our Durban permanent head-office.

Upon a review of the letter of request to conduct such for the University of Liverpool, we are glad to offer you an opportunity to conduct the same study in our organization. All interviews, filed surveys, observations around the site and the distribution of questionnaires are approved and will be duly supervised by the human resource unit.

If you have any concerns or require additional information, feel free to contact the Admin office manager. Thank you

Yours faithfully,



Hans Rimensberger

(Signature)
DELCA SYSTEMS (PTY) LTD
Baker Tilly House
Ground Floor
stamped, 18 Westville Road
Westville 3630

UNIVERSITY OF LIVERPOOL

DBA Research Project

Researcher: Zami Ndlela (0823356015)

Supervisor: Prof Faruk Ahmeti

INFORMED CONSENT LETTER

Dear participant,

The study explore the core challenges facing SME consulting firms in the built environment in KwaZulu-Natal province. The researcher acknowledges the role of SME consulting firms in job creation and playing a pivotal role in the sustainability of the South African economy. However, the role and activities of MNEs has created huge challenges that could be responsible for the stagnation of most SMEs in the built environment. It is upon this premise that the study evolved to identify the core challenges facing SME consulting firms in the built environment and to proffer applicable recommendations that would assist SME consulting firms in the built environment enlarge their businesses.

I _____ (full names of participant)
hereby confirm that I understand the contents of this document and the nature of the research, and I consent to participating in the research work. I understand that I am at liberty to withdraw from the project at any time, should I so desire.

I consent / do not consent to having this interview audio- recorded.

Signature of Participant

Date

Appendix 1.4: Interview Guide

INTERVIEW GUIDE

TOPIC: CHALLENGES FACING SME CONSULTING FIRMS IN THE BUILT ENVIRONMENT SECTOR IN KWAZULU-NATAL PROVINCE

QUESTION 1: What are the core challenges hindering consulting SMEs in the built environment sector from achieving their goals?

The research questions of the study were categorised as follows:

- a. What constitutes SMEs business failure?
- b. What are the core challenges limiting KZN SME consulting firms in the built environment sector from coping with the everchanging local and global business environment?
- c. What sorts of change is required by the consulting SMEs in the built environment to independently adapt to new private and global business environment?
- d. What are the convergence areas created between local SMEs and MNEs that could facilitate the mutual benefits of globalization?
- e. What are the roles and the impact of financial institutions in the business furtherance of the KZN consulting firms in the built environment?
- f. How much do SME owner-manager embrace networking as critical aspect of their business operations?
- g. Do inter-firm and extra-firm relations in the KwaZulu-Natal consulting sector typified by trust?

QUESTION 2: What are the perceptions of SME consulting firms in the built environment on the empowerment and procurement policy systems in South Africa?

- a. What are your perception of the government empowerment and procurement policy system in the South African context?
 - Local municipalities
 - Provincial government departments
 - National government departments
- b. To what extent would you say that SMEs empowerment is visible in the tender process?
- c. Are there any form of malpractice in the tender process at the local and provincial level?
- d. Is the tender process and procurement policy effective?

QUESTION 3: What constitute the business transformation inertia for SMEs business?

- What causes mental and business inertia with SMEs business managers?
- How does this inertia impact the progress of businesses?
- Are you able to suggest what could be done to ameliorate its impact?
- What is the view of your company view regarding Business Development & Marketing?
- Are you aware of mismatched priorities and financial management?
- What is the effect of management's attitude and capacity?



Barbara Mutula
Associate member

Membership number: MUT001
Membership year: March 2019 to February 2020

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www.editors.org.za

02 April 2019

TO WHOM IT MAY CONCERN

This is to confirm that the dissertation written by Mr. Wordsworth Harold Zaminhlanhla Ndlela, titled 'Challenges Imposed by the Dynamic Global Environment on Kwazulu-Natal SME Consulting Firms in the Built Environment' was copy edited for layout (including numbering, pagination, heading format, justification of figures and tables), grammar, spelling and punctuation by the undersigned. The document was subsequently proofread and a number of additional corrections were advised.

The undersigned takes no responsibility for corrections/amendments not carried out in the final copy submitted for examination purposes.

A handwritten signature in black ink, appearing to read "Barbara Mutula-Kabange", written over a horizontal line.

Mrs. Barbara L. Mutula-Kabange

Copy Editor, Proof reader
*BEd (UBotswana), BSSc Hons Psychology (UKZN),
MEd Educational Psychology (UKZN)*

Appendix 1.6. Site Observation Form

Site Observation Field Notes			
Name of the Scribe: Zami		(DS1)	
Site Location	Date	Start time	Stop time
DS Office: Durban	7 May 2018 (Monday)	9h30	10h45 (1h15mins),
Area of observation (Site)	My observation	My Reflection and conclusion about it	
The context and conversation of the Participants in attendance	<p>A very concerned Managing Director who expresses:</p> <ul style="list-style-type: none"> • difficulty to cope with stiff competition against MNEs and the effect of the economic meltdown and issues around the government payments and work shrinkage due to • heavy staff and poor business restructuring and slow organisational restructuring • Very worried about staff migration resulting in brain drain due to unattended globalisation and Economic liberalisation. 	<p>The researcher depicted the difficulty faced by small companies to deal with the operational related matters and financial needs.</p> <p>There's need to establish if this could not be the reason why the small companies struggle to exist in the business world.</p>	
General mood Summaries of conversations, and insider language	There is a sense of despondency, the spirit is down, and hope is fading away due to what politics and economy downturn	<p>The mood is cordial even though there is a heaviness due to underlying difficulty the company is facing.</p> <p>Some facts are required to apply some action solutions.</p>	

