



**CUSTOMERS' PERCEPTIONS TOWARDS PRODUCT QUALITY IN
AUTOMOTIVE SMALL AND MEDIUM ENTERPRISES IN DURBAN
METROPOLITAN AREAS**

BY

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DECLARATION

I, the undersigned, Mr. H.L. Dlamini hereby declare that the thesis is my own original work and that it has not been submitted, and will not be presented at any other University for a similar or any other degree award.

Henry Lucky Dlamini

DEDICATION

I dedicate this thesis to my loveable two daughters, Mbali and Lwandle who have always been in my mind during the hard time of my study and thank you to my parents who have given me the opportunity to obtain education at an early stage and also supported me throughout my career and academic pursuits.

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ABSTRACT

Small and Medium Enterprises (SMEs) in South Africa (SA) contribute significantly to job creation, wealth, social stability, economic growth and reduction of poverty. While research has been conducted, with regard to customer's perception for entire world, not too many studies have focused on the automotive sector, with specific reference to the Durban Metropolitan areas. Therefore the understanding of the factors affecting Automotive SMEs are clearly defined and explained, in order to help entrepreneurs to improve product quality and attract customers to the business. Furthermore, the study focused on examining the customers' perceptions towards product quality. The research sample was selected using convenience sampling because populations are easily available to the researcher.

The target population for this study were all owners of SMEs in the automotive sector in Durban. Based on the census study, the sample size of the study was 120 owners of the SMEs in the Durban Metropolitan Areas. A combined method of both quantitative and qualitative techniques were employed, while the analysis of data was done using the Statistics Package for Social Scientists (SPSS) version 23.0, with the result presented by figures developed in Microsoft Excel and cross tabulation tables. Various techniques were tested such as (Pearson Chi-square Test, qualitative analysis and, factor analysis). However, the report based on testing techniques were as follows: The result of the gender participants of males were greater than females who participated in the study. Therefore, the Pearson Chi-square Test was done and the result state that $p = .000$. Qualitative analysis was tested and the result report of "what exactly are the customers' perceptions towards product quality in the business". However, the result of the qualitative analysis shows that the larger number of the respondents, they felt that "good customer service" were their customers' perceptions in the study. Factor analysis was also tested using KMO and Bartlett's Test to present results. The result of Bartlett's Test of Sphericity was $= 212.800$; $\text{Sig} = .000$ this indicated that the data were appropriate for the purpose of factors analysis. The result of Kaiser-Meyer-Olkin Measure of Sampling Adequacy was $= .609$. This result shows that there were sufficient items for each factor.

The findings of the study revealed that lack of managerial skills and development negatively compromises product quality of the automotive sector. The findings further revealed that creativity and necessary entrepreneurial skills influence implementation of sustainable growth of SMEs, and the entrepreneur's success depends on the identification of crucial entrepreneurial skills for starting a business as well as for helping the business to survive and grow in the early stages. Therefore, capacity building for SME owners to sustain business growth is recommended. The results of the study further revealed that the absence of financial support from financial institutions delays the improvement of stock in the business as this is an obstacle resulting in the unsustainability of the SMEs in the long term.

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LIST OF ACRONYMS

SMES	Small Medium and Enterprises
GDP	Gross domestic product
eWoM	Electronic word-of-mouth
KZN	KwaZulu Natal
AIDC	Alternative Information and Development Centre
SPSS	Statistics Package for social Scientist
ANOVA	Analysis of variance
APDP	Automotive Production and Development Programme
NAAMSA	National Association of Automotive Manufacturers of South Africa
NAACAM	National Association of Automotive Component and Allied Manufacturers
MIDP	Motor Industry Development Programme
OEMs	Original equipment manufacturers
EDGE	Economic Development & Growth in eThekweni
RTSSA	Rural transport strategy for South Africa
DTI	Department of Trade and Industry
DAAI	Deloitte Africa Automotive Insights
GEM	Global Entrepreneurship Monitor
EEE	English Economic Empowerment
AEE	Afrikaans Economic Empowerment
BEE	Black economic Empowerment

NP	National party
ANC	African National Congress
EU	European Union
TDCA	Trade Development Co-operations Agreement
CEB	Centre Emile Berheim
OECD	Organization for Economic Co-operation and Development
KM	Knowledge Management
IDP	Integrated Development Plan
PKM	Product Knowledge Management
CKM	Customer Knowledge Management

CHAPTER 1

INTRODUCTION AND BACKGROUND OF THE STUDY

1.1 INTRODUCTION

This research study is focused on customers' perceptions towards product in SMEs in the automotive in Durban Metropolitan Areas. Chang and Fong (2010: 2836-2837) and Zhang, Dixit and Friedmann (2010:127) believed that maintaining a good product, customer satisfaction and loyalty will keep the SMEs developing and producing more profit. Customer satisfaction is one of the most important outcomes of the marketing movement (Zhang, Dixit and Friedmann 2010:128). Jahanshahi, Gatshti, Mirdamadi, Nawaser and Khaksar (2011:255) stated that customer satisfaction is related to human needs. However customer satisfaction is a basic requirement of the SME's (Zhang, Dixit and Friedmann, 2010:128). Jahanshahi, Gatshti, Mirdamadi, Nawaser and Khaksar (2011:255-256) stated that once the customer is satisfied with the product offered the needs of the customer are fulfilled.

The research aim was to explore the factors influencing the customers' perceptions towards product quality in automotive small and medium enterprises in Durban Metropolitan areas.

The study also addressed the following objectives:

- To determine factors influencing the perceptions of customers' towards product quality in SMEs in the automotive industry in Durban Metropolitan Areas.
- To establish the perceptions of customers' towards the factors the influencing product quality in SMEs in the automotive industry in Durban Metropolitan Areas.
- To recommend intervention strategies that can be employed to improve products quality in SMEs in the automotive in Durban Metropolitan Areas.

The study used both qualitative and quantitative methodologies to form a questionnaires as a measuring tool to collect primary data. This outcome is expected to be published in academic papers.

1.2 BACKGROUND OF THE STUDY

According to Marnewick (2014:1) SMEs are the heartbeat of any country's economic development and they play a vital role for providing employment opportunities. Globally, small and medium enterprises (SMEs) seem to be a major solution for economic development and play an important role in poverty reduction and national development although the Republic of South Africa has a big number of unemployment statistics, which is estimated to be at 24.5% (Olawale and Garwe 2010:729). However, the Republic of South Africa and Ghana are the most successful countries in Africa which play a significant role in economic growth development in small and medium enterprises (SMEs). Therefore, it is noted that Ghana has established 92% of businesses and created 85% of job opportunities for the people of Ghana and also contributed 70% to the gross domestic product (GDP), whereas the Republic of South Africa has established 91% of businesses and created 61% of job opportunities for the people of South Africa and also contributed 52% - 57% to the gross domestic product (GDP) (Abor and Quartey 2010:218).

According to Abdulai (2014:5-6) "education is a key to success". African countries have been facing a big challenge in maintaining economic growth development in the small and medium enterprises (SMEs). However, lack of human capital will lead to economic growth development failure. Lack of human capital refers to a lack of management skills to drive the economy to successful gross domestic product (GDP) sustainability. In order to see whether the SMEs are successful in the product quality they produce, the manager or entrepreneur needs to come with a solid strategy to examine customers' perceptions towards product quality. Doh and Hwang (2009:193) stress that the best solution to examine the customers' perceptions towards product quality is an electronic word of mouth (eWOM) which has become a great influence on examining customers' perceptions towards products quality. Therefore, the prospective customers were visited websites and read reviews from other customers (eWOM) to learn more about a product before a purchase. Economic growth is based on good products for customers. Once the customer gains satisfaction with the product, customer loyalty will then be increased. Perceived high quality also leads to customer loyalty and related long-term financial benefits (Frank, Torricco, Enkwawa and Schvaneveldt 2014:567-568). Economist Intelligence Unit 2015 in their Country

Report indicates that South Africa's economic growth will continue to perform badly due to the electricity outages, strikes and high interest rates, therefore the statistics have changed from 2010 to 2015 because of these factors that affected the growth of SMEs negatively from 2.5% to 2.2% (South Africa country Report 2015).

1.3 RESEARCH OBJECTIVES

1.3.1 Problem statement

Ocloo, Akala and Worwui-Brown (2014:288) in their study believe that the critical challenges in the in the South African automotive SMEs are the lack of managerial skills and business training and this problem is also supported by (Fakoti, 2014:992). The owner/entrepreneur must be well developed in business and must have all the business skills. Business training is a tool to manage business in order to produce quality products to minimise customers' perceptions to become negative across the world market. Olawale and Garwe (2010:731) stated that the SMEs that have good managerial competencies with business training are more likely to be successful in their sectors. Therefore, lack of managerial knowledge appeared to be the reason for poor product quality. Chang and Fong (2010:2836-2837) also believed that paying more attention to producing a good quality products will stabilise customers' negative perceptions. Chimucheka (2014:403-404) maintains that to overcome the failure of the SMEs, entrepreneurship education must be addressed so that the entrepreneur must be prepared to be responsible towards product quality.

Furthermore, Moslehpour, Aulia and Masarie (2015:67) concluded that customer satisfaction is the core key challenge to the SMEs because customers are very sensitive when it comes to product quality and price. The price of a product is playing a very important role in the customers' perceptions. Lamb, Hair, McDaniel, Boshoff and Terblanche (2008:76) added that customers are using five senses (sight, smell, taste, touch and hearing) to describe a product and colour is playing a significant role in customers' perceptions; they also quote an example of a medical doctor wearing a black overall that will influence the customers' perceptions.

Therefore based on these literature reviews the intention of this study was to investigate customers' perceptions towards product quality in automotive small and medium enterprises in Durban Metropolitan Areas.

1.3.2 Research aims and objectives

The aim of the study was to explore the factors influencing customers' perceptions towards product quality in automotive small and medium enterprises in Durban Metropolitan Areas.

1.3.3 Study objectives

- To determine factors influencing the perceptions of customers towards product quality in SMEs in the automotive industry in Durban Metropolitan Areas.
- To establish the perceptions of customers towards the factors the influencing product quality in SMEs in the automotive industry in Durban Metropolitan Areas.
- To recommend intervention strategies that can be employed to improve products quality in SMEs in the automotive in Durban Metropolitan Areas.

1.4 SIGNIFICANCE OF THE STUDY

The motives behind this research were to contribute to the domain of the existing knowledge. Therefore, the entrepreneurs who encounter difficulties when establishing the SMEs were benefited by this study. The findings from this study were to fix the gap between the customers' perceptions towards product quality in automotive SMEs in Durban Metropolitan Areas and enabling a greater understanding of the importance of the customers' perceptions towards product quality. The outcome of this current study is expected to be published in academic papers.

1.5 RESEARCH QUESTIONS

The subsequent questions are relevant to this research:

1. How do customers perceive the product quality in automotive SMEs in Durban Metropolitan Areas?
2. What are the factors affecting in SMEs in the automotive in Durban Metropolitan Areas?
3. What are the recommendations that can used to improve the product quality in automotive SMEs in Durban Metropolitan Areas?

1.6 LIMITATIONS AND SCOPE OF THE STUDY

The study is limited in automotive SMEs in Durban Metropolitan Areas only. The SMEs in Durban Metropolitan Areas are selected for ease of accessibility and cost effectiveness.

1.7 DELIMITATIONS

Delimitation defines the boundaries around the study (Simon 2011). The study is limited to one (1) city in KwaZulu Natal (KZN) which is Durban; it has been covered by three regions, which are Durban North, Durban South and Durban Central. The questionnaires were distributed among the owners in automotive SMEs in Durban Metropolitan Areas.

1.8 LITERATURE REVIEW

Breetzke (2009:3), simply defines the term "Durban" as a coastal Metropolitan Area which is situated on the east coast of South Africa inside the province of KwaZulu Natal. Durban is the second biggest city within South Africa following the city of Johannesburg. However, eThekweni Municipality Integrated Development Plan (2012/2013 to 2016/2017) indicated that Durban has an extremely large population, which is growing at an average annual percentage of 1.13% per year. Statistics South Africa (2014:20) states that the Durban population is estimated to be 3.64 million

people between the year of 2016 and 2017. Furthermore, the Statistics South Africa (2014:3) adds that people who live in South Africa have been projected at 54.00 million people. Marnewick (2014:2) indicated that South Africa has a large population and that the rate of unemployment which is standing at 24.5% is too high. He also believes that the creation of SMEs is the remedy for unemployment in the country at large.

Olawale and Garwe (2010:729), Abar and Quartey (2010:218) and Sithole (2015:5) support the statement that the creation of SMEs will play a vital role for economic growth of the people of South Africa and will also play a critical part in poverty reduction. The focus throughout this study is SMEs within the automotive business which is a great actor in the South African economy, and the result that will be determined is how the customers' perceptions towards the product's quality of an automotive sector played a great part in the success of the SMEs. However, customers are seriously committed to seeking product quality in their purchases. Therefore, producing a product of unquestionable quality will bring satisfaction in automotive SMEs' customers. Dabholkar (2014:483-484) states that the customers' perceptions of product quality is often different from the producers' evaluation. Ecol (2015:123), agrees that poor service delivery to customers will be caused by the lack of skilled staff within the SMEs.

Lamb, Hair, McDaniel, Boshoff and Terblanche (2008:9) highlight that product orientation and customer orientation is the key platform of every successful business. They believe that product orientation is done when the sector wishes to improve product features and product quality and the user of the product must be consulted in order to see whether all changes will provide what customers expect from product development. Whereas (Yadav and Goel 2008 :997-998) ensure that the automotive sector uses the strategy of customer satisfaction as an excellent measurement tool in order to examine their product performance in the market world-wide so that they can project their future target for further improvement. The automotive sectors are facing a tough challenge to improve vehicle quality and reduce product development time for new introduction. Tsele and Thulo (2015) also agree that once you create a customer satisfaction and a strong product quality, the customer will always be with you even in tough times, because they believe in the product quality, you provide.

Subramaniam, Mohre and Kawde (2014:95) indicated that customer satisfaction and dissatisfaction are characterised by the emotions that a customer experiences after the purchase of a product and the customer has an attitude toward the product. They also add that a customer will feel comfortable if a brand matches the product. Lakhanya (2015) agrees that brand plays a very important part in the customers' perceptions because it portrays the image of the company. Therefore, this study will examine the customers' perceptions towards the product quality in automotive SMEs in Durban Metropolitan Areas by presenting four p's (4P's) of the marketing mix that stimulates the customers' perceptions namely, product, price, promotion and place. Thereafter the study also identifies and discusses factors affecting customers' perceptions, which are more related to the 4 P's. Abdulai (2014) in his study emphasises that poor product quality is the result of lack of management skills. Populova and Morkos (2007) also add that the owner or entrepreneur must have all types of management skills. Meanwhile, Marnewick (2014) agrees that management training is very important to be offered to the SMEs in that it will reduce negative customers' perceptions towards product quality. However, in this research, the connection between product quality and management training were also revealed. Therefore, more detailed literature review will be outline in chapter 2.

1.9 RESEARCH METHODOLOGY

1.9.1 Research Design

A mixed method of data gathering and analysis was used to conduct the study. A quantitative method was also used for this study to collect information from SMEs owners about the product quality in automotive SME's in Durban Metropolitan Areas. Kureshi, Qureshi and Sajid (2010:320) believe that the result from a survey will be very helpful to the SMEs to improve the standard of product quality. In this study, 120 questionnaires were distributed among in the SMEs owners operating in Durban Metropolitan Areas. The main aim is to explore the factors affecting customers' perceptions towards product quality in automotive SME's in Durban Metropolitan Areas. Zhang, Dixit and Friedmann (2010:129) and Spence and Essoussi (2010:1043) agree that the collection of data is the way to find the solution to the problem of customers' perceptions towards product quality in the SMEs.

1.9.2 Research instrument

1.9.2.1 Questionnaires

Adu-Poku, Asamoah and Abar (2011:181-182) believe that “the questionnaire is the data collection instrument used to collect all relevant information in the two-way communication platform.” A questionnaire was used for data collection method for this study and was simple and relevant to ensure participants would feel comfortable participating in the survey and will finish the questionnaire correctly. A 5-point Likert scale questionnaire was used to gather information from the SMEs owners as the quantitative part while the qualitative part was used also to gather information from the SMEs owners.

1.9.2.2 Target population

Cassim, Karodia and Khan (2014:6-8) in their study emphasise that Durban has a good infrastructure for shipping and receiving products from other countries because the City of Durban has access to a large harbour. SME's is playing an important role for promoting economic growth by creating many sectors that would produce many job opportunities for the people of Durban. Therefore, the target population of this study were 120 SMEs owners; however, 90 of respondents were achieved in the automotive SMEs owners. The survey strictly covered the three sub-metropolitan areas; namely Durban South, Durban North and Durban Central.

1.9.2.3 Sampling method

Loureiro, Sardinha and Reijnders (2012:3), Itikan, Musa and Alkassim (2015) believe that a good survey is a survey that requires participants to avail themselves for any meeting, practical or interviews scheduled so that the questionnaire will be easier to fill. Therefore, a non-probability convenience sampling method will be appropriate in this study because the researcher can reach any participant at any time.

1.9.2.4 Data analysis

Jamshidi, Sadighi, Aghakhani, Sanaei-Zadeh, Emamhadi and Zamani (2013:51) state that the Statistics Package for Social Scientist (SPSS) is the most suitable software that can be used to evaluate data. Therefore, data was gathered using analysis of variance (ANOVA) for qualitative data and SPSS version 23.0 for quantitative data. SPSS version 23.0 was specifically used to generate graphs, cross-tabulations and tables for descriptive analysis.

1.10 ETHICAL CONSIDERATIONS

This research includes sensitive information and detailed answers from questionnaires. To promote the integrity of the research, the following safeguards are relevant:

- a. A letter from the Department of Entrepreneurial Studies and Management to confirm the researcher's identity was obtained.
- b. The purpose of the research was explained to ensure all participants understood the relevance of their contribution to this work.
- c. That withdrawal from participation carries no negative implications for the respondent.
- d. Minors were not to be interviewed.
- e. Respondents' right shall be respected and they will not be engaged in any traumatising interactions.

1.11 GENERAL OUTLINE OF THE STUDY

Chapter one

The focus in this study is on the introduction of the study, which provides an overview of the study, introductory literature review, the aim of the research, the problem statement and research questions as well as a brief introduction to the research method, design and data analysis.

Chapter two

This chapter gives an extensive literature review on the field of customers' perceptions towards product quality in the SMEs automotive.

Chapter three

This chapter presents the research method used, research design, target population, data collection and analysis, and delimitation of the study.

Chapter four

The analysis of the study, results and discussion of the findings are presented in this chapter.

Chapter five

This chapter provides a summary of findings, draws the conclusions and recommendations.

1.12 CONCLUSION

This chapter highlighted the importance of SMEs to sustained economic development, employment creation and poverty reduction in South Africa. It also provided the objectives of the study, as well as a brief layout of the research design and methodology of the complete study. The literature review of customers' perceptions towards product quality is discussed in chapter two.

CHAPTER 2

LITERATURE REVIEW

2.1 INTRODUCTION

In this chapter, a literature review will be presented to examine the theory associated with the customers' perceptions towards product quality in automotive SMEs in Durban Metropolitan Areas. The study will cover the broad details of the objectives, and factors will be also discussed. The aim of this study is to contribute to the domain of the existing knowledge. The finding from this study will be a useful tool in automotive SMEs in Durban Metropolitan Areas, enabling a greater understanding of the importance of the customers' perceptions towards product quality offered. The study will cover the detailed analysis of customers' perceptions towards product quality in the SMEs automotive in Durban Metropolitan Areas. Factors will include the influence of customers' perceptions towards products quality offered in the SMEs automotive, pricing strategy, place or distribution location and promotion strategy. The main focus of this literature survey will be devoted to the customers' perceptions.

2.2 THE BACKGROUND OF THE STUDY

According to Breetzke (2009:3), the term "Durban" is simply defined as a coastal metropolitan area which is situated on the east coast of South Africa in the province of KwaZulu Natal. After Johannesburg, Durban is the second biggest city within South Africa. However the eThekweni Municipality Integrated Development Plan (2012/2013 to 2016/2017) indicated that Durban has an extremely large population size which has grown by an average of 1.13% p.a. Statistics South Africa (2014:20) states that the Durban population will be estimated at 3.64 million people between the year of 2016 and 2017. Furthermore Statistics South Africa (2014:3) added that the population in South Africa has been projected at 54 million people. Marnewick (2014:2) indicated that South Africa has a large population and the rate of unemployment, which is standing at 24.5%, is too high. He also believes that the creation of SMEs will remedy this situation to a large extent. Olawale and Garwe (2010:729) and Abar and Quartey (2010:218) support the idea that the creation of SMEs will play a vital role for the economic growth development of the people of South Africa and will also play a critical part in poverty reduction.

Literature indicates that SMEs are the heartbeat of any country's economy and it is even more so for developing countries. It plays an important role in inspiring economic activity, job creation, poverty reduction and equalizing the living standard of the people of South Africa (Marnewick, 2014:1). He also adds that the literature review analyses the contributions per sector in which analyses are as follows: small enterprise reveals 6.8% of firm creation and 15.7% of job creation and contributes 13.9% to the GDP of South Africa, whereas medium enterprise reveals 1.3% of firm creation and 13% of job creation and contributes 15% to the GDP of South Africa. However, he believes that South Africa is still behind on generation of employment if it's compared with China that sits on 78% of job creation while South Africa sits on 39%. This means that the role of the SMEs in the development process continues to be in the forefront of policy debates in most countries. However government at all levels have a duty to promote the growth of the SMEs in their country. Therefore, in an analysis (Abdulai 2014:5-6), it was noted that the constraint of adequate business knowledge is the biggest challenge to the owners of the SMEs across the country.

According to Abor and Quartey (2010:224) in their discussion, the following factors are the general constraints to SMEs development: the lack of managerial skills and training, lack of access to appropriate equipment and technology, lack of following the regulatory issues, lack of access to international markets and finally lack of access to financial institutions to finance the SMEs in order to cater for limited stock for the customers. However education and business training are playing a very significant role in order to influence customers 'perceptions towards product quality in the SMEs (Ocloo, Akala and Worwui-Brown 2014:288). This study will focus more on the customer's perceptions towards product quality, and to what extent customer's perceptions is used to influence in the SMEs in Durban Metropolitan Areas.

The SMEs play an important role in most economies, particularly in a developing country like South Africa. The automotive sector is described as the one industry that is leading the economy of the country and spreads its product to entire world. It is the one of South Africa's most important sectors with many major multinationals using South Africa to source components and assemble vehicles for both local and international markets. The core automotive sector resides in the Eastern Cape and

Gauteng with car manufactures such as BMW, Ford, Volkswagen, Daimler-Chrysler and Toyota having production plants in South Africa. The very important components such as Arvin Exhaust, Bloxwitch, Corning and senior Flexonics are all houses here in South Africa. In 2013 automotive sector exported a huge number of components and vehicles to many countries the value of which exceeded R102 billion, accounting for 11.1% of the total South African export for the year. The South Africa government identifies the automotive sector as the leading sector in the country for economic growth. In the same year the Automotive Production and Development Programme (APDP) was launched to support significant new investment in the sector. The APDP has been acknowledged by an organisation which is the National Association of Automotive Manufacturers of South Africa (NAAMSA) that represents the 22 manufactures motor vehicles, and 21 vehicle importers and distributors and it also regulates the pricing of automobiles in the country (<http://www.businesspartners.co.za/knowledge-hub/manufacturing/>).

SME Automotive is playing a very good role in South Africa, not only to create job opportunities and reduce poverty but also lifting the country's economy to a high level. South Africa literature shows that the automotive repair market is one of the areas showing significant growth even with the decline of economy growth in the country (Franchise Association of South Africa 2015). The auto repair market performs well throughout the economic downturn as consumers don't have the means to buy new car- they see it better if they repair their current cars which is not dependent on the recession (Hartigh 2015). He also emphasises that the insurance companies are the big giants to drive economic growth to a higher level for auto body repairs, because auto body repair chains are entering into deals with insurance companies as recommended by service providers. The consumers can easily find good auto body repair SMEs by the use of the internet to see which company is authorised to do auto body repair. Goldstuck (2012) agrees that the SMEs that have websites are more likely to be highly profitable in the automotive industry than those who do not. He also indicates that South African SMEs contribute about 57% to GDP and provide 61% of the country employment. However, while the automotive SME shows increasing economic activity, there is the challenge of critical skills shortage. The National Association of Automotive Component and Allied Manufacturers 2011 (NAACAM), states that the types of vehicles that are manufacture in South Africa are Mercedes

Benz, BMW, Volkswagen, Nissan/Renault, Toyota, General Motors and Ford. It also reveals that about 400 auto component suppliers including diversified manufacturers. Accordingly to Pitot (2011) states the key objectives of the Motor Industry Development Programme (MIDP) as follows:

- To improve automotive industry’s international competitiveness.
- To improve vehicle affordability in the domestic market.
- To encourage growth in vehicle and component manufacturing, particular through exports.
- To stabilise employment levels in the industry.
- To create a better industry foreign exchange balance.

Table 2.2.1 the service stations and total sales outlets in SA.

SERVICE STATION	TOTAL SALES OUTLETS
✓ Workshops	2500
✓ Petrol station	1800
✓ New and used vehicles Dealers	1200
✓ Tyre workshops	600
✓ Engine specialists	250
✓ Panel-beating shops	1000
✓ Spare parts dealer	700

Source: Pitot (2011)

2.3 DEFINITION OF A CUSTOMERS’ PERCEPTIONS

According to Raji and Zainal (2016:59) perception is defined as a broad imagination that people create in their mind and interpret that imagination as a bigger meaningful picture. However, the customers’ perceptions overall assessment of the utility of a product or service based on what they received and what is given converts that experience so that they become understandable. The authors also defined perception that customers use such as previous experience, motives, and beliefs for a certain product or service they received.

Nevertheless, they create an image of that product based on the value of the product. Sometimes they say the value is low price; value is whatever customers want in a product; value is the quality customers get at the price paid, and value is what customer gets for what they give. Agyekum, Haifeng and Agyeiwaa (2015:25) believe that the quality based on price lies in the eyes of the customers and that message is conveyed as a perception of that product. Therefore, customers use the price as an indicator of a product quality. Aulia, Sukati and Sulaiman (2016:152) add to their theory that the perception might be generated by the relationship between customer and product whereby customers need to be benefited in return for the product for which they paid. Therefore, once the customer has benefited or not benefited the perceived value is the customer's overall assessment about that product. Furthermore, Amin, Falk and Schmitt (2014:391) state that the customer perception has been generated at the first impression about the product, however, the customers form a judgement about the value of a product immediately before purchasing. In addition, the customers' perceptions is prejudiced by the experience already received with the similar product. Hence, Rani, (2014:52) agrees that judgement is a process like buying behaviour whereby customers try to understand the product and scrutinise it up until getting on the right track or making a decision to buy or not to buy. According to Engel, Blackwell and Miniard (2016) believe that perception is based on the decisions of the customers which take place when they make a purchase of any personal nature. Henceforth, Schiffman, Kanuk and Bearden et al (2016) support the above authors that mental and emotional concerns of the customers are the entities which create strong perception because they tend to choose and search the right product that will satisfy their needs and wants.

Khaniwale (2015:278), states that literature reveals that customers are the kings of every business corner of the world; there is no company without customers. The markets fortunately understand how customers think, judge, and select the alternative product among other products. Therefore, the marketing field is playing a very significant role in this study for testing and touching the customer's feeling. Nevertheless, the mind of the customer has become very important to the marketers. Furthermore, the marketers even need to understand the dynamic of the customers' decisions making, because it will help the company to achieve more productivity during product development (Prasad and Jha 2014:335). Zhang (2015:59) reports that the

brand image is the key driver that takes the customers to another destination and they react rapidly against the brand image. Therefore, the company marketers must work harder on that area because it draws serious customer attention and feeling about the brand, and it strongly influences customer's perception and attitude toward the brand image. However, establishing a good brand image in the customer's mind will stimulate the customer's actual buying behaviour, and it will increase the sales to the company.

2.4 DEFINITION OF SMALL AND MEDIUM ENTERPRISES (SMEs)

There is indeed a need to clarify the definitions of the following terms which are found in the body of the study which is small enterprise and medium enterprise. The definitions will be dependent on the countries, regions and economic sector. Abor and Quartey (2010) support the above statement that the industrialized countries and developing countries have given a different definition of the small and medium enterprise. The SMEs definition is a major concern in the literature because many authors have given different definitions. Some authors looked at the size, turnover level, number of employees and GDP contribution among firms. However, if the contribution to the GDP is small, it's regarded as a small firm but if the contribution is big it is regarded as a large firm.

Nevertheless, Abor and Quartey (2010) also believe that there is no general agreement on the SMEs definition; the definition depends on the country concerned and about the criteria they follow to meet requirement. According to the National Small Business Amendment Act (26 of 2003) business is simply classified into the different types of Enterprises:

- ✓ Micro Enterprise;
- ✓ Very Small Enterprise;
- ✓ Small Enterprise; and
- ✓ Medium Enterprise.

2.4.1 Different types of enterprises

The following are the three (3) tables which illustrate how South Africa categorise enterprises in terms of National Small Business Act 102 of 1996, National Small Amendment Act (26 of 2003) and European definition. Marnewick (2014:3) highlights that the South African classification on SMEs, is total different from the European definition. The European definition states that a medium enterprise comprises 250 employees while, according to the South African definition it comprises 200 employees. Nonetheless, Abor and Quartey (2010) in their discussion demonstrate that the manufacturing, mining and construction sectors include enterprises that have 200 or fewer employees. However, both have similar goals to address unemployment through the potential of the small business itself and to create employment, uplift the economy of the country and reduce poverty.

Table 2.4.2: European economy definition vs. African SMEs economy definition

EUROPEAN DIFINITION	AFRICAN DEFINITION
<ul style="list-style-type: none"> • More than 88.8% of job creation 	<ul style="list-style-type: none"> • More than 50% of job creation
<ul style="list-style-type: none"> • Size of an enterprise is based on employees, turnover and balance sheet total. <ul style="list-style-type: none"> ✓ SMEs employ less than 250 employees. ✓ Annual turnover is equal or less than EUR 50 million and ✓ Annual balance sheet is equal or less than EUR43 million 	<ul style="list-style-type: none"> • Size of an enterprise is based on employees, turnover and gross assets (excluding fixed property) <ul style="list-style-type: none"> ✓ SMEs employ 100 or 200 employees. ✓ Annual turnover is equal less than R4 million to R50 million. ✓ Annual gross assets are equal or less than R2 million to R18 million.

<ul style="list-style-type: none"> • SMEs workforce headcounts are excluding apprentices or students, employees on maternity or parental leave. 	<ul style="list-style-type: none"> • SMEs workforce headcounts are including hired workers, apprentices and trainers.
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Source: European Union 2015 (<http://europa.eu>.)

Source: Abor and Quartey (2010: 219-222)

Table 2.4.3: Enterprise size and their turnover

ENTERPRIZE SIZE	NUMBER OF EMPLOYEES	ANNUAL TURNOVER: (in South Africa Rand)	GROSS ASSETS: (Excl. fixed asset)
Medium Enterprise	Fewer than 100 to 200	Less than R4m to R50m	Less than R2m to R18m
Small Enterprise	Fewer than 50	Less than R2m to R25m	Less than R2m to R4.5m
Very Small Enterprise	Fewer than 10 to 20	Less than R200 000 to R500 000,	Less than R150 000 to R500 000
Micro Enterprise	Fewer than 5	Less than R150 000	Less than R100 000

Source: Abor and Quartey (2010:222)

2.5 AUTOMOTIVE SMEs SECTOR IN SOUTH AFRICA

SMEs are of fundamental importance to many economies although South Africa has been described as a country where poverty is high. In this regard, literature states that, the SMEs is the key engine of economic development and creates almost half of the jobs in the economy. However, South Africa is characterized by poverty and unemployment rates. It is noted in a previous study that South Africa lagged behind other developing countries in economic development. The study illustrates that more than 60% of jobs are created by the SMEs in South Africa, and SMEs are regarded as a cure for unemployment (Nhek, 2014:253). Manyaka (2015) adds that behind an

SMEs, there is an entrepreneur, who has a desire to accept responsibility for solving a problem, setting goals and reaching goals through their own efforts, desire to apply his knowledge of skills in his business and a desire to have an outcome for the decision he made.

Automotive SME in this study is a sector that sells vehicle parts or components to the customers of the Durban Metropolitan Area. A car part is the smallest removable item on a car whereas a component is a term frequently used when referring to an electrical or electronic part. The aim in automotive SMEs is to fulfil the requirements of the customers such as speedy delivery of product quality, low cost and quality product (Ryu, Shin, Lee and Choi, 2008:253). According to a national publication (South Africa Automotive Export Manual 2016:74-75) the original equipment component import by the OEMs amounted to R79.6 billion in 2015, whereas in 2014 were R70.2 billion. The report also reveals that engines, gearboxes and interior electronic components are the majority of the parts that South Africa imports from other countries. The study reveals that imports of the original equipment components originated from Germany, Japan and Thailand.

Table 2.5.1: Top 10 countries for original equipment components imported

No.	Country of origin	2011	2012	2013	2014	2015
1.	Germany	37%	35%	35%	38%	47%
2.	Japan	24%	25%	22%	20%	15%
3.	Thailand	9%	12%	14%	12%	12%
4.	Brazil	6%	6%	5%	5%	5%
5.	China	1%	2%	3%	3%	4%
6.	USA	4%	3%	3%	3%	2%
7.	Sweden	3%	3%	3%	3%	2%
8.	UK	3%	2%	2%	2%	2%
9.	Spain	3%	2%	2%	2%	2%
10.	India	-	1%	1%	1%	1%

Other	Other	10%	9%	10%	10%	8%
Total (R million)	Total (R million)	43.8%	51%	59%	70%	79.6%

Source: South Africa Automotive Export Manual: 2016

The table above shows the increasing number of imports of original equipment component to South Africa, and hence it indicates the increasing number of automotive SMEs in South Africa.

Table 2.5.2: Top 10 components for original equipment components imported

No.	Components category	2011	2012	2013	2014	2015
1.	Automotive tooling	2 369	2 798	4 090	4 095	5 084
2.	Tyres	3 206	3 610	3 990	4 856	4771
3.	Engines parts	2 960	3 074	3 546	3 879	4 231
4.	Engines	1 181	1 243	1 361	1 707	2 811
5.	Transmission shafts/cranks	1 302	1 414	1 774	1 913	2 065
6.	Stitched leather seats/parts	1 138	1 206	1 543	1 592	1 985
7.	Gauges/instruments/parts	1 244	1 303	1 607	1 622	1 895
8.	Wiring harnesses	558	670	799	1 011	1 870
9.	Brakes parts	918	887	1 116	1 212	1 277
10.	Lighting equipment/parts	805	746	933	1 004	1 118
	Other	17 207	18 189	22 388	25 156	28 274
	Total (R million)	32 888	35 140	43 147	48 047	55 381

Source: South African Automotive Export Manual: 2016

2.6 IMPORTANCE OF MEDIUM COMMUNICATION IN THE SMEs

Social media plays a very big role in the SMEs, whether it is negative or positive, it impacts on the customers of the SMEs. Duffett and Wakeham (2015:20) state that the spreading of social media to the people of South Africa is increasing although it is not more than a decade old. They continue by revealing that social media has increased from 10% in 2010 and 35% in 2012. Rudansky-Kloppers (2014:1187) argues that the social media has benefited only 30% in 2012, and South Africa is sitting on 14 million users. Goldstuck (2013) argues that South Africa is lagging behind in the use of Information Communication and Technology (ICT) compare with developed countries. It was about 25% in 2010 and is sitting on 8.5 million people of South Africa, who fully engage themselves on social media. The media communication is very useful more especially to the marketers of the SMEs because when marketing on media communication the message quickly reaches the customers. Marketing communication enables social media to generate the sales in order to survive in their SMEs. Most people are relying on medium communication and expect that media will give exactly what they are expected to see and feel. All these expectations are influenced by the lack of technology by the customers of SMEs (Mboniyane, 2006:15).

The use of social media is increasing every day, and it takes a large proportion of the people's time. Abdulahi, Samadi and Gharleghi (2014:134) believe that the social network is established in order to make sales easier to their customers and also to communicate easily on social networks at a cheap cost. Schinski and Dabrowski (2013) argue that social media has been creating an attitude in other customers for using an inferior brand rather than using a superior brand in terms of cost-effectivity. Moreover, social media apparently give the customer the opportunity to degrade the product of other competitors in the market. An interaction of customers over social media is affecting customer buying behaviour and their choice of automotive SMEs. Many organisations have been adopting the style of offering purchasing on-line, which is very good in terms of time saving, prevention of heavy traffic and prevention of standing in long queues. Shopping on-line allows customers to quickly compare a similar product at the best price because of many on-line shopping businesses. Wei (2016:111) argues that using on-line shopping might be perceived as a risk to customers rather using traditional shopping, because some other retailers post false

information and some do fraudulent on-line shopping. Although on-line shopping is growing rapidly – it is now sitting on 58% for online users.

Dhanapal, Vashu and Subramaniam (2015:113) state that shopping online is disadvantageous to customers who have little knowledge of how to use a computer even how to use internet browsers. Moreover, some automotive customers prefer to use traditional shopping because of their incomes not allowing them to have a credit card in order to shop online. Rudansky-Kloppers (2014) believe that purchasing online is a convenience to the automotive SMEs in terms of security, protection and trust because cash in the shop is not safe.

2.7 IMPORTANCE OF AUTOMOTIVE SMEs IN SOUTH AFRICA

According to Industry Policy Action Plan (IPAP) of 2007/2008 states that automotive sector is playing an important role in the economy of South Africa; this sector contributes almost 7% to the GDP of South Africa, and it is projected to contribute more than 12% in years to come. However, the Automotive Export Manual 2013, reports that more jobs are generated in this sector - about 65 000 people are employed within the component manufacturing industry; 28 000 are directly employed in automotive manufacturing and 200 000 people in retail and aftermarket activities. eThekweni Municipality EDGE (Economic Development & Growth in eThekweni(2013:20) reports that Toyota South Africa is doing well in manufacturing Toyota components and assembled cars for both local and export markets. Hence, Toyota South Africa in manufacturing new-generation Toyota Corolla has done extremely well; this sector achieves 220 000 units a year. Nevertheless, the evidence above shows that Automotive South Africa has matured enough in this sector, and it is empowering the economy throughout the country to a high standard. Saunders and Dalziel (2014) reveal that transport is the giant king of every SME in both developed and developing countries. Behind transport, there is a component, which is a major player of the automotive industry.