Appendix 2.1: Example of Memos/ Extracts from transcripts

[<Memos\\Political environment>](#) - § 7 references coded [25.19% Coverage]

Reference 1 - 2.85% Coverage

I cannot afford to complete the work because of the 10% of the contract sum I gave to Mr. X

Reference 2 - 2.13% Coverage

If you can give me that money it will enable me to complete the job

Reference 3 - 4.48% Coverage

Paying bribes or corporate gifts come with a price and sometimes substandard jobs are delivered because of the usage of inferior materials used

Reference 4 - 4.29% Coverage

Bribery and corruption interrupt the fair procurement system and competition trajectory, thus lending opportunity to low-performing SMEs.

Reference 5 - 4.42% Coverage

Bribery and corruption present poor service delivery founded on less quality of service and life in the main" it is something to be abandoned

Reference 6 - 3.82% Coverage

Bribery and corruption not only an issue for SMEs but the entire nation as it perpetually erodes ethical values and norms"

Reference 7 - 3.20% Coverage

However, SMEs in the dire need to make a living they either consciously do it or be compelled to do it

Appendix 2.2: Example of coded transcript

The screenshot shows the NVivo 12 Pro interface with a memo titled "Political environment" open. The left sidebar displays a tree view of nodes, including "Political enviro" with a count of 0. The main text area contains several paragraphs of text with yellow highlights. A vertical axis on the right side of the memo shows various nodes and their corresponding colored bars, indicating which nodes are applied to different parts of the text.

Node Name	Files	Referenc
Brain drain	0	0
Economic facto	0	0
Financial Mana	0	0
Managerial skill	0	0
Political enviro	0	0
Bribery	1	7
Compliance	1	1
Corruption	1	12
Fairness	1	1
Government	1	3
Industrial ac	1	1
Migrant wo	1	1
Organisatio	1	1
Project com	1	1
Public offici	1	3
Quality of w	1	2
Shortage of	1	1
Tenders	1	2
Transparenc	1	1
Strategic allianc	0	0
Strategic planni	0	0

The screenshot shows the NVivo 12 Pro interface with a memo titled "Strategic Planning" open. The left sidebar displays a tree view of memos, including "Strategic Planning" with a count of 8. The main text area contains several paragraphs of text with yellow highlights. A vertical axis on the right side of the memo shows various nodes and their corresponding colored bars, indicating which nodes are applied to different parts of the text.

Memo Name	Codes	Referenc
Brain Drain	8	12
Economic environ	14	20
Financial Manage	8	18
Managerial skills	11	16
Political environm	14	37
Strategic alliances	8	12
Strategic Planning	8	14

SM&S in Built Environment.nvproj - NVivo 12 Pro

File Home Import Create Explore Share Memo

Memo Link See Also Link Quick Coding See Also Links Layout Annotations Relationships Coding Stripes Highlight Code Code In Vivo Range Code New Annotation Annotations Word Cloud Compare With Explore Diagram Query This Memo Find Edit

Quick Access Files Memos Nodes Data Files File Classifications External Codes Nodes Relationships Relationship Types Cases Notes Memos Framework Matrices Annotations See Also Links Search Queries Query Results Node Matrices Sets Search Folders Maps Maps

Search Project

Memos

Name	Codes	Referenc
Brain Drain	8	12
Economic environ	14	20
Financial Manage	8	18
Managerial skills	11	16
Political environ	14	37
Strategic alliances	8	12
Strategic Planning	8	14

Strategic Planning

Lack of strategic planning

"You have a duty to change situation change you have to be able to change direction, but if you follow no path, any path can take you there, thereby leading the company astray and in all directions, this has been the case in the past few years we did not know where we were going and, in the process, completely lost focus" (Participant ID 1).

I have cited that the company do undertake strategic planning, but fail to execute it. Our ideas are not implemented even though we all contribute to the planning. I think the inertia comes from wanting to change but cling on the status quo. This is frustrating if you consider that we all see the opportunities out there but have no power to influence the company's strategic direction (Participant DS3).

"one other problem they are facing is that management is suffering an obsession with resolving day-to-day issues and survival instead of casting the net wider for more opportunities. This restricts SMEs bargaining power and believes that by having proximity to public officials can solve their problems. This reliance on interpersonal relations with the client hoping compliance and procedure would be flouted on their favour". This enjoyment of comfort zone and failure to take advantage of lucrative business opportunities outside their local networks of personal relations leads to the inability to access information or administering contracts" (Participant DS3).

Strategic direction
Strategic implementation
Organisational inertia
Staff involvement
Identifying opportunities
Structural team
Proximity to public officials
Ceding Density

In Nodes Code At Enter node name (CTRL+Q)

7 Items Codes: 8 Preferences: 14 Read-Only Line: 1 Column: 0 100%