Transport itself is the heartbeat of South Africa's economic growth and social development. Public transport plays a vital role in providing all citizens and visitors with access to opportunities and facilities, whether for economic, education, health,

recreation or social purposes. However, Rural Transport Strategy for South Africa in December 2007 (RTSSA) states that, the purpose of transport development was to create a solid linkage among other countries around the world through export goods. In the rural areas this is difficult to address, because of low movement of facilities (goods and services) to the customers. SMEs tend to suffer in rural areas with low demand and as a result, innovative and integrated approaches are essential to mainstream rural population in the economy. It has been noted that many rural communities lack adequate and affordable access to transport infrastructure and services. Poverty constraints both social and economic development.

Sithole (2015:13) and Marnewick (2014:1) reveal that the mission of the development of SMEs in South Africa is to play an incredible role in sustainable poverty reduction, economic growth and massive job creation within the community of South Africa and one finds that SMEs are playing an important role in absorbing labour, penetrating new markets and generally expanding economies in creative and innovative ways. Therefore automotive SMEs are also playing a very important role in creating employment opportunity for labour to sell components to their customers and export other components to the developed countries. However, the Department of transport is responsible for the regulation of transportation in South Africa including stakeholders of the following sectors - motor vehicles, public transport, rail transportation, civil aviation, and shipping freight. Therefore, automotive SME's role in this study is to supplying motor parts to their customers, because they supply them for a cheaper price than the dealership. Rose, Deros, Rahman and Nordin (2011:872) state that the development of automotive SMEs is considered as a strategic weapon in a competitive market with an increasing demand for quality products. Withers, Garza-Reyes, Kumar and Rocha-Lona (2013:134) support the fact that the competitive market has been increased not only due to large companies but also automotive SMEs is leading in a competitive market, which facilitates the improvement of operations and the shaping of product quality as a platform of the business.

Khan (2014) states that SMEs in South Africa are the building blocks of an economy, whereby SMEs contribute 61% to the country's employment statistics. Of the 91%, 52-57% contributes to the Gross Domestic Product. The automotive SMEs are the leading business models in the world for lifting the country's economy. The Department of Trade and Industry (DTI) Republic of South Africa, (2015:4) emphasises that the

automotive industry in SA is the largest manufacturing sector that contributes approximately 7.2% of Gross Domestic Product (GDP) and during 2014 South Africa was a major automotive exporter at about R115.7bn. However, Mayatra, Chauham, Trivedi and Qureshi (2016:1) illustrate that development of automotive SMEs that will manufacture small components like auto parts is saving much time, and the economy is rapidly growing at the same time. 'Just in time' (JIT) is at the heart of lean manufacturing. 'Just in time' production gives the part at the right place at the right time. Deros, Yusof and Salleh (2006:399) continue support that automotive SMEs, has beautiful characteristics, because they supply components to the larger companies at the cheapest price, their communication is very fast, decision-making process is quick and implementation is fast.

Table 2.7.1: Provincial distribution in 2015

Province	Formal (SMEs)	Informal (SMEs)	Other	Total
Western Cape	110 107	110 188	10 030	230 324
Eastern Cape	50 670	141 739	4 957	197 366
Northern cape	8 534	9 058	3 019	20 611
Free State	26 224	60 816	9 806	96 846
KwaZulu Natal	74 976	283 165	15 293	373 434
North West	27 430	79 153	6 273	112 856
Gauteng	306 231	465 100	13 989	785 321
Mpumalanga	35 208	141 129	9 063	185 399
Limpopo	28 663	207 512	14 098	249 663
Total	667 433	1 497 860	86 528	2 251 821

Source: The small Enterprise Development Agency (2016)

For the last seven years, the number of SMEs in South Africa increased 3% from 2 182 823 in 2008 to 2 251 821 in 2015. The table above shows that the province of Gauteng has the largest province that provides more SMMEs within the country followed by the province of Limpopo. The provinces that produce less SMEs within the country are Northern Cape and Free State.

Table 2.7.2: Automotive components in SA sales export by category: 2006-2010

No	COMPONENTS	2006	2007	2008	2009	2010	% of 2010 Total
1	Catalytic converters	15 810	21 683	24 267	12 280	14 761	47.9%
2	Stitched leather seat parts	2 549	2 760	3 084	2 357	2 898	9.4%
3	Silencers/exhaust	880	1 705	1 913	1 283	1 696	5.5%
4	Engine parts	984	1 092	1 883	1 554	1 505	4.9%
5	Tyres	1 220	1 196	1 676	1 355	1 133	3.7%
6	Engines	1 216	1 080	1 045	605	965	3.1%
7	Automotive tooling	272	520	518	464	447	1.5%
8	Transmission shafts/cracks	351	556	782	503	415	1.3%
9	Road wheels and parts	681	772	694	388	383	1.2%
10	Filters	218	275	316	341	337	1.1%
11	Shock absorbers	1	12	172	261	329	1.1%
12	Automotive glass	321	295	314	403	305	1.0%
13	Radiators	365	368	350	384	286	0.9%
14	Clutches/shaft coupling	81	152	166	194	270	0.9%
15	Gauges/instruments parts	184	248	328	291	241	0.8%
16	Lighting/signalling/wiping	63	164	210	165	229	0.7%
17	Steering wheel /column/box	69	150	287	169	170	0.6%
18	Batteries	83	115	169	172	116	0.4%
19	Axles	375	273	279	186	111	0.4%
20	Brake parts	120	138	124	105	93	0.3%
21	Ignition/starting equipment	174	204	191	126	83	0.3%
22	Jacks	18	60	88	110	83	0.3%
23	Body parts/panel	115	127	122	75	75	0.2%
24	Gaskets	45	70	103	84	75	0.2%
25	Alarm systems	81	97	92	53	73	0.2%
26	Gear box	113	86	84	80	67	0.2%
27	Wiring harnesses	208	198	205	93	51	0.2
28	Air conditioners	11	21	29	19	35	0.1%

29	Seats belts	60	62	48	41	33	0.1%
30	Springs	38	44	44	35	30	0.1%
31	Car radios	377	589	14	43	20	-
32	Seats	7	8	8	6	5	-
	Other Parts	2 962	3 986	4 480	3 628	3 482	11.3%
	TOTAL ®	30 052	39 106	44 055	27 853	30 802	100%

Source: Small Enterprise Development Agency (SEDA), Umjwali Market Research (2012:85)

Table 2.7.3: Major SA automotive Exports.

Component (R m)	1995	2000	2013	2014
Catalytic Convertors	389	4 683	17 620	19 479
Seats, Stitched Leather	1 019	1 915	1 524	1 277
Engines and Parts	111	485	2 938	3 491
Tyres	213	682	1 215	1 531
Silencers/Exhausts	76	377	1 214	497
Radiators	55	127	1 088	1 144
Wheels	157	551	413	331

Source: The Department of Trade and Industry, Republic of South Africa (2015:5)

According to Rose, Deros, and Rahman (2013:820), the automotive SMEs are efficient in that when the customer needs a part, they do not wait for a long to receive the order. Furthermore, SME South Africa (2015), states that the automotive SMEs is a surprising sector within the country for manufacturing car components and they are rapidly developing in a promising way in terms of South Africa's economy, following the launch that South Africa has in Gauteng province. The aim of the launch is to increase the number of automotive SME that are supplying Nissan parts within the country. The Gauteng Premier, Honourable David Makhura, added that the development of automotive SMEs in the country is a symbol of economic growth, job creation and reduction of poverty among the people of South Africa at large. He also attaches significance to the fact that the automotive companies spend nearly R8 billion

per annum on imports for automotive parts. Only 35% of the components and parts used to manufacture cars in South Africa are produced locally, while 65% are imported from various parts around the world.

Alfaro, Bizuneh, Moore, Ueno and Wang (2012:10) support the view that, although the automotive industry is increasing in South Africa, it is not the way it is supposed to be, because South Africa suffers with a shortage of trained technicians that will take the automotive industry to the next level. However, most of the car components are manufactured by international companies. Naude (2013:408) agrees that South Africa is capable of increases in the country's economy, although South Africa's competitiveness is under severe pressure as it this sector that is having problems such as high labour costs, poor infrastructure and, what is worse; South Africa is behind on technology. Globally this sector is performing well on competition compared with the developing countries and they have world – class management philosophies and practises such as just-in-time. It is revealed in the literature that the automotive sector in Supply Chain Management (SCM) is playing a significant role within company through control all materials, funds and related information in the logistics process from the acquisition of raw materials to the delivery of the finished product to the end user. Nevertheless, Ambe (2014:1540) backs the literature on the automotive industry that supply chain management is a powerful tool that places the automotive industry in a good position to compete world-wide.

According to Naude and Badenhorst-Weiss (2011:71-75), South Africa is facing difficult challenges in automotive component manufacturing (ACM) because it is not competitive with supplies from China and India, the most serious problems being in the demand management and in the supply chain. The other problems that South Africa faces are the internal process problems whereby the SME automotive does not have sufficient funds to keep the inventory available to the customers. It is indicated in the various studies that, South Africa is depending on well known “developed countries” to continue the process of trade, and the study will still show that South Africa is exporting gold, diamond and agricultural products to other countries in order to finalise the process. Hence due to lack of technology and infrastructure within the foreign country it taxes South Africa's exports of all raw materials to the developed countries in order to process the raw material. Hence when this product is imported

to South Africa, it is much too expensive for the country because of an import tax that is imposed (Naude 2009:45). Naude (2009:44) indicates in this study that due to supply chain philosophy, there will be problems in the motor industry in South Africa. According to the Executive director of NAACAM, it is estimated that there are 300 automotive parts manufacturers or ACMs who are primarily producing automotive parts. These ACMs supply OEMs, OESs and the aftermarket and are spread throughout the country. Then there are another 150 companies producing parts for the automotive industry, as well as for other sectors such as light engineering, mining, construction and defence. Furthermore, globally, small and medium enterprises (SMEs) seem to be a major solution for economic development.

Acemoglu and Robinson (2010) indicate that Sub-Saharan Africa is the poorest part on the planet. They reveal that Africa is poor because of very bad interlocking economic and political incentives. Property rights are insecure and very inefficiently organized, markets do not really function well, states are weak and political systems do not provide public goods. Africa became poorest because of lack of agricultural production. Fundamentally, in other words, poor health outcomes are responsible for poor economic development among the states. The other literature argues that among Sub-Saharan Africa, South Africa ranks at the second position followed by a giant of economy which is Nigeria for economic development. According to Deloitte Africa Automotive Insights (DAAI), the automotive sector, irrespective of Africa is very small in economic growth compare to European Union. Africa produced and registered 42.5 million vehicles in 2014 and used them in the continent which has approximately one billion people; as a result the motorisation rate on the continent is only 44 vehicles per 1000 people which is extremely small while the global average is about 180 vehicles per 1000 people.

Ocloo, Akaba and Worwui-Brown (2014) argue that SMEs are contributing to best performance and is accepted as an important sector of economic growth in the developing countries. However it has been determined that Kenya is not performing well in the new creation of the enterprises development, the Kenya survey emphasises that the SMEs do not grow to maturity stage since they collapse before the fifth year of formation of the enterprise (Katua, 2014). SMEs are recognized as fruitful drivers of economic growth and development in South Africa that consist of 91% of formalised

enterprises and provide 60% of job creation and finally contribute about 34% to the GDP of South Africa Olawale and Garwe (2010). Bateman and Chang (2012:3), state that SMEs development is like fertile seed that is ploughed into a fertile soil, because the SMEs actually create power for economic growth and create sustainable economic and social development and so also poverty reduction. Patswawairi and Fatoki (2012) illustrate that the main obstacles to entrepreneurship in South Africa are the highest rate of unemployment, poverty, crime and weak economic growth. However, the Global Entrepreneurship Monitor (GEM) clarifies that South Africa is one of the lowest developing countries throughout the world in terms of SMEs survival which gives South Africa a rate of 27th out of 59 countries in the primary measure. Kuntchev, Ramalho, Rodriguez-Meza and Yang (2012) disclose that even if the SMEs are the most developed within the country they face greater financial obstacles than the large firms which will lead SMEs to produce a poorer quality of product because of this credit constrained status. They also continue to illustrate that SMEs are more likely to be rejected from getting financial assistance simply because of the size of an enterprise and the enterprise age does not relate to the credit constrained status. In addition to defining who is most likely to have credit constrained; the literature defines the link between access to credit and firm performance and the association between accesses to credit at a firm level and equivalent macro variables. Literature finds that firms with higher performance as measured by labour productivity are less likely to be credit constrained.

Naneh (2011) believes that the SMEs will provide more empowerment and last longer if the entrepreneurs have relevant business skills. SMEs also require people who have an entrepreneurial mind-set to lead the SMEs in the right direction. The higher entrepreneurial mind-set established in the SMEs the lower the failure rate to the SMEs in South Africa. Furthermore, Olawale and Garwe (2010) continued state that once the SMEs pass the critical phase of trading and competing within a period of three (3) to forty two months (42) those businesses are regarded as a successful SMEs and they gain empowerment within the country. Sithole (2015) states that the English Economic Empowerment (EEE) was established when the Prime Minister, Cecil John Rhodes introduced the laws that favoured mines and industry, introduced educational reform and the Glen Grey Act to push African people from their land. The National Party followed the same design when the Afrikaans Economic Empowerment

(AEE). The Afrikaner was liberated from English rule in 1948 which was followed by the National party (NP). Programmes saw the marginalised Afrikaner fast-tracked to enable them to participate in the economy. Southall (2007) in the same light defines Black Economic Empowerment (BEE) as one of the high profile strategies of the African National Congress (ANC) to become one of the government's most controversial policies in South Africa. The main reason for the Black Economy Empowerment (BEE) was to address the inequality of power within the state and economy between the minority white population and majority black population.

2.8 AUTOMOTIVE SMEs SECTOR IN THE INTERNATIONAL

Both local and global SMEs have similar ideas to generate jobs and income at a time when large firms show a rapid decline. It is noted that SMEs have limited resources and a lower level of labour skills. Furthermore, SMEs have less financial institution assistance. The literature further highlights that SMEs have no economic power to introduce a new product in the market (Ludmila and Stanislava, 2015). According to 2016 Automotive Parts Top Market Report, the United States is the largest and leading manufacturing sector in the automotive industry and the automotive parts industry has nearly doubled since 2009 in terms of exporting parts.

European countries come with a solid strategy to form the European Union (EU). The European Union is an economic and political union that comprises 28 international countries that joined together and formed the European Union on 01 November 1993 by the Treaty on European Union (Maastricht Treaty). In the following year (1994) another 12 countries joined the European Union which were Belgium, Denmark, Germany, Ireland, Greece, Spain, France, Italy, Luxembourg, the Netherlands, Portugal and the United Kingdom. From January 1995, the European Union added another three Member countries: Austria, Finland and Sweden. In May 2004, 10 more countries joined the European Union then another two in 2007 in 2013, Croatia joined the European Union which then comprised a total of 28 countries that represent the EU (<http://ec.europa.eu/eurostat/statisticcs-explained/>). In the table below is shown, the share of SMEs (0-249 employees) in the European Union.

Table 2.8.1: Share of SMEs to total goods exporting enterprises in 2012

SMEs exporting to the US			SMEs exporting to the US as a proportion of all enterprises exporting to the US		
No.	Member State	Number of exporting enterprises ('000)	Export Value (€ billion)	Number of exporting enterprises (%)	Export value (%)
1.	Italy	30.0	11.2	96%	44%
2.	United Kingdom	26.8	11.7	93%	27%
3.	Germany	20.7	12.4	77%	15%
4.	France	19.3	8.3	92%	32%
5.	Spain	15.5	3.0	93%	35%
6.	Netherlands	6.1	9.4	94%	59%
7.	Sweden	5.9	1.8	93%	21%
8.	Poland	3.6	0.6	81%	25%
9.	Belgium	3.2	4.5	69%	23%
10.	Denmark	2.8	1.2	85%	22%
11.	Austria	2.6	2.1	86%	33%
12.	Finland	2.3	0.7	88%	20%
13.	Portugal	2.2	0.5	90%	29%
14.	Czech Republic	1.9	0.4	63%	14%
15.	Ireland	1.8	7.3	90%	44%
16.	Hungary	1.1	1.3	80%	17%
17.	Greece	0.9	0.2	59%	22%
18.	Bulgaria	0.7	0.1	87%	40%
19.	Romania	0.6	0.2	61%	24%
20.	Slovakia	0.4	0.1	75%	9%
21.	Lithuania	0.3	0.1	86%	22%
22.	Latvia	0.3	0.1	88%	58%

23.	Estonia	0.2	0.4	86%	65%
24	Malta	0.1	0.0	86%	13%
25.	Cyprus	0.1	0.0	79%	28%
	Total EU	150	77	88%	28%

Source: European Union: 2014

Therefore Croatia, Luxembourg and Slovenia are not included in the table above because of their Small Member States. It is noted that three Member States which is Italy, the Netherland and the United Kingdom have been taken to Court of Justice of the EU by European Commission for failing to pay a total of €23.3 million customs duties into EU budget (Brussels, 2016).

SMEs are playing a very important role in the EU; the EU literature stipulates that it's about 150 000 SMEs that are operating internationally and that they making 77 billion Euros. The Society of Motor Manufacturer and Trades (2014), reports that the role of Automotive SME is a surprising one in the United Kingdom within European Union. The United Kingdom has a mind to keep their enterprises sustainable and growing rapidly. United Kingdom believes that the supplier of the OEM (Original Equipment Manufacturer) is the big investment that will keep the brand running over and over again. United Kingdom also believes that producing quality products will meet customer demands as well as customer requirements. Although United Kingdom seems to be the strongest in an economic sustainable and employment re-creation, challenges are still influencing their economic. However Society of Motor Manufacturer and Trades (2013:8) shows that there is a critical shortage of skills and the supply chain is also weak.

The literature also reveals that the United Kingdom and European Union provide more than 700 000 employment opportunities and thus development to their people, thus giving extremely high economic growth within the European countries. It is also noted that the United Kingdom is the second largest vehicle market in the world and the fourth largest vehicle manufacturer in the European Union. However 77% of vehicles were produced and exported to different countries that give the United Kingdom

automotive SME as one of the largest sectors in the United Kingdom which results in more companies continuing to invest in the United Kingdom with over £6 billion over a period of three years. Therefore productivity has increased with an average Gross Value Added per job in the sector up from an average £40 000 in the late 1990s to an average of £75 000 between 2010 and 2013. The United Kingdom Automotive industry has 2350 companies of which the majority are SMEs. The United Kingdom is the fourth largest global manufacturer of construction equipment (off-highway vehicles), producing approximately 60 000 units per year. The automotive Council identified a £3.3 billion supply chain opportunity for United Kingdom supplies in 2012, and KPMG believe that this opportunity is likely to have grown to approximately £9 billion today.

Table 2.8.2: The great UK achievement in the automotive sector.

UK- Manufacturer Vehicles and Parts	Awards
<ul style="list-style-type: none"> • Range Rover 	<ul style="list-style-type: none"> • Won 10 awards within three months of commencing production, and the Evoque has secured 22 international awards.
<ul style="list-style-type: none"> • Nissan Qashqai 	<ul style="list-style-type: none"> • Winner of over 13 global awards.
<ul style="list-style-type: none"> • MINI 	<ul style="list-style-type: none"> • 12th successive year to be awarded Supermini winner at the Business Car Awards 2014.
<ul style="list-style-type: none"> • McLaren 	<ul style="list-style-type: none"> • Winner of Best Super Car at the Middle East Motor awards 2013.
<ul style="list-style-type: none"> • Nissan LEAF 	<ul style="list-style-type: none"> • European and World Car of the year 2011 alongside 2012 Car of the year Japan.
<ul style="list-style-type: none"> • Ford Ecoboost engine 	<ul style="list-style-type: none"> • International engine of the year 2012 and 2013 and SMMT awards for Automotive Innovation 2013.

Source: kpmg.co.uk (2014)

Table 2.8.3: Original equipment and manufacturing supplier investment in the UK.

Supplier	Year	Investment
Rolls-Royce	2014	<ul style="list-style-type: none"> • Announce an additional 100 jobs at its Goodwood manufacturing plant.
BMW Group	2013	<ul style="list-style-type: none"> • Confirms additional £760 million investment in its UK manufacturing operations to 2015.
Vauxhall	2013	<ul style="list-style-type: none"> • Confirms £125 million investment to build the new Astra.
Brose	2013	<ul style="list-style-type: none"> • Confirms £15 million investment in its Coventry facility.
Cosworth	2013	<ul style="list-style-type: none"> • £30 million investment in a new manufacturing facility.
Bentley	2013	<ul style="list-style-type: none"> • To invest £800 million for its new SUV creating 1 000 new jobs in Crewe.
Ford	2013	<ul style="list-style-type: none"> • Confirms a £189 million investment in its high tech engine facilities.
TRW	2013	<ul style="list-style-type: none"> • Announces £15 million investment at its Sunderland facility.
Jaguar Land Rover	2013	<ul style="list-style-type: none"> • To invest a total of £2.0 billion creating over 3000 jobs.
BerbWarner	2013	<ul style="list-style-type: none"> • Announced £15 million investment at its Bradford facility.
Toyota	2013	<ul style="list-style-type: none"> • Announced 70 new jobs at its Deeside plant in North Wales.
Nissan	2013	<ul style="list-style-type: none"> • Announces at £250 m investment in its Sunderland plant for the Infiniti model.

Source: kpmg.co.uk (2014)

2.9 CHARACTERISTICS OF AUTOMOTIVE SMEs IN SOUTH AFRICA

Many studies believe that the SME is a driving engine of economic growth and job creation. The studies state that entrepreneurs must have all business features at once, in other words the entrepreneurs must diversify all business characteristics of the enterprise and the entrepreneurs must play a central role in the initiative and solid development (Kozubikova, Belas, Bilan and Bartos, 2015).

The study determines that small and medium enterprises, either local or global, have the same characteristics and face the same obstacles, but the most important thing is an understanding of how small business contributes to economic development. SMEs have the ability to energise economic growth because they create new jobs, expand the tax base and are drivers of innovation. The entrepreneur must demonstrate the ability to act as an investor, accountant, dispute investigator, leader, technologist, marketing specialist and top seller (Katua, 2014). For the above important characteristics, the enterprise will always be fruitful and last long. The entrepreneur must have all the right personal qualities, reliable information, skills, and a proactive approach. They are sort of being managed with an inner feeling, which means that they feel that their personal destiny is the result of their own effort because of being confident to take final decision about business. The entrepreneurs being critical thinkers make decision under the condition of doubt or hesitation not knowing the outcome of their decision. Entrepreneurs might feel happy if the decision they make is one of success rather than money, because money is the measurement of the achievement through risk decision taken.

According to the European Union, they make it clear in their survey that SMEs are playing a very important role socially and economically, because they represent 99% of the all enterprises across the EU. They provide around 90% of jobs in entrepreneurship and developing EU communities are educating employees to invest in many business skills.

The Malaysian government also seconded the idea of the EU for employees' development in terms of business skills. Malaysia believes that the people must themselves embark on doing marketing over the internet. In other words, the people

of Malaysia must market their business on the internet. Hence, the Malaysian government keeps funding the SMEs offering computer system upgrading in order to push SMEs to fulfil their marketing strategy. The Malaysian government trusts on educating the employees of the SMEs so that the competition will remain at a global level. Many studies mention that most SMEs are not successful because of a lack of management skills in the employees. Information Communication Technology (ICT) is playing an important role in today's SMEs for competing in a global level. The intervention of the Malaysian government is a big investment and will be advantageous the Malaysian SMEs economic growth (Hashim, 2014).

Many studies keep revealing that many businesses are developed by the entrepreneur with little understanding of the concept of the characteristics of the SMEs. Hence, Kennon, Schutte and Leipzig (2014:162) support the concept of the Malaysian government that, the best key engine of a SME is education. However, the study reveals that more than 75% of SMEs are not established because of a lack of the management skills. According to the Global Entrepreneurship (GEM) SMEs in South Africa are not likely to survive 42 months. Sewell, Mason and Venter (2014:235) believe that strategy is a critical component of business development, because many entrepreneurs are not formally introduced to a strategy in their SMEs whereas management skills are the platforms of business strategy. Abor and Quartey (2010:222) agree that South Africa is a lag behind on business skills, and as a result it contributes a lot to the reduction of business development. Henceforth a basic knowledge in business skills is needed at the initial stage to run a successful SME (Papulova and Mokros 2007). Chimucheka and Mandipaka (2015:309) support the view that the developments of SMEs are introduced in order to deal with unemployment among the people of South Africa, but these SMEs fail because of a lack of support from key stakeholders. Therefore, sustainability of the automotive SME is reliant on management training in order to produce quality products. Habidin, Zubir, Fuzi, Latip and Azman (2015) believe that the characteristic of the sustainability of automotive SME is based on management skills, and the product quality will be sustained for a long period. It is noted that the most successful automotive SME are recognised world-wide. Maharaj and Bulkaran (2014:273) emphasise that the development of the organisations to be profitable for a long term period and to

implement sustainable practices to provide and build a good relationship between customer and quality.

2.10 EXAMINATION OF THE CUSTOMERS' PERCEPTIONS TOWARDS PRODUCT QUALITY IN AUTOMOTIVE SMEs IN DURBAN METROPOLITAN AREAS.

The literature demonstrates that the leading developed country is the United States followed by China in terms of economic development. This study will examine the customers' perceptions towards product quality in automotive SMEs in Durban Metropolitan Areas. It will be noted that in the previous and current studies most countries are relying on their domestic product rather than looking at foreign products. In this study there are number of customers' perceptions about product quality. Sarwar, Azam, Haque, Sleman and Nikhashemi (2013) emphasised the customers' perceptions towards buying products from the foreign countries, but they also noted that the developed countries constitute most of the countries who supply products to the developing countries. I will present this study by presenting the factors that influence the customers' perceptions by using the best 4 marketing mix factors (product, price, place and promotion).

2.10.1. Product quality

The product quality is considered as one of the factors that, as an effect, stimulate the customers' perceptions. Sarwar, Azam, Haque, Sleman and Nikhashemi (2013), state that the buying power of the Chinese product is growing rapidly throughout the entire world although some customers are not buying Chinese products because of quality issues. Moreover, China, being the second largest economy after the US ventures into extensive product development in order to compete with the international giants. China is adopting the strategy of producing many products and supplying them to the developing countries at a cheaper price. However it raises questions for the customers, in terms of the sudden boom of "Made in China" labels while the customers are not happy about the product quality that the Chinese supply. The product quality is the key issue for the customers - they believe in purchasing a product that will last long. The product quality must always exceed the customer's expectation because the

standard of an enterprise is determined by the customer who has experienced that product and uses that experience and feeling to form a judgement against business (Abdullah and Rozario, 2009). Tsele and Tulo (2015) believe in supplying good products to the customers and also believe that if the customers trust the product quality, they will be loyal to that product even when tough times (recession) come. They will always stand up for that product because it good and reliable. Therefore paying more attention to the customers' feeling will shift the bad attitude about the product in question. Loureiro, ardinha and Reijnders (2012), add that the customers' satisfactions is one of the priorities of the SMEs becoming successful. They also believe that, negative product quality will create dissatisfaction about SMEs and will continue to influence the customers 'perception. Meyn (2004) states that South Africa is the first developing country that tried to be in line with the European Union by believing in their product quality.

According to the Trade Development Co-operation Agreement (TDCA) that created a new trade and development agreement between South Africa and the European Union they state that the automotive SME is the one of the fastest growing and most dynamic sectors in the South African economy with further growth potentials (Meyn, 2014) while other developing countries experience more and more difficulties in terms of competing successfully in the global market. The product quality is playing a significant role according to the customers. He also adds that understanding the customers' perception will guide the SMEs towards manufacturing good products and avoid the manufacture of the product that will raise a question to the end users (customers). Yadav and Goel (2008) on their study consider supplying good product quality to the customers in order to greatly increase the gross domestic product in the economy. The above requirement puts a great amount of pressure on the product development process to achieve higher customer satisfaction. However the enterprise will also improve success in terms of developing higher quality products. Ecol, (2015) highlighted that delivering a reliable product quality to the end-users or to the customers, will meant a lot to the economy of the country. He also continued on his study that South Africa has grown in economy but service delivery is poor.

2.10.2. Price offer

In this study the price is regarded as a factor that will influence the customers' perceptions. Many studies reveal that there is a relationship between product quality and price offered by the enterprise and this is the one that create a bad feeling in the customers. Let's look at the scenario of the Chinese - China offers similar products compared with other developed countries that compete globally with but with a lesser price, whereas the customer will also raise a question about the price offered for that particular product because they measure the product with a price in question. Centre Emile Bernhein in 2015 believes that, to offer the fair price to the customer will decrease the negative impact of the price in question about the product .However, Boonpradub and Thuchatakerng (2015) demonstrate that price is not a big issue, because customers adopt the style of others in order to praise that particular product and use it without considering the price.

According to Thailand, in order to develop marketing strategies in their enterprises, they use celebrities as a strategy to market their product. It is appealing to customers that if they use the product that is being used by famous consumers, they assume that product is the best product; they can spend whatever budget they have. Although Thailand is facing an economic crisis in terms of automotive and transport equipment or spares, Agyekum, Haifeng and Agyeiwaa (2015:25) state that customers use price as a measurement or indicator of product quality. Price is a marketing communication tool that conveys a message to the customers for the product and influence to speed up decision making process (Erdil, 2015). Nevertheless price plays an important role in the customers and customers' perceptions itself plays a vital role in the SMEs. Centre Emile Berheim (CEB) in 2015 mentioned that, when a company provides more price information to the customer and therefore greater price transparency, more customers perceive the price as fair. Therefore, price transparency should lead directly to price fairness perceptions, which in turn have significant impacts on satisfaction. Furthermore, International Journal of Scientific and Technology Research 2015 agree that, it is important to build the customer loyalty toward the product, because the customer will repeat purchasing the product with any price offered on the table. Spence and Essoussi (2008) also approve the statement above that the consumer

loyalty is a function of customer satisfaction because the customer is influenced by product quality.

2.10.3. Place (country of origin)

China is a very progressive country in terms of productivity compared with other developed or developing countries and other countries are curious about the magic they have. China is a developed country and has an impressively way to push their economy to a high standard, which results in their economy growing rapidly. Nevertheless, the “Made in China” label still needs to earn the customers confidence as their reputation is not very positive in terms of product quality. The issue of cheap products raises the question of why consumers buy Chinese products and what they perceive after buying. Therefore producing an unquestionable product will bring satisfaction to the SMEs customers (Dabholkar, 2014:483-484) even if the product is produced in a different country. Sarwar, Azam, Haque, Sleman and Nikhashemi (2013) believe that buying a specific product in a different country will produce a negative impact on customers, so this study will use ‘place’ as a factor that affects the customers ‘perceptions. The placement or distribution is a very important part of product supply. Most of the customers feel negative if they buy a foreign product, because there are many different channels to distribute the specific product to the customers. Domestic SMEs seem to be a remedy for the negative impact from buying foreign product. The Chinese believe in buying their product even though they know that it is not as good as other countries - this is called ethnocentrism. The study for Jahanshabi, Gashti, Mirdamadi, Nawaser and Khaksar (2011) also agree that consumers from developed countries, they prefer to buy their own products which they still continue exercising ethnocentrism and they also believe that country’s image is playing an important role to the consumers. In this study there is a relationship between a product and placement. Frank, Torrico, Enkawa and Schvaneveldt (2014) have confidence in that investment in product quality pay off in a long term to the developed countries. They further elaborate that, consumers do often assume that the develop country products are of better quality than the product from developing countries. According to Sarwar, Azam, Haque, Sleman and Nikhashemi (2013:154) on their investigation simply analyse that the origin of the country of that the product manufactured is basically effects on customers’ perceptions in buying product.

Subramanian, Mohre and Kawde (2014) add that the identity of the product pay off. People usually think that, the Chinese product is cheap regardless of quality. However the country of origin effects is strong and clearly observed buying decision. Some other study pinpoint that the product type is also contribute to the factors that influence the customer's perceptions in their buying decision.

2.10.4. Promotion

Promotion is playing a vital role in any developed or developing country, because promotion is a one of the driving component for economic growth. Promotion is a wakeup call or booster of the consumers to keep recognising the product that is still available in the market with an additional features and it perform better than before with a high performance standard, this is a way of selling the business. In this study there is a relationship between product quality, price, price and promotion. The study reveals that promotion is factoring that influencing the customers' perceptions (Singh 2012). Promotion consists of different blends of its components which are used to achieve the business's marketing gaol. Promotion helps the entrepreneur and sales force to represent the product that the consumers in an effective manner and make them to buy. The literature state that sales promotion activities are publicity, public relations, exhibition and demonstrations. It is necessary to conduct promotion in a good way, because promotion is like doing advertisement where the reactions of the customers are very quickly. Doh and Hwang (2009) also emphasis that eWOM (electronic word-of-mouth) is very important to influence the customer buy the product, because prospective customers visit Web sites and view what other customers saying about the product. The following points below are contributing strongly to the customers' perceptions so it is very important to treat customers equally, otherwise the promotion goal will not be succeeded:

- ✓ Special offers are like buy one get free of cost
- ✓ Endorsement are important for promotion because follow their role models, celebrities and thus endorsement bring change in their customers mind set.
- ✓ User trials convince customers about the features of the product, it is very important as many customers would like to have a trial before buying the product.

2.11. IDENTIFICATION AND DISCUSSION OF FACTORS AFFECTING AUTOMOTIVE SMEs OPERATING IN DURBAN METROPOLITAN AREAS.

The literature confirms that in most cases developing countries are facing the challenges affecting SMEs for unsuccessful development. This study will investigate those factors that affect the performance of small and medium enterprise in the manufacturing sector of Durban in South Africa. However there are a number of factors that contribute to the failure in automotive SMEs. It is noted and acknowledged that the SMEs are the backbone of most economies and are a key source of economic development of any country. According to Mbonyane (2006), his study demonstrates that SMEs fail more often rather than generate profit and they are not properly managed. The point is made that when a business starts to expand more money needed to invest for a while and gives the entrepreneur very little in return. The SMEs contribute to the national and international economy in various ways such as employment creation, adding value to the gross domestic product of the country and assisting the government for future planning. The various studies pinpoint and observe that the majority of the SMEs have experienced difficulties in succeeding during the first 42 months in the developing countries. Some other study specifies that the failures of the SMEs are greater than forming the new business in the developing country. The study from Namibia indicates that it has about 75% of the SMEs experiencing such difficulties to be sustainable. Kambwale, Chisoro and Karodia (2015) highlight the fact that there are some significant factors that contribute to the SMEs decline. In my study I will discuss the main factors that are affecting the automotive SMEs operating in the Durban Metropolitan areas.

2.11.1. Poor managerial skills

Fatoki (2014:922) agrees that high levels of poverty and income inequality is caused by unemployment among the people of South Africa. Hence the failure of the SMEs being operational has contributed a lot to the unemployment among the people. However several studies reveal that poor managerial skills is a factor that leads to the failure of the SME and as a result people are being affected by poverty. Papulova and Mokros (2007) advocate, that skill and knowledge belong to important factors of

production, upon which SMEs development is currently formatted and as a result, stimulate economic development in the developing country.

Bouazza, Ardjouman and Abada (2015:101-103) establish that poor managerial skills is a very sensitive and serious factor in the SMEs; it will affect the product quality with the result that the external factor will intervene in this situation. However, external factors like financial institution will not assist the SMEs in terms of performance that resulted through poor managerial skills. Abdulai (2014) agrees that developing countries have been facing a very big challenge in terms of SMEs for the developing country's economy. Lack of management skills is one of the top factors that drive the economy to collapse. Literature also reveals that many SMEs are generated with an inadequate knowledge to run a business. According to the OECD (Organization for Economic Co-Operation and Development), working together with the management and employees of the SMEs, and giving training to their staff will keep SMEs sustainable. OECD also reveals that poor management training will result in poor product performance. The study stresses that the SMEs are more likely to fail than large firms because of a lack of management skills. Also,

Marnewick (2014) in his study highlights that management training will reduce the failure of the SMEs. Basically, knowledge management (KM) is definitely needed at the initial stage of formation of the SMEs and also later during the development. At the beginning, the entrepreneur is responsible for all duties of the business as an initiator. It is important for the entrepreneur to have all skills associated with the business. Bruwer and Coetzee (2016:201-202) believe that the intervening of the South African government will decrease the bad performance of the product, and poor managerial skills will be manageable through the assistance of government; they also pinpointed that manager of the enterprise should be generalist and absorb all business skills and managerial functions such as planning, organising, leading and controlling. The study highlights the crises that might have occurred when the business is expanding and the entrepreneur is not capable of running it due to the lack of expert knowledge and supporting managerial skills. It is necessary for the entrepreneur to develop the employees with business training because the owner of the business might not run all angles of the business alone. The literature discloses that the SMEs are less likely to succeed than large enterprises because the SMEs find it difficult to engage with

external management training. Fouad (2013) supports the studies above from different authors that when the enterprise grows then-new managers are introduced into the enterprise, but some of those managers are not trained to lead the firm, and their management skills are inadequate. The previous studies illustrate that some entrepreneurs employ families and friends to run the business while they don't have sufficient leadership skills and management education these often cause conflicts during implementation. Furthermore, Ncube (2014) adds that the failing of the SMEs is not only due to the management skills alone that should solve the problem of the business declining, but obstacles such as financial resources, lack of access to the market, lack of support services and low literacy standard should also be addressed. Scheers (2011:5049) believes that allocation of time to the problem is all will lead the business to do well in the market, and do perfect marketing strategy so that customers will be aware of the product you offer. Dash and Tripathy (2016:14) state that quality management practice is an overall remedy that will deliver the best product quality to the SMEs customers. Therefore, managers need Total Quality Management which is an integrated organisation effort designed to improve product quality and achieve a good result in the end. However, good results will only be achieved once SME managers are capable of preventing faulty products and offer training for their staff then customer satisfaction becomes a goal.

2.11.2. Lack of financial support

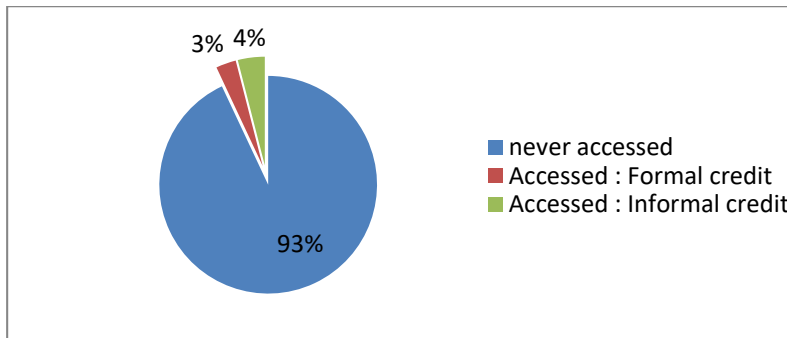
Globally, SMEs are regarded as an economic development sector, creator of an employment platform, and finally, a fighter for poverty. Unfortunately, you find the SME unsupported by financial institutions. It is noted in the various studies that formal SMEs have contributed almost 45% to total employment and 33% to the gross domestic product. However, SMEs are less likely to be able to secure a bank loan than large enterprises. Instead, they rely on their personal funds. Many studies reveal that more than 50% of the SMEs are facing a problem of getting financial support from financial institutions in order to improve their SME's development (Fauad 2013). However, this limitation of financial support leads to the decline of the SMEs in most cases. Small and medium enterprises play an important role in most economies, mostly in developing countries by developing employment, stimulating growth and creation social unity (Ocloo, Akaba and Worwui-Brown 2014). Makina, Fanta, Mutsonziwa,

Khumalo and Maposa (2015:1-2) indicate that in South Africa, SMEs are small firms - contribution to employment is weak because most of them do not survive in the sector and most of them go out of business within a short period of time. Mbawuni and Nimako (2015:63) add that it is difficult to give new SMEs external finance, because most SMEs easily fail within a short period of time in a business. They continue to report that keeping existing customer is more profitable than gaining new ones. Financial institutions require a detailed history of SMEs as a prerequisite of an application for credit, so it is easy to assist the old SMEs because they know how to run a business, and it is difficult to fail. The maturity of the SMEs in the market is contributed to a lot by the financial institutions. Marchirori and Fakoti (2013:99) argue that if the SME is spending more time in social activities they are more likely to get assistance from financial institution. Kwabela (2012) also argues that if the SME is a member of a representative organisation such as the Chamber of Commerce, Clubs, and Societies they have an extremely high probability to receive credit from financial institutions and continue doing business. Eniola and Entebang (2015:336) argue that it is not only external resources where automotive SMEs will get financial support to assist the business, but internal resources can also play a role uplift the business. Hence profit as an internal resource can support SMEs. Therefore, internal financing is the first choice to any SME. Lack of financial support within the business can change the customers' perceptions. However a shortage of inventory within the business will also affect the customers.

Osono and Languitone (2016:2) add that the SMEs used to concentrate on one resource, which is external finance rather than internal resources such as own funds, family funds and friends, because the external funds have led to a number of difficulties and as a result the buying behaviour will change, and the automotive SME will collapse. Kamunge, Njeru and Tirimba (2015:1) state that SMEs are important both to the owner and nation, because it raises the standard of living of both management and employees, hence these two entities are of the same mind as regards making money. Employees have the ability to work in order to receive payment and support their families whereas management has the ability to apply knowledge in order to increase customers and get profit. However, if poor managerial skill is applied to advertisement, no customer would know about the product, and then the business will not return any profit. Veerappan and Sathishkumar (2016) report that profit is the

measure of success of fruitful SMEs, and it is regarded an essential product of the business.

Table 2.11.2.1: Access to credit by all SMEs

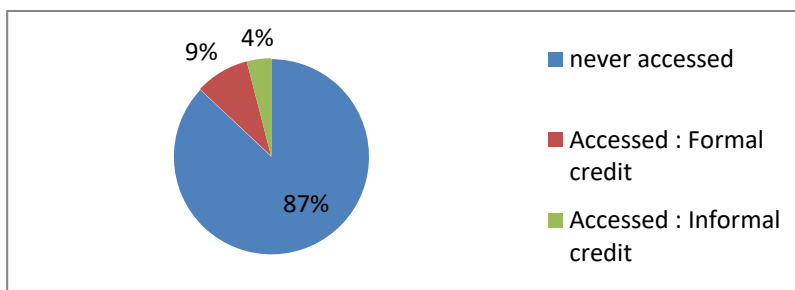


Source: Makina, Fanta, Mutsonziwa, Khumalo and Maposa (2015:5)

The figure above illustrates how all SMEs have access to credit from the external resources.

- 93% indicates that no formal and informal credit have been granted to all SMEs (Makina, Fanta, Mutsonziwa, Khumalo and Maposa 2015:5)
- 4% represent informal credit such as own funds, family credit, trade credit and friends funds (Srinivas, 2016).
- 3% represent the formal credit such as commercial banks, merchant bank and development banks (Eniola and Entebang 2015:336)

Table 2.11.2.2: Access to credit only registered SMEs



Source: Makina, Fanta, Mutsonziwa, Khumalo and Maposa (2015:6)

- 87% represents no formal and informal credit that have been granted to register SMEs.

- 4% represents informal credit such as own funds, family credit, trade credit and friends funds.
- 9% represents formal credit such as commercial banks, merchant bank and development banks.

2.11.3. Poor planning, organising, leading and controlling

The EThekweni Integrated Development Plan (IDP), was introduced to achieve economic growth and development in Durban to be a caring city in Africa by adopting a five-year plan to achieve the Durban Metropolitan goal. However, SMEs must have similar planning to set certain goals that need to be achieved as their strategy, must have a vision for starting proper SME and even if obstacles will challenge them they must have provisional plan for all challenges (Cassim, Karodia and Khan 2014:2)

Entrepreneurship is about developing a business from scratch, while managing scarce resources such as time, money, etc. Therefore, it is better to plan, organise, lead and control as much as possible with a limited of resources. Entrepreneurs fail to plan because of their ignorance and lack of vision about their businesses. Lekhanya (2010:39) state that SMEs fail when they were still at the starting stage simply because of poor planning in estimating a cost of the starting and running the SME. Landzani and Vuuren (2002:154) believe that good managers have a bright future in the organisation. Poor planning will result in the SMEs failing. However, training at every level of staff might give the business a big chance to fight against any obstacles within the business. Khan, Khan and Khan (2011) state that training given to staff will yield a good performance on their SMEs, and the product will perform well in the market. Training is an important factor that gives the SME a good platform, as all SMEs are willing to achieve a goal through properly planning, organising, leading and controlling. Byukusenge, Munene and Orabia (2016: 7) recognise that SMEs are the engine of economic growth and poverty reduction around the world. However, Product Knowledge Management (PKM) is essential to any of the SMEs in South Africa. The employees must have been given proper training on a specific product that the SME offers to their customers in order to reduce a negative impact about a product. Training is a part of planning, organising, leading and controlling the vision of the product within

the SMEs. Gibbert, Leibold and Probst (2002:459) support that knowledge is a key competitive factor both locally and globally by organising the employees to be a powerful body in the SMEs by having the training to know how to deal with Customer Knowledge Management (CKM). Employees must have the ability to know how to screen the customers about how they feel about a product offered by their SMEs. As mentioned by Vallabh, Radder and Venter (2015) the creation of the SME is to meet customer needs and, if needs are met, the customers' perceptions will start to be established. Many studies make it clear that some entrepreneurs spend a lot of money on marketing the product and then think that they will cover the money by adding on price.

Sukati, Khiang and Isnurhadi (2015:16) agree that once SMEs offer the product at the lowest price, but the product quality is not up to standard, the customer will reject that product and show buying behaviour against that product because of poor planning about a product offering price. The customers always need to be satisfied with the product. Mbonyane (2006:12) states that SMEs fail because entrepreneur's planning is sales- oriented, but they need to change that attitude to ascertain what the customer needs. Agwu and Emeti (2014:103) believe that there are many factors that cause SMEs to die, such as employing people who have lack of focus on business, inadequate market research that can be assist the SME to look what other SMEs doing in the markets, lack of succession planning, lack of proper bookkeeping, lack of proper records, inability to separate family and business and inability to distinguish between revenue and profit.

2.12 CONCLUSION

This chapter has highlighted the background in automotive SMEs sector in Durban Metropolitan Areas, definition of a customers' perceptions, definition of SMEs, automotive SMEs sector in South Africa, importance of automotive SMEs in South Africa, automotive SMEs sector in the international, characteristics of automotive SMEs in South Africa, examination the customers' perceptions towards product quality in automotive SMEs in Durban Metropolitan Areas and identification and discussion of the factors affecting automotive SMEs in Durban Metropolitan Areas. This chapter concludes that there is a need for this study as the literature review has indicated that most SMEs experience difficulties in terms of growing that lead to the failure of the SMEs.

CHAPTER 3

RESEARCH METHODOLOGY

3.1 INTRODUCTION

In the previous chapter, the literature review was presented, which was a fundamental source of information to complete a conceptual framework of the areas of research. The literature review discussed the stated theory relating to objectives. However, this study determined factors influencing the perceptions of customers towards product quality in automotive SMEs in Durban Metropolitan Areas. Therefore the aim of this chapter is to explain how the data were collected and analysed, along with the sampling methods and population study used. Mixed method, for both qualitative and quantitative data gathering and analysis will be used to conduct the study. The chapter is divided into three sections: the first section deals with the research methodology design; the second section includes the different type of analyses that were conducted on the data, and the third section covers the issue of validity and reliability of the data as well as the potential for fault checking in the methods chosen. Error checking in research is vital and considerable effort needs to be made to verify the methods.

3.2 RESEARCH DESIGN

Fetters and Molina-Azorin (2016) defined research design as a set of tools that guide the vibrant dialogue between the researcher and participant based on the research question. The researcher stimulated the energetic conversation with the purpose of obtaining evidence on the question raised. According to Guetterman (2016), in order to use distinct research design as a platform for getting the salient point of an applicant. Furthermore, Lekhanya (2006) illustrated that research design is an instrument of evidence to address the research problem. In order words it is a plan to collect and analyse all relevant answers and creates a report. Daweti (2015:67) argues that some studies may use the same mixed methods, and different approaches may not give the same answers. (Williams (2007:65). Ncube (2016:60) believes that the quantitative process is the main product on which many researchers rely when they summarise their findings or conclusions.

This study has developed a mixture of research approaches of quantitative and qualitative research techniques. Therefore, in this study the researcher selected Durban as a place where the questionnaires have been distributed among the SMEs automotive owners in the following Metropolitan Areas: Durban North, Durban South and Durban Central. The researcher targeted weekdays' morning, which were appropriated time to see the owners. Participants were expected to tick (✓) against the appropriate answer and in the qualitative method approach, the participant were given enough blank lines to elaborate on their answers to the question asked in the questionnaire or to give supplementary information. In this study, both methods (qualitative and quantitative research techniques) were implemented to collect data. In the quantitative method approach, the applicants were given a space in the questionnaire to tick (✓)

3.3 RESEARCH OBJECTIVES

The aim of the study is to explore the factors influencing customers' perception towards product quality in automotive SMEs in Durban Metropolitan Areas.

The following objectives were identified as appropriate to this study and served as basis for the methodology chosen:

- To determine factors influencing the perceptions of customers towards product quality in automotive SMEs in Durban Metropolitan Areas.
- To establish the perceptions of customers towards the factors influencing product quality in SMEs in the automotive in Durban Metropolitan Areas.
- To recommend intervention strategies that can be employed to improve product quality in SMEs in the automotive in Durban Metropolitan Areas.

3.4 APPROACHES TO RESEARCH METHODOLOGY

Creswell (2014:32) states that approaches to research methodology may be divided into three parts, which includes qualitative research, quantitative research and mixed method research. Qualitative is framed in terms of using words rather than using numbers (quantitative) and mixed method is a combination of the two methods in the same study. Qualitative data tends to be an open-ended feedback approach whereby the research cannot predict what answers the applicant may give, whereas quantitative data usually includes a closed-ended response such as is found in a questionnaire. Mixed method research (qualitative and quantitative research) believes that providing two different responses will create a better understanding of a research problem than either approach alone. Johnson (2014) agrees that using a mixed method (qualitative and quantitative) is normally done in order to obtain a depth of understanding of the study in terms of social and behavioural characteristics. He further indicated that the researcher can even use six major methods of data collection namely, tests, questionnaires, interviews, focus groups, observation and constructed or existing secondary data to make a study sound strong and precise.

3.5 SURVEY METHOD

According to the Equine Veterinary Journal (2016:136) stated that the instrumental tool like a questionnaire plays an important role in all social studies. However, questionnaires used in order to collect information so that they can make an important contribution to the knowledge of a study. Presser, Couper, Lessler, Martin, Martin Rothgeb and Singer (2004:109-110) stated that pre-testing is very important however, it help the researcher to see whether the study were researchable in a good manner and also help to avoid rephrasing the questionnaire now and again. In this study, the questionnaires were designed in such a way that the researcher obtained information fairly from the participants, and the customers' perceptions towards product quality may be easy measured and calculated.

3.6 TARGET POPULATION

Korzbski (2011:120) defined target population for research as the group of elements to which the researcher wants to make inference; therefore, population must be counted and must be persons. Christensen, Elder and Gloves (2015:7) agree that the target population is a large group of people to whom we want our research results to apply; however, the researcher targeted the members of the study population from whom the data were collected and generalise the results. Therefore, in this study, the target population was the owners in SMEs in the automotive in Durban Metropolitan Areas. The study focused only to the people located in the Durban Metropolitan Areas and 120 questionnaires were distributed among the owners in SMEs in the automotive and the participants were expected to fill in the questionnaires and return them to the researcher. The researcher was only received 90 respondents.

3.7 SAMPLING PROCEDURE

Based on the research questions and objectives, the researcher collected data from individuals in order for them to provide answers; however, convenience sampling has been applied in this study because populations were easily available to the researcher (Etikan, Musa and Alkassim (2015:2) and the non-probability technique was used in this study because it is cheaper than probability sampling and can be implemented more quickly (Leiner, 2014:4). However, it is impossible to collect all data because of limited time and financial restrictions (Ngcobo, 2016:58) and (Lekhanya, 2006:64). Therefore, in this study the researcher selected Durban Metropolitan Areas; which include Durban North, Durban South and Durban Central, where questionnaires were distributed to the owners in automotive SMEs.

3.8 DATA COLLECTION METHODS

Data collection methods were suggested by the researcher whereby researcher search all automotive SMEs in Durban Metropolitan Areas the contact details. The questionnaire were distributed to the following Durban Metropolitan Areas: Durban North, Durban South and Durban Central. However, the researcher selected the weekdays in the morning to distribute the questionnaires in person and for those

offices which were unable to reach, the researcher emailed the questionnaires and attached a letter of the researcher's identity to those owners of automotive SMEs and explained the purpose of the research. The questionnaire should take approximately between 15 and 20 minutes' to complete a questionnaire. Participants were expected to tick (✓) against the appropriate answer and in the qualitative method approach, the participant were given enough blank lines to elaborate on their answers to the question asked in the questionnaire or to give supplementary information. In the quantitative method approach, the applicants were given a space in the questionnaire to tick (✓) The quantitative and qualitative research techniques were formulated in the questionnaires; the questionnaires consist of three (3) sections, section one (1) required demographic information, which required closed-ended questions, section two (2) referred to business activities also required closed-ended questions some questions were structured with a Likert Scale rating and section three (3) consisted of open-ended questions, which assisted the researcher in obtaining feedback. The applicants were also given enough blank lines to elaborate their answers to the question asked in their questionnaire or to give supplementary information.

Christley (2016:138) stated that questionnaire is a reliable tool that gathers information from respondents. Ngcobo (2016:58) suggested that questionnaires can be structured into three different ways: namely, closed-ended /structured questions, open-ended/ unstructured questions or a mixture of closed-ended and open-ended questions.

3.9 MEASURING INSTRUMENT

The measuring instrument in this research was a questionnaire composed together with a closed-ended question and opened-ended question, five (5) points Likert Scale rating. The respondents were also given enough blank lines to elaborate their answers to the question asked in their questionnaire of to give supplementary information.

3.10 DEVELOPMENT OF QUESTIONNAIRES

The questionnaire was compiled based on the research objectives of the study. The questionnaire was structured as follows:

3.10.1 Section 1: demographic details - Quantitative method (Closed-ended questions)

- Gender
- Age
- Race group
- Level of education

3.10.2 Section 2: business activities - Quantitative method (Closed-ended questions)

- Number of employees
- Business residence area
- Business annual turnover
- Number of years in business
- Financial institutions
- Number of customers per day
- Social network platform
- Methods of payment
- Information media
- Personal communication
- Field of training
- Factors

3.10.3 Section 2: business activities (Likert Scale)- Quantitative method (Closed-ended questions)

STATEMENTS ON CUSTOMERS' PERCEPTIONS	Strongly agree 1	Agree 2	Neutral 3	Disagree 4	Strongly disagree 5
Does the consumers' perceptions solve the problem of dissatisfaction with a product?					
Do you think the consumers' perceptions put more pressure on competition?					
Do you think customers' perceptions can drive the automotive business to become successful?					
Do you think customers' perceptions can promote certain religions to benefit in a business?					
Do you think customers' perceptions can promote certain races to benefit in a business?					
Do you think opening a business in Durban Metropolitan areas is a good idea?					

3.10.4 Section 3: Qualitative method (Open-ended questions)- short questions

1 What exactly, are the customers' perceptions towards product quality in your business?

a.
.....
.....

b.
.....
.....

2. How are these customers' perceptions being addressed?

.....
.....
.....

3. How often does your business offer staff training and scheduled meetings?

.....
.....
.....

4. Does your business involve customers in new product planning?

.....
.....
.....
.....

5. What advice would you give other automotive SMEs to improve conflict management?

.....
.....
.....
.....

6. What advice would you give to other SMEs to avoid from financial crisis?

.....
.....
.....

7. Does your business have a customer care service hot-line?

.....
.....

8. If there is, how does the customer benefit?

.....
.....
.....

9. Give any view on how your business engages in community outreach?

.....
.....
.....

Therefore, data collection methods that were used in this study included the designated questionnaire to capture all data from individuals. Data was collected using personally administered questionnaires. The researcher distributed 120 questionnaires over the period of one month (September 2016) including and collection across the various Durban Metropolitan Areas: Durban Metropolitan Areas: Durban North, Durban South and Durban Central.

3.11 METHODS TO AVOID BIAS

According to Pannucci and Wilkins (2010:1) defined, bias as a tendency which happens when the researcher tries to encourage one outcome or answer over others, especially in a way considered to be unacceptable or unfair. This type of behaviour is normally encountered when a researcher collects data from interviewees. In this study, no biases have been occurred.

3.11.1 Question bias

The questionnaire was developed into its final form through testing. The researcher paid more attention to the preparing of questions in a sequence format, and checking question wording for misunderstanding.

3.11.2 Subjectivity

Ratner (2002) referred subjective approach as someone's judgement which is shaped by personal opinions and feeling instead of outside influence. In other words, the interpretation of data must be the opinion of the target population and not the researcher's viewpoints. The researcher avoided being subjective in the study. Therefore, no subjective approach had been presented, and the objective approach was never affected in this study.

3.12 DATA ANALYSIS

The information acquired was captured using the Statistic Package for Social Scientist (SPSS) version 23.0. Data captured was double verified for possible errors. The results were demonstrated through the use of tables and graphs in the text. Descriptive and inferential statistics were used to analyse the data gathered. Statistical solutions refer to correlations as a bi-variate analysis that measures the dominance of a relationship between variables being investigated.

3.13 VALIDITY AND RELIABILITY

3.13.1 Validity

Sullivan (2011:119) defined validity as a quality that carries the accurate result of study answers, and also refers to the accuracy of measurement of a result of the research question. In other words, how accuracy of assessment of using instrument tools and the interpretation has led to serve the purpose of objectives. In this case, all results will be modified and described in a transparent way. This study will be valid so that it can be credible. Psued8 (2011) state that the validity is two main types, namely, internal and external validity, where internal validity refers to the measurement and tests itself, and external validity refers to the ability to generalise the findings from the people to whom we want our research results to apply, which is the target population. Shillingburg (2016:3) agrees that the evidence of theory must be provided to prove that the test measurement that has been done during research is correct and understandable, and interpretation is sound and is a perfect symbol of evidence.

Validation is helped to minimise errors that may have occurred during data capturing. The reason for the validation in research is mostly when the researcher needs to verify whether the result obtained meets the requirement of the scientific research method. Ngcobo (2016:62) argues that validity is established in order to evaluate the quality and acceptability of the research. Ncube (2015:65) argues that validity was formatted in such a way to see that all research objectives have been addressed. Lekhanya (2006) argues that validity is a process to ensure that all data are measured in an acceptable way. Noble and Smith (2016:34) state that validity is to evaluate the quality of research and is essential if findings are to be utilised and incorporated into care delivery.

3.13.1.1 Face validity

Masuwai, Tajudin and Saad (2016:13) agreed that face validity is an extent to which a test is subjectively viewed of the presentation and relevance of the measuring instrument is not contained the transparency of information most of the time. However, the concerns of the face validity sometimes is not measurable because the information is not reliable from the respondents. Therefore, the face validity in this study was measured by use of questionnaire that the respondent they tick what they think was relevant to their concerns.

3.13.1.2 Content validity

Content validity refers to how accurately an assessment or measurement tool's taps into various aspects of the specific construct in question. In other words, do the questions really assess the construct in question, or are the responses by the person answering the questions influenced by other factors. However, Ali, Tretiakov and Whiddett (2014) indicated that lack of adequate valid measurement instrument can mislead the correct information. They also referred to content validity as a degree to which in an instrument reflect the content universe to which the instrument will be generalised. Therefore, the content validity instrument for this study was tested that can handle the validity information from the respondents.

3.13.1.3 Construct validity

The construct validity is the appropriateness of inferences made on the basis of observations or measurements, specifically whether a test measures the intended construct (Westen and Rosenthal, 2003). A construct is any concepts that cannot be directed isolated (Lekhanya, 2010) construct validity was tested in this study to make sure that the questionnaires were constructed and understood. Therefore, for this study, some of the question needed to be answered with regards to the research objectives are: "How do customers perceive the product quality in automotive SMEs in Durban Metropolitan Areas" and "What are the factors affecting in SMEs in the automotive in Durban Metropolitan Areas".

3.13.2 Reliability

Heale and Twycross (2015:66) stress that reliability relates to the consistency of a measure; however, the researcher believes that when applicants interacted with an instrument for the first time it is assumed that they will display same answers if repeated. Shillingburg (2016:6) believes that providing a reliable test is very challenging when dealing with large population because reliability is referring to the confidence so the test score earned must be a good representation. Sullivan (2011:119) states that the reliability refers to whether an assessment instrument gives the same result each time it is used in the same setting with the same type of subjects. Sometimes reliability is referred to as internal validity or internal structure of the assessment tools. Tavakol and Dennick (2011:53-54) define reliability as "concerned with the findings of the research and related to the credibility of the findings." In determining whether the findings are reliable, the following question must be asked: will the evidence and conclusions' stand up to the closest scrutiny? The Cronbach alpha will also be used as a test of internal consistency and was frequently used to calculate the correlation values among the answers on the assessment tools. Cronbach alpha was used to calculate the correlation among all the variables in every combination; a high reliability estimate should be as close to 1 as possible.

3.14. LIMITATIONS OF THE STUDY

A number of limitations were established while conducting the empirical research and were found to apply to this study.

- The sample size for this study was 120 respondents. This sample size was too small and limited; however, this study was limited to only one (1) big city in KwaZulu Natal (KZN) which includes Durban North and Central (Mount Edgecombe, Umhlanga, Phoenix Ntuzuma, KwaMashu, Newlands East Durban North, Newlands West, Asherville, Berea, Bluff, Assenwood, Greyville, Mayville and Morningside), Durban South and Central (Merebank, Lamontville, Chatsworth, Umlazi and Isipingo KweMakhutha, Amanzimtoti and Kingsbburgh), Durban West (Sherwood, Mayville, Cato Manor, Chesterville, Bellair, Westville, Reservoir Hills, Pinetown, Cowies Hill, New Germany, Clermont, Mariannahill, Queensburgh, Westmead and Sarnia) and Durban Inner and Outer West (Assagay, Hillicrest, Everton, Embarton, Kloof).
- This study used a structured questionnaire which was limited to the participants where were expected to tick (√) against the appropriate answer and in the qualitative method approach, the participants were also given limited blank lines to elaborate on their answers to the question asked in the questionnaire or to give supplementary information.
- This study focused on the customers' perceptions towards product quality in automotive SMEs area. Therefore, findings were limited to aspect that influencing the perceptions of customers towards products quality in SMEs in the automotive industry in Durban Metropolitan Areas.

3.14.1 Map of city of Durban in KwaZulu Natal



Source: RoomsforAfrica.com (2016)

3.15. CONCLUSION

In this chapter, the aim was to provide a clear understanding of the research methodology; the research design was defined; the research objective was clearly presented, and the approach to research methodology was also explained, the survey method to be used was clarified, the target population and sample procedure for the study were described. The data collection methods and measuring instrument used were determined; developments of questionnaires were also illustrated. The research tool (SPSS) that has been used was clearly explained in the data analysis. Validity and reliability were also defined in this chapter. In the following chapter data analysis with findings from data collected from the field will be examined.

CHAPTER 4 DATA ANALYSIS

4.1 INTRODUCTION

This chapter presents the results and discusses the findings obtained from the questionnaires in this study. The aim of this chapter is to investigate customers' perceptions towards products quality in automotive SMEs in Durban Metropolitan Areas. The objectives of the study includes aspects, such as poor managerial skills, lack of financial support, poor planning and location, high labour costs and high property rental. The data collected from the respondents were analysed with SPSS version 24.0. The results were presented to the descriptive statistics in the form of graphs, cross tabulations and other figures for the quantitative data that was collected. Inferential techniques were used in correlations and chi square test values; which were interpreted by using the p-values.

4.2 PRESENTATION OF RESULTS: SECTION 1

Table 4.2.1: Gender of participants

Gender		Frequency	Percent
Valid	Male	82	94.3
	Female	5	5.7
	Total	87	100.0

Figure 4.2.1 Gender of participants

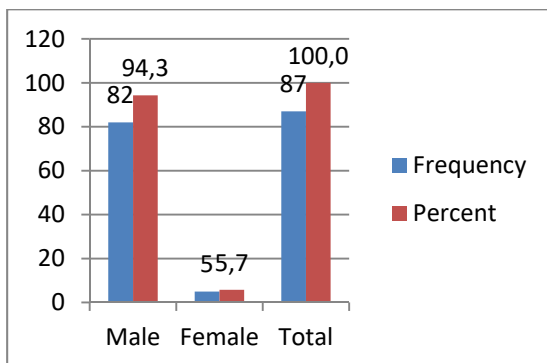


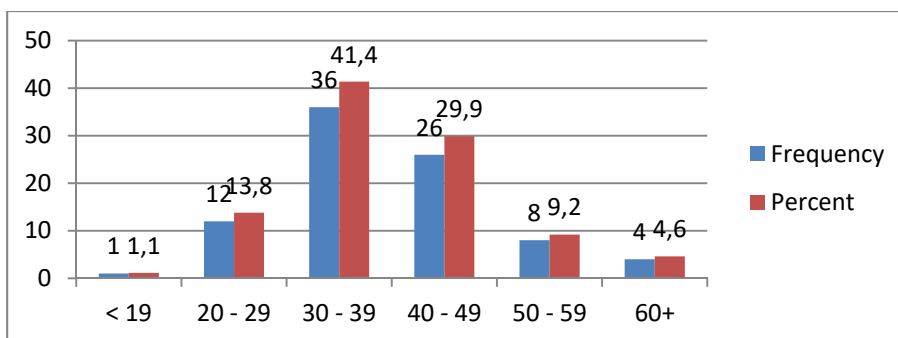
Table 4.2.1 and Figure 4.2.1 show that 94.3 percent of the respondents were male and 5.7 percent were females. The overall ratio of males to females was approximately 9:1 (94.3%: 5.7%) and the p-value = .000.

Tsele (2015) stated that the participation of females in the economy throughout the country was very low. He also stated that the Global Entrepreneurship Monitor statistics show that only 6.2 percent of South African adult women were involved in entrepreneurship. SME South Africa have been spoken to 5 influential women in business about the success and challenges of female entrepreneurs in South Africa, and what can be done to overcome the societal barriers holding women back. According to their responses, most mentioned family responsibility as one of the barriers to women choosing entrepreneurship.

Table 4.2.2: Age of participants

Age	Frequency	Percent
< 19	1	1.1
20 - 29	12	13.8
30 - 39	36	41.4
40 - 49	26	29.9
50 - 59	8	9.2
60+	4	4.6

Figure 4.2.2: Age of participants



The findings of the study in Table 4.2.2 and Figure 4.2.2 show that the lowest number of 1 (1.1 percent) of the participant was less than 19 years old, while 12 (13.8 percent)

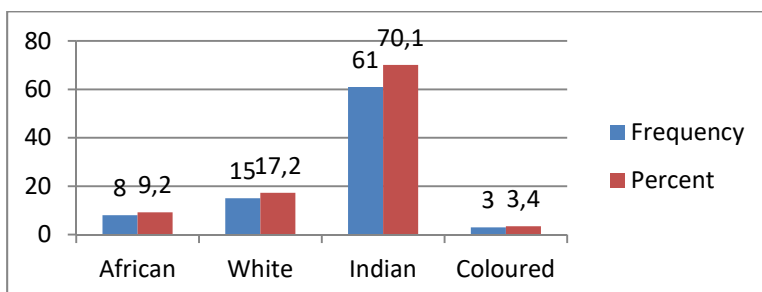
were from 20 – 29 years. Participants between the ages of 30 – 39 were 36 (41.4 percent) of respondents while participants between age of 40-49 were 26 (29.9 percent), then the respondents between the age of 50 – 59 were 8 (9.2 percent) and age of 60 or more were 4 (4.6 percentage). The participants at the age of 30 – 39 were the most keen to participate in the study, and this shows the positive changes moving forward in the automotive industry in the Durban Metropolitan Areas and that give the p-value = .000.

Ansah (2015:15) added in the study that, age between 30-39, were so powerful in marketing the product because at these ages they were not afraid of taking risks in their businesses because they were added more attractive ideas to their product. It revealed that advertising was a good platform for a successful product within the business. It was also indicated in the various studies that, once people get to know about the product, it was easily spread to other customers.

Table 4.2.3 Race group of participants

Race Group	Frequency	Percent
African	8	9.2
White	15	17.2
Indian	61	70.1
Coloured	3	3.4

Figure 4.2.3 Race group of participants



The findings indicated in Table 4.2.3 and Figure 4.2.3 show that 8 (9.2 percent) of the participants were African while 15 (17.2 percent) were White group participants. The

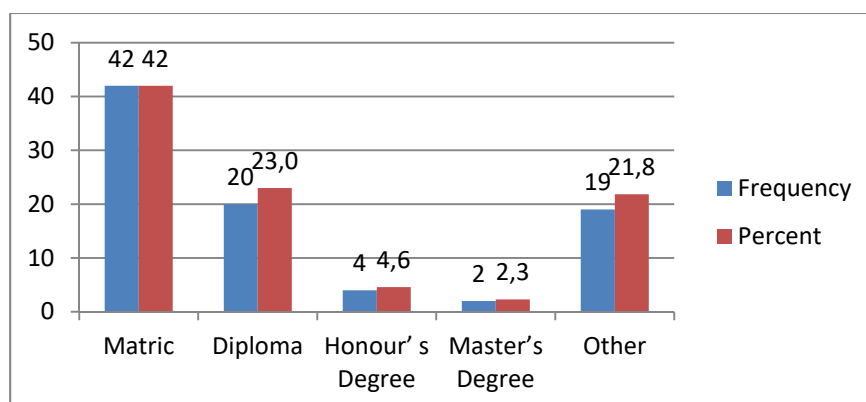
highest number was Indian participants who contributed 61 (70.1 percent), followed by 3 (3.4 percent) which were Coloured participants and the p-value = .000.

The research of this study revealed that the Indian group was the largest population group in the Durban Metropolitan Area. Mukherji (2011) supported the fact that the Indian group was the highest population group in the city of Durban, because they were living in Durban. Mumbai, academicians have often joked about Durban being the largest Indian city outside India. In this study it shows that Indians were the largest population group simply because the study was conducted in the Durban Metropolitan Area and therefore, it was easy for them to engage themselves in the businesses.

Table 4.2.4: Level of education of participants

Level of education	Frequency	Percent
Matric	42	48.3
Diploma	20	23.0
Honour' s Degree	4	4.6
Master's Degree	2	2.3
Other	19	21.8

Figure 4.2.4 Level of education of participants



According to an analysis of Table 4.2.4 and Figure 4.2.4 above, 42 participants (48.3 percent) were in possession of Matric, followed by 20 (23 percent) who had a Diploma. Furthermore, 4 (4.6 percent) were in the possession of Honour's Degrees followed by

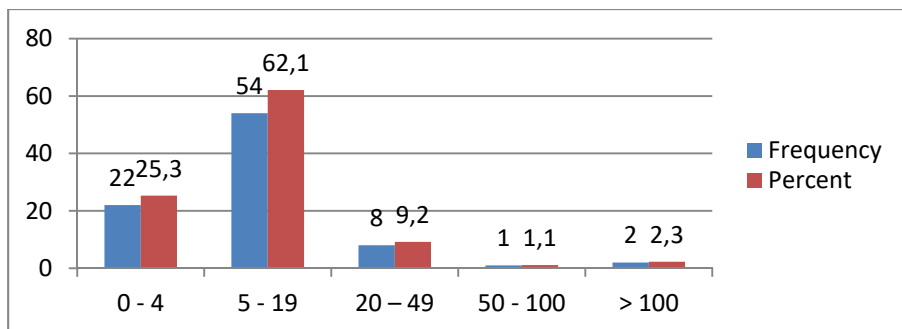
2 (2.3 percent) who had a Master’s Degree. Those in possession of any qualification not listed above (Other) were 19 (21.8 percent) and give the p-value = .000.

SECTION2 (Business Activities)

Table 4.2.5: Number of employees in a business

Number of employees	Frequency	Percent
0 - 4	22	25.3
5 - 19	54	62.1
20 – 49	8	9.2
50 - 100	1	1.1
> 100	2	2.3

Figure 4.2.5: Number of employees in a business



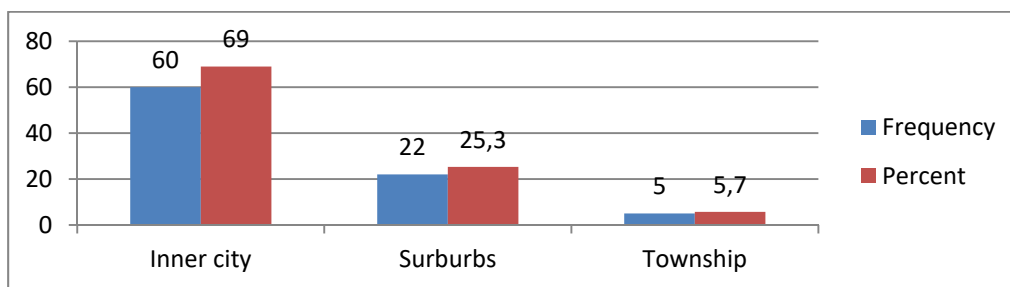
The results of Table 4.2.5 and Figure 4.2.5 above reflect that the participants who had employed between 0 – 4 employees were 22 (25.1 percent) followed by 54 (62.1) that were employed by 5-19 employees. Furthermore, 8 (9.2 percent) were participants who had employed 20 – 49 employees followed by 1 (1.1 percent) that employed 50 – 100 employees. Of those who had employed more than 100 employees there were 2 (2.3 percent), then the p-value = .000.

The table 4.2.5 and the figure 4.2.5 above emphasised that the maximum number of employees in the SME businesses were those that employed 5 – 19 workers (Abor and Quartey, 2010:220).

Table 4.2.6: Business residence area

Business residence area	Frequency	Percent
Inner city	60	69
Suburbs	22	25.3
Township	5	5.7

Figure 4.2.6: Business residence area



The sample indicated that most respondents, 60 (69 percent) had their businesses in the Inner city. The respondents from those who ran their businesses in the Suburbs were 22 (25.3 percent), followed by 5 (5.7) who ran their businesses in the Townships. It then gives the p-value = .000.

Table 4.2.7: Business annual turnover

Business annual turnover	Frequency	Percent
<R4m – R50m	20	25.3
<R2m – R25m	28	35.4
<R200 000 – R500 000	18	22.8
<R150 000	13	16.5

Figure 4.2.7 Business annual turnover

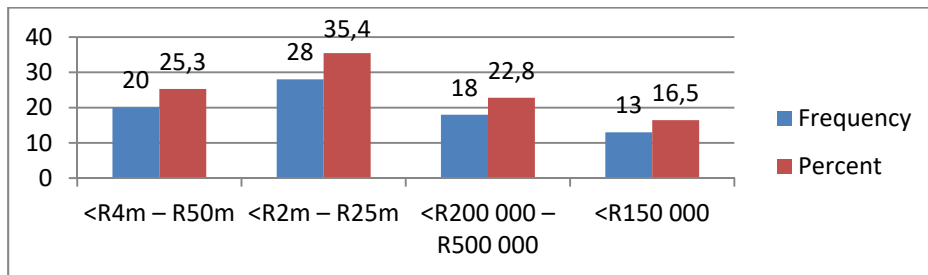


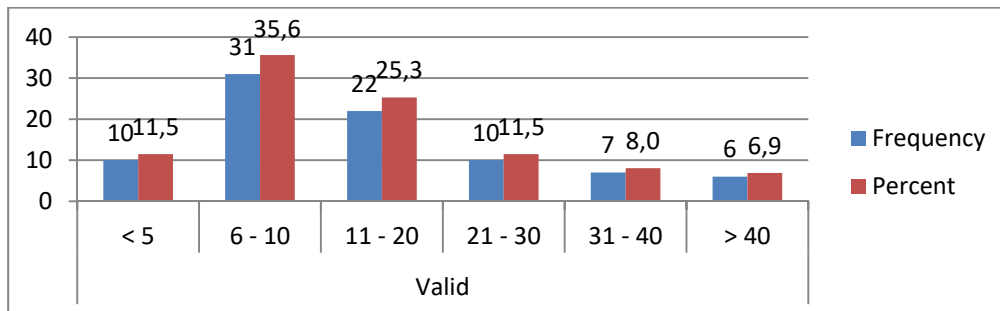
Table 4.2.7 and Figure 4.2.7 indicated that the majority of respondents of whom there were 28 (35.4 percent), had between R2m – R25m of business annual turnover followed by 20 (25.3 percent) who had between R4m – R50. Furthermore, 18 (22.8 percent) had between R200 000 – R500 000 followed by 13 (16.5) who had less than R150 000 turnover. It then gives the p-value = .000.

Abor and Quartey (2010:222), stated that the small enterprises that had 5 – 19 employees were probably those that had an annual business turnover of between R2 million and R25 million and the current study also supported the theory.

Table 4.2.8 Number of years in business

Number of years in business	Frequency	Percent
< 5	10	11.5
6 - 10	31	35.6
11 - 20	22	25.3
21 - 30	10	11.5
31 - 40	7	8.0
> 40	6	6.9

Figure 4.2.8 Number of years in business



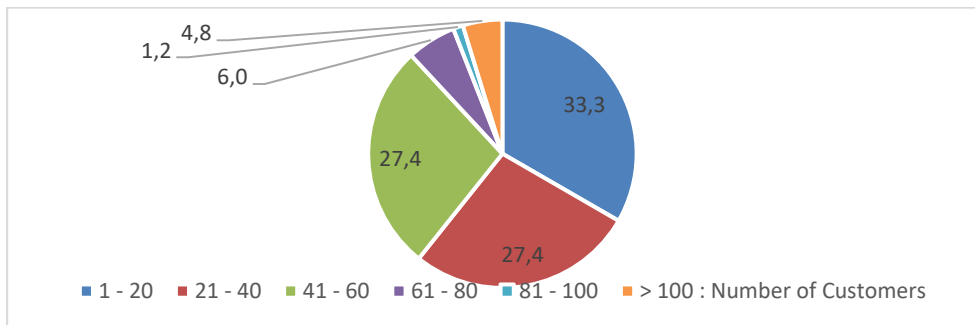
The sample of Table 4.2.8 and Figure 4.2.8 above show that the highest respondents that participated in the study, at 31 (35.6 percent) had operated for 6 – 10 years, followed by 22 (25.6 percent) who had operated for 11 – 20 years. Furthermore, both respondents between less than 5 years and 21 – 30 years in a business were 10 (11.6 percent). The respondents who had operated between 31 – 40 years were 7 (8 percent), followed by 6 (6.9 percent) had operated more than 40 years, then it gives p-value = .000.

The literature revealed that if the number of years in the business exceeded five years, the chances of collapse was very slim (Aremu and Adeyemi 2011). The table 4.2.8 and figure 4.2.8 also emphasized that 6 – 10 years indicated that small enterprises were in a growing stage with 35.6 percent in this category.

Table 4.2.9: Number of customers per day

Number of customers per day	Frequency	Percent
1 – 20	28	32.2
21 – 40	23	26.4
41 – 60	23	26.4
61 – 80	5	5.7
81 – 100	1	1.1
> 100 : Number of Customers	4	4.6

Figure 4.2.9: Number of customer per day



The findings of the study in Table 4.2.9 and Figure 4.2.9 show that 28 (32.2 percent) of the participants had between 1 – 20 customers per day, while two groups of 23 (26.4 percent) were respondents who had 21 – 40 and 41 – 60 customers per day. Furthermore, 5 (5.7 percent) respondents had 61 – 80 followed by 1 (1.1 percent) and 4 (4.6 percent) respondents who had more than between 80 – 100 and more than 100 customers per day, respectively the p-value = .000.

This section discusses the study relating to customers' perceptions towards product quality in SMEs automotive in Durban Metropolitan Areas.

4.3 SECTION ANALYSIS

Subedi (2016-37) clarified the purpose of using section analysis in the study. It was revealed in his study that, measuring a human attitude, character and personality was very difficult because of its subjective nature. However, it is necessary to analyse human behaviour when applying research processes. Therefore, data is needed to conduct any type of section analysis. For this study the Likert tool was discovered to collect data although, it is difficult to measure attitude, character, and personality in numerical form. The perceived need of the quantification lies in the necessity to transform an individual's subjectivity into an objective reality.

Table 4.3.1: Respondents' perceptions on product can solve the problem of dissatisfaction.

Respondent's perception on product can solve the problem of dissatisfaction.	Frequency	Percent
Strongly Agree	21	24.1
Agree	19	21.8
Neutral	27	31.0
Disagree	13	14.9
Strongly Disagree	6	6.9

Figure 4.3.1: Respondents' perceptions on product can solve the problem of dissatisfaction.

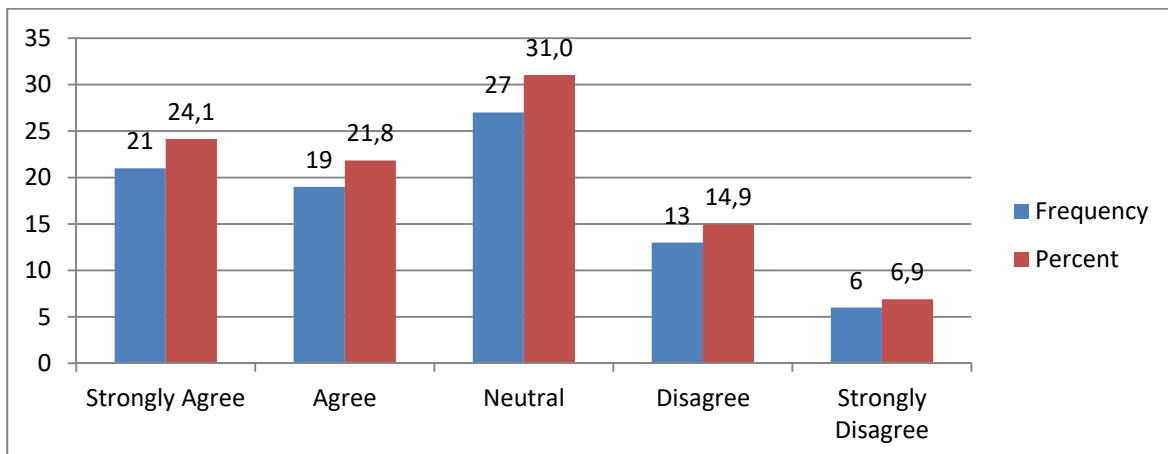


Table 4.3.1 and Figure 4.3.1 indicated that the majority of respondents 27 (31 percent) were neutral that the customers' perceptions can solve the problem of dissatisfaction with a product. Meanwhile, 21 (24.1 percent) strongly agreed with this statement, 19 (22.8 percent) of the respondents just agreed, while 13 (14.9) disagreed and 6 (6.9 percent) strongly disagreed. It then gives the p-value = .000.

Table 4.3.2: Respondents' perceptions on competition can put more pressure

Respondents' perceptions on competition can put more pressure.	Frequency	Percent
Strongly Agree	30	34.5
Agree	34	39.1
Neutral	12	13.8
Disagree	6	6.9
Strongly Disagree	4	4.6

Figure 4.3.2: Respondents' perceptions on competition can put more pressure

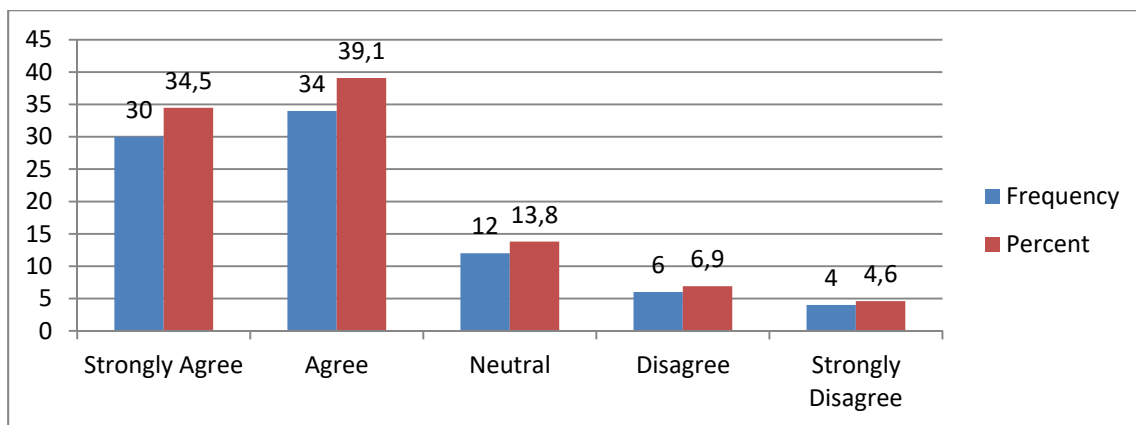


Table 4.3.2 and Figure 4.3.2 indicated that the majority of respondents 34 (39.1 percent) agreed that the customers' perceptions put more pressure on the competition. Meanwhile, 30 (34.5 percent) strongly agreed with this statement, 12 (13.8 percent) of the respondents were neutral, while 6 (6.9 percent) disagreed and 4 (4.6 percent) strongly disagreed, and it gives the p-value = .000.

Table 4.3.3: Respondents' perceptions can drive the automotive business to become successful.

Respondents' perception can drive the automotive business to become successful.	Frequency	Percent
Strongly Agree	29	33.3
Agree	34	39.1
Neutral	16	18.4
Disagree	3	3.4
Strongly Disagree	4	4.6

Figure 4.3.3: Respondents' perceptions can drive the automotive business to become successful.

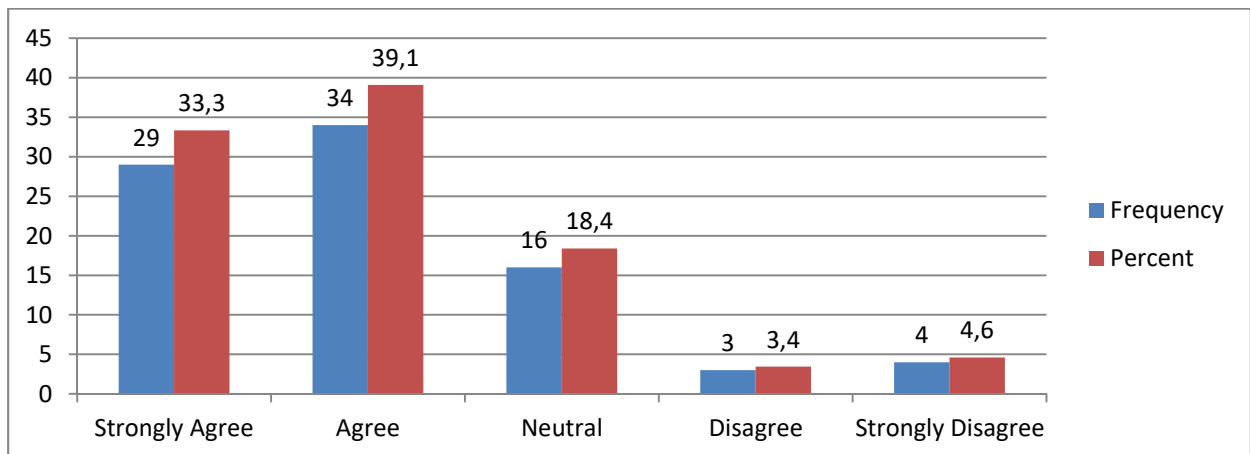


Table 4.3.3 and Figure 4.3.3 indicated that the majority of respondents 34 (39.1 percent) agreed that the customers' perceptions can drive automotive business to become successful. Meanwhile, 29 (33.3 percent) strongly agreed with this statement, 16 (18.4 percent) of the respondents were neutral, while 4 (4.6) strongly disagreed and 3 (3.4 percent) disagreed. It then gives the p-value = .000.

Table 4.3.4: Respondents' perceptions of influence religions

Respondents' perceptions of influence religions	Frequency	Percent
Strongly Agree	14	16.1
Agree	20	23.0
Neutral	26	29.9
Disagree	12	13.8
Strongly Disagree	14	16.1

Figure 4.3.4 Respondents' perceptions of influence religions.

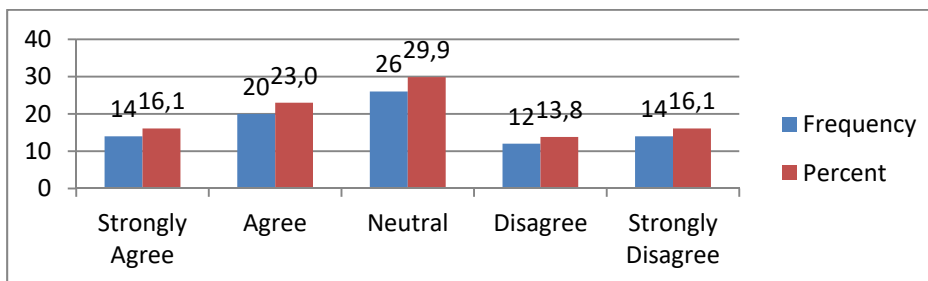


Table 4.3.4 and Figure 4.3.4 indicated that the majority of respondents 26 (29.9 percent) were neutral regarding the statement that the customers' perceptions can promote certain religions to benefit in a business. Meanwhile, 20 (23 percent) strongly agreed with this statement, 14 (16.1 percent) of the respondents strongly agreed, while 14 (16.1) strongly disagreed and 12 (13.8 percent) just disagreed. Therefore, it gives the p-value = .102.

Table 4.3.5: Respondents' perceptions of influence races.

Respondents' perceptions of influence races.	Frequency	Percent
Strongly Agree	15	17.2
Agree	24	27.6
Neutral	24	27.6
Disagree	11	12.6
Strongly Disagree	12	13.8

Figure 4.3.5: Respondents' perceptions of influence races.

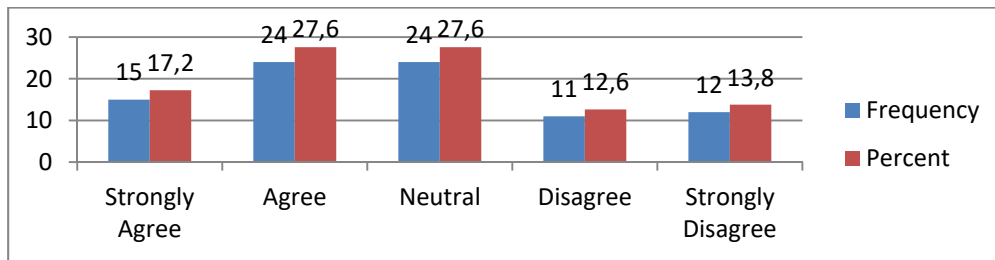


Table 4.3.5 and Figure 4.3.5 indicated that an equal number of respondents both in majority 24 (27.6 percent) were neutral and agreed that customers' perceptions can promote certain races to benefit in a business. Meanwhile, 15 (17.2 percent) strongly agreed with this statement, 12 (13.8 percent) of the respondents strongly disagreed, while 11(12.6) were just disagreed. Therefore the p-value = .050.

Table 4.3.6: Respondents who believe that is a good idea to open a business in Durban Metropolitan Areas.

Respondents who believe that is a good idea to open a business in Durban Metropolitan Areas.	Frequency	Percent
Strongly Agree	24	27.6
Agree	26	29.9
Neutral	24	27.6
Disagree	6	6.9
Strongly Disagree	6	6.9

Figure 4.3.6: Respondents who believe that is a good idea to open a business in Durban Metropolitan Areas.

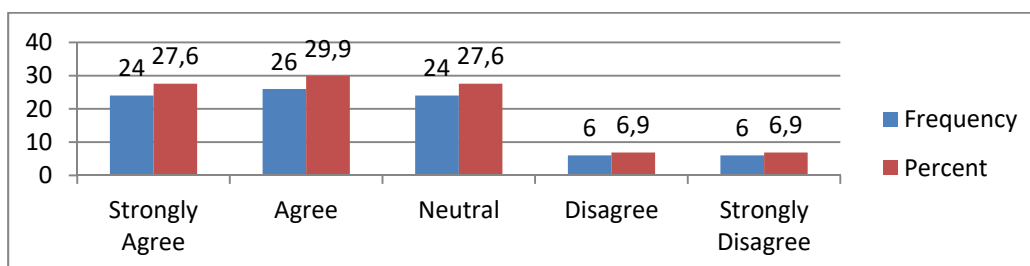


Table 4.3.6 and Figure 4.3.6 indicated that the majority of respondents 26 (29.9 percent) agreed that the opening of a business in Durban Metropolitan Areas was a good idea. Meanwhile, 24 (27.6 percent) strongly agreed with this statement, 24 (27.6 percent) of the respondents were neutral; while an equal number, 6 (6.9 percent) strongly disagreed and disagreed. It then gives p-value = .000.

Table 4.3.7: Respondents’ ideas about correct directions are given by the address book.

Respondents’ ideas about correct directions are given by the address book.	Frequency	Percent
Strongly Agree	32	36.8
Agree	33	37.9
Neutral	10	11.5
Disagree	7	8.0
Strongly Disagree	4	4.6

Figure 4.3.7: Respondents’ ideas about correct directions are given by the address book.

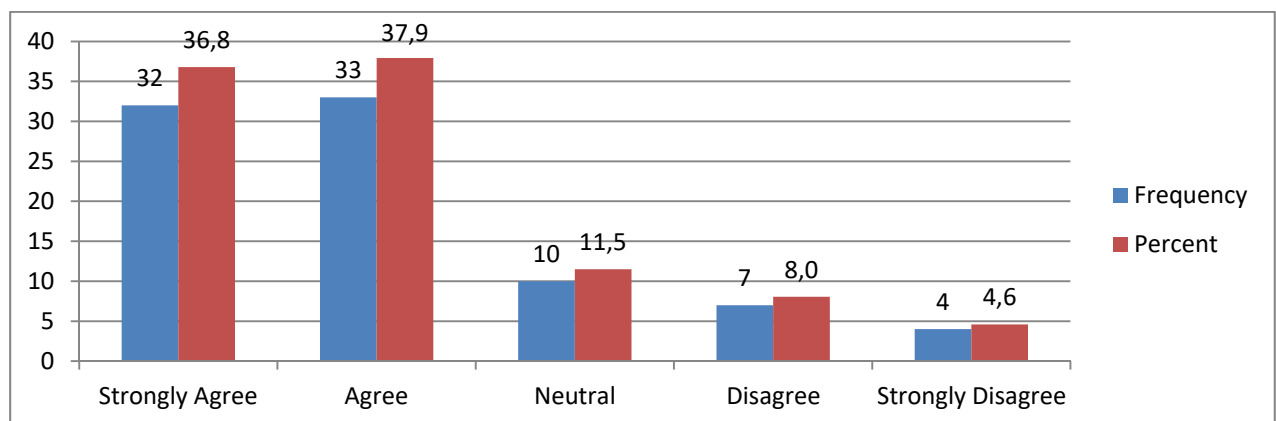


Table 4.3.7 and Figure 4.3.7 indicated that the majority of respondents 33 (37.9 percent) agreed that the address book gives customers correct directions to the business. Meanwhile, 32 (36.8 percent) strongly agreed with this statement, 10 (11.5

percent) of the respondents were neutral, while 7 (8 percent) disagreed and 4 (4.6 percent) strongly disagreed. Therefore, it then gives the p-value = .000.

Table 4.3.8: Respondents’ ideas of customer care service in a business.

Respondents’ ideas of customer care service in a business.	Frequency	Percent
Strongly Agree	31	35.6
Agree	27	31.0
Neutral	12	13.8
Disagree	7	8.0
Strongly Disagree	9	10.3

Figure 4.3.8: Respondents’ ideas of customer care service in a business.

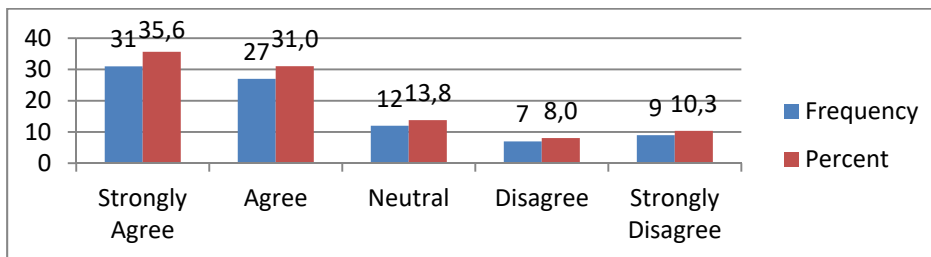


Table 4.2.8 and Figure 4.3.8 indicated that the majority of respondents 31(35.6 percent) strongly agreed that the business had a customer care service. Meanwhile, 27 (31 percent) agreed with this statement, 12 (13.8 percent) of the respondents were neutral, while 9 (10.3) strongly disagreed and 7 (8 percent) just disagreed. It then gives the p-value = .000.

Table 4.3.9: Respondents ideas about loyal customers that can be offered the incentives.

Respondents' ideas about loyal customers that can be offered the incentives.	Frequency	Percent
Strongly Agree	34	39.1
Agree	26	29.9
Neutral	15	17.2
Disagree	7	8.0
Strongly Disagree	4	4.6

Figure 4.3.9: Respondents ideas about loyal customers that can be offered the incentives.

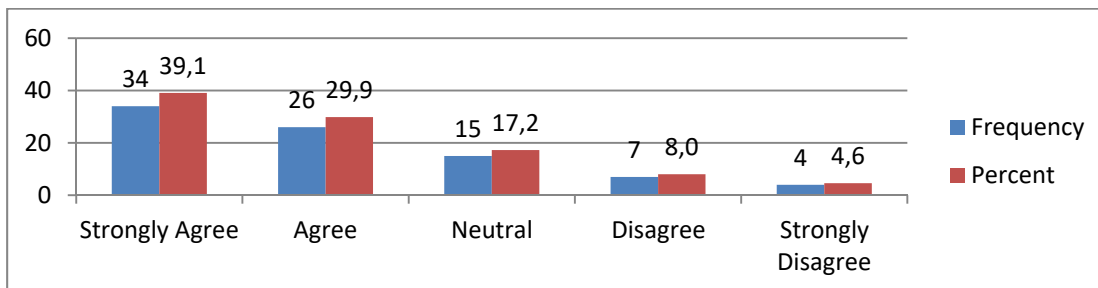


Table 4.3.9 and Figure 4.3.9 indicated that the majority of respondents 34 (39.1 percent) strongly agreed that the business offered incentives to loyal customers. Meanwhile, 26 (29.9 percent) agreed with this statement, 15 (17.2 percent) of the respondents were neutral, while 4 (4.6 percent) strongly disagreed and 7 (8 percent) just disagreed. Therefore, the p-value = .000.

4.4 CROSS-TABULATION

Cross-tabulation is one of the most useful tools and is a main-stay of the market research industry. One estimates that single variable frequency analysis and cross-tabulation analysis account for more than 90% of all research analysis.

Cross-tabulation analysis, also known as contingency table analysis, is most often used to analyse categorical (nominal measurement scale). A cross-tabulation is a two (or more dimensional table that records the number (frequency) of respondents that have the specific characteristics described in the cells of the table. Cross-tabulation tables provided a wealth of information about the relationship between the variables. Table 4.4.1 below represented the cross-tabulation.

Table 4.4.1: Do customers' perceptions solve the problem of dissatisfaction with a product? vs. Gender

Crosstab

			Gender		Total
			Male	Female	
Do customers' perceptions solve the problem of dissatisfaction with a product?	Strongly Agree	Count	18	3	21
		% within Gender	22.2%	60.0%	24.4%
		% of Total	20.9%	3.5%	24.4%
	Agree	Count	18	1	19
		% within Gender	22.2%	20.0%	22.1%
		% of Total	20.9%	1.2%	22.1%
	Neutral	Count	26	1	27
		% within Gender	32.1%	20.0%	31.4%
		% of Total	30.2%	1.2%	31.4%
	Disagree	Count	13	0	13
		% within Gender	16.0%	0.0%	15.1%
		% of Total	15.1%	0.0%	15.1%
	Strongly Disagree	Count	6	0	6
		% within Gender	7.4%	0.0%	7.0%
		% of Total	7.0%	0.0%	7.0%
Total		Count	81	5	86
		% within Gender	100.0%	100.0%	100.0%
		% of Total	94.2%	5.8%	100.0%

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)	Exact Sig. (2- sided)	Exact Sig. (1-sided)	Point Probability
Pearson Chi-Square	4.155 ^a	4	0.385	0.403		
Likelihood Ratio	4.538	4	0.338	0.478		
Fisher's Exact Test	2.946			0.568		
Linear-by-Linear Association	3.479 ^b	1	0.062	0.085	0.043	
N of Valid Cases	86					

- a. 5 cells (50.0%) have expected count less than 5. The minimum expected count was .35.
- b. The standardized statistic was -.865.

The cross-tabulation on table 4.4.1 demonstrated no significant relationship between two variables namely, “do customers’ perceptions solve the problem of dissatisfaction with a product? VS. Gender”. There were no relationships between the two variables because p-value = 0.385 which was above of the recommended p-value = .050.

Table 4.4.2: Do you think customers' perceptions put more pressure towards competitions? vz. Gender

Crosstab

			Gender		Total	
			Male	Female		
Do you think customers' perceptions put more pressure towards competition?	Strongly Agree	Count	28	2	30	
		% within Gender	34.6%	40.0%	34.9%	
	Agree	% of Total	32.6%	2.3%	34.9%	
		Count	32	2	34	
	Agree	% within Gender	39.5%	40.0%	39.5%	
		% of Total	37.2%	2.3%	39.5%	
	Neutral	Count	12	0	12	
		% within Gender	14.8%	0.0%	14.0%	
	Neutral	% of Total	14.0%	0.0%	14.0%	
		Count	5	1	6	
	Disagree	% within Gender	6.2%	20.0%	7.0%	
		% of Total	5.8%	1.2%	7.0%	
	Strongly Disagree	Count	4	0	4	
		% within Gender	4.9%	0.0%	4.7%	
	Strongly Disagree	% of Total	4.7%	0.0%	4.7%	
		Count	81	5	86	
	Total		Count	81	5	86

	% within Gender	100.0%	100.0%	100.0%
	% of Total	94.2%	5.8%	100.0%

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)	Point Probability
Pearson Chi-Square	2.318 ^a	4	0.677	0.666		
Likelihood Ratio	2.837	4	0.585	0.718		
Fisher's Exact Test	2.470			0.666		
Linear-by-Linear Association	.022 ^b	1	0.883	1.000	0.556	0.164
N of Valid Cases	86					

a. 6 cells (60.0%) have expected count less than 5. The minimum expected .23.

b. The standardized statistic was -.147.

The cross-tabulation on table 4.4.2 presented no significant relationship between two variables namely, “do customers’ perceptions put more pressure towards competition? vs. Gender”. There were no relationships between the two variables because p-value = .677 which was above the recommended of p-value = .050.

Table 4.4.3: Do you think opening a business in Durban Metropolitan Areas is a good idea vs. Business residence area.

Crosstab

			Business residence area			Total
			Inner city	Suburbs	Townships	
Do you think opening a business in the Durban Metropolitan areas is a good idea?	Strongly Agree	Count	21	3	0	
		% within Business residence area	35.6%	13.6%	0.0%	27.9%
		% of Total	24.4%	3.5%	0.0%	27.9%
	Agree	Count	18	5	3	26
		% within Business residence area	30.5%	22.7%	60.0%	30.2%
		% of Total	20.9%	5.8%	3.5%	30.2%
	Neutral	Count	10	12	2	24
		% within Business residence area	16.9%	54.5%	40.0%	27.9%
		% of Total	11.6%	14.0%	2.3%	27.9%
	Disagree	Count	6	0	0	6
		% within Business residence area	10.2%	0.0%	0.0%	7.0%

	residence area				
	% of Total	7.0%	0.0%	0.0%	7.0%
Strongly Disagree	Count	4	2	0	6
	% within Business residence area	6.8%	9.1%	0.0%	
	% of Total	4.7%	2.3%	0.0%	
	Count	59	22	5	
Total	% within Business residence area	100.0%	100.0%	100.0%	
	% of Total	68.6%	25.6%	5.8%	
	Count	59	22	5	

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	17.760 ^a	8	0.023	0.023	
Likelihood Ratio	20.409	8	0.009	0.009	
Fisher's Exact Test	15.792			0.016	
Linear-by-Linear Association	1.502 ^b	1	0.220	0.243	0.128
N of Valid Cases	86				

a. 9 cells (60.0%) have expected count less than 5. The minimum expected count was .35.

b. The standardized statistic was .225.

The cross-tabulation on table 4.4.3 shows a significant relationship between two variables namely, “do you think opening a business in Durban Metropolitan is a good idea vs. Business residence area”. There were relationships between two variables because p-value = .023 which was below what was recommended of p-value =.050.

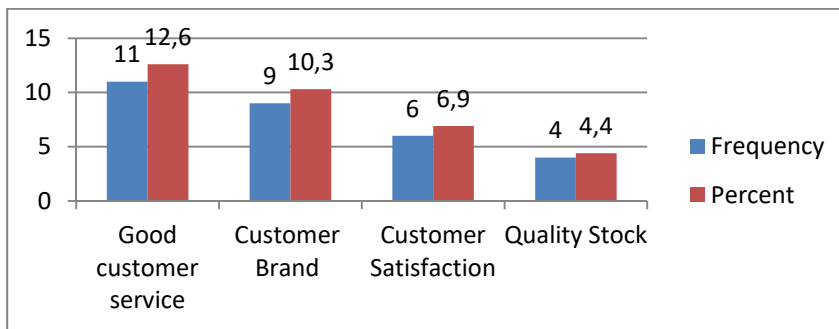
4.5 QUALITATIVE ANALYSIS

The purpose of this section, was to state the findings that emanated from open-ended questions in the interviews conducted during the answering of the questionnaires . The aim of the open-ended questions were to give respondents the opportunity to express some of the issues that might have not been covered in the questionnaire and to gain a greater in-depth understanding about the customers’ perceptions in automotive SMEs in Durban Metropolitan Areas. The tables below displayed the response from respondents.

Table 4.5.1 Question 1: What exactly, the customers’ perceptions towards product quality in your business?

What exactly, the customers’ perceptions towards product quality in your business?	Frequency	Percent
Good customer service	11	12.6
Customer Brand	9	10.3
Customer Satisfaction	6	6.9
Quality Stock	4	4.4

Figure 4.5.1 Question 1: What exactly, the customers' perceptions towards product quality in you business?

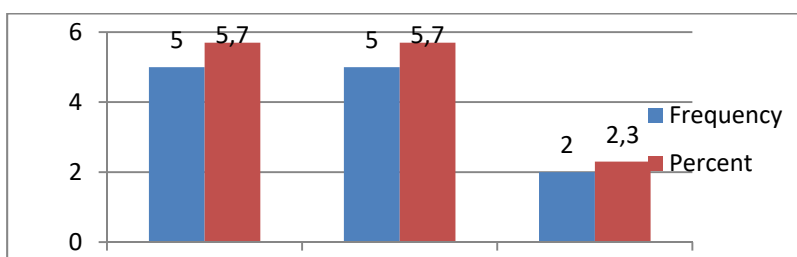


It was marked that, with 11(12.6 percent) of respondents indicating their ability to get good customers' services, that was the factor that has encouraged them to keep buying the product. A total of 9(10.3 percent) of respondents showed that customer brand is good for the business while 6 (6.9 percent) of respondents showed that customer satisfaction is good and 4 (4.04 percent) showed that the customers were willing to buy quality stock.

Table 4.5.2 Question 2: How are these customers' perceptions being addressed?

How are these customers' perceptions being addressed?	Frequency	Percent
Telephonically	5	5.7
Communication	5	5.7
Call themselves	2	2.3

Figure 4.5.2 Question 2: How are these customers' perceptions being addressed?

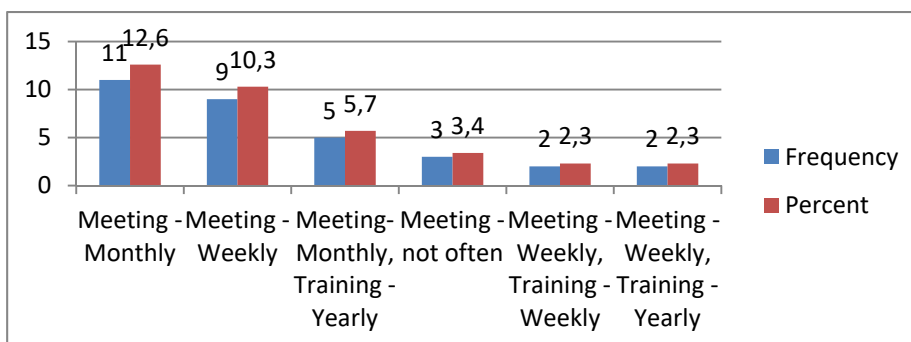


The result showed 5 (5.7 percent) of respondents indicated that telephonically was the best way to address their customers' perceptions. Furthermore, 5 (5.7 percent) address their customer's perceptions by one-to-one communication and 2 (2.3 percent) come themselves to the business to address their perceptions.

Table 4.5.3 Question 3: How often does your business offer staff training and scheduled meeting?

How often does your business offer staff training and scheduled meetings?	Frequency	Percent
Meeting - Monthly	11	12.6
Meeting - Weekly	9	10.3
Meeting- Monthly, Training - Yearly	5	5.7
Meeting - not often	3	3.4
Meeting - Weekly, Training - Weekly	2	2.3
Meeting - Weekly, Training - Yearly	2	2.3

Figure 4.5.3 Question 3: How often does your business offer staff training and scheduled meeting?

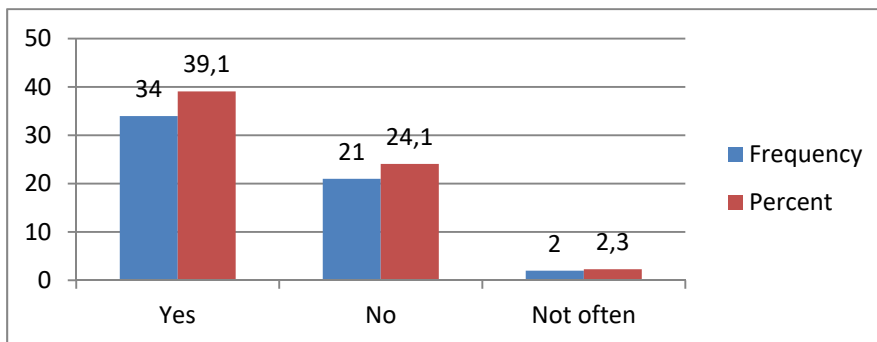


The results showed 11(12.6 percent) respondents that scheduled a meeting once a month. Meanwhile, 9 (10.3 percent) scheduled a meeting every week, while 3 (3.4) did not schedule meetings often. Furthermore 2 (2.3 percent) of the respondents scheduled meeting weekly and offer training weekly as well and 2 (2.3 percent) of the respondents scheduled meeting every week and offer training once a year.

Table 4.5.4 Question 4: Does your business involve customer in new product planning?

Does your business involve customers in new product planning?	Frequency	Percent
Yes	34	39.1
No	21	24.1
Not often	2	2.3

Figure 4.5.4 Question 4: Does your business involve customers in new product planning?

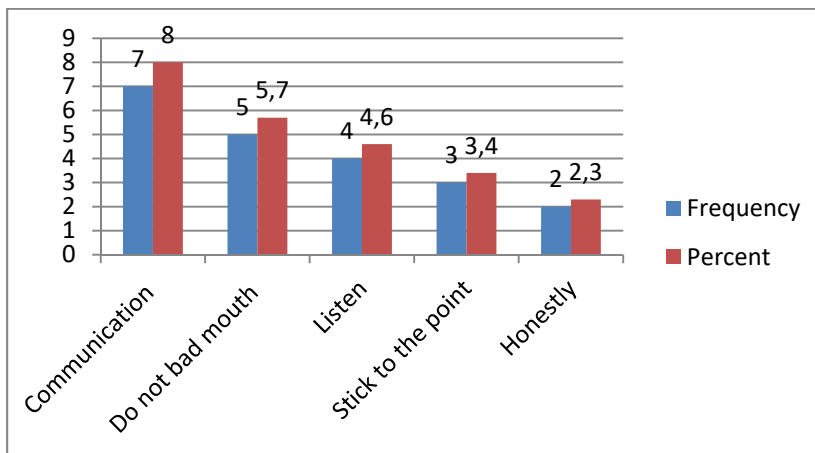


The findings on this statement indicated that 34 (39.1 percent) of the respondents indicated 'yes' that they involved the customers in new product planning. However, 21 (24.1 percent) of respondents indicated 'No' and 2 (2.3 percent) of the respondents did 'Not often' involved customers in new product planning.

Table 4.5.5 Question 5: What advice would you give other automotive SMEs to improve conflict management?

What advice would you give other automotive SMEs to improve conflict management?	Frequency	Percent
Communication	7	8
Do not bad mouth	5	5.7
Listen	4	4.6
Stick to the point	3	3.4
Honestly	2	2.3

Figure 4.5.5 Question 5: What advice would you give other automotive SMEs to improve conflict management?

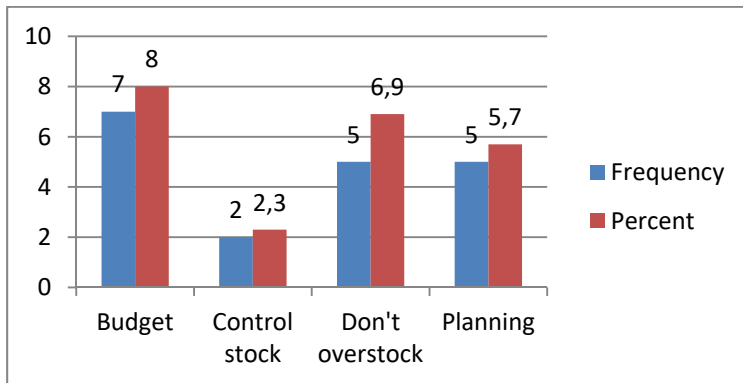


The results revealed that 7 (8 percent) of the respondents indicated that communication was the key factor to consider in improving conflict management. Meanwhile, 5 (5.7 percent) indicated that do not ‘bad mouth’ the other person. However, 4 (4.6 percent) of respondents indicated that listening to the other person was a solution to improve conflict management, while 3 (3.4 percent) advised that sticking to the point will improve conflict management and 2 (2.3 percent) indicated that to be honest in what you were doing will improve conflict management.

Table 4.5.6 Question 6: What advice do you give other SMEs to avoid from financial crisis?

What advice do you give to other SMEs to avoid from financial crisis?	Frequency	Percent
Budget	7	8
Control stock	2	2.3
Don't overstock	5	6.9
Planning	5	5.7

Figure 4.5.6 Question 6: What advice do you give other SMEs to avoid from financial crisis?

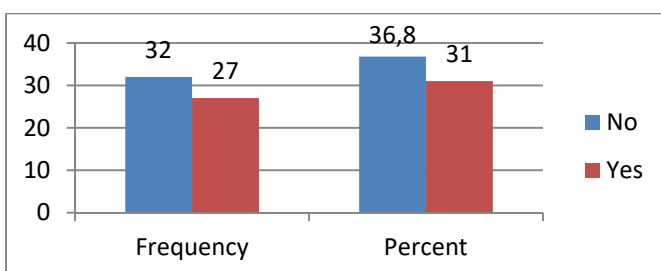


The findings showed that 7 (8 percent) of the respondents indicated that to budget properly would avoid financial crises in SMEs. However, 2 (2.3 percent) of respondents indicated that the SMEs must exercise stock control, while 5 (6.9 percent) indicated that SMEs must avoid overstocking and 5 (5.7 percent) indicated that the SMEs must accurately plan for the future.

Table 4.5.7 Question 7: Does your business have a customer care service hot-line?

Does your business have a customer care service hot-line?	Frequency	Percent
No	32	36.8
Yes	27	31

Figure 4.5.7 Question 7: Does your business have a customer care service hot-line?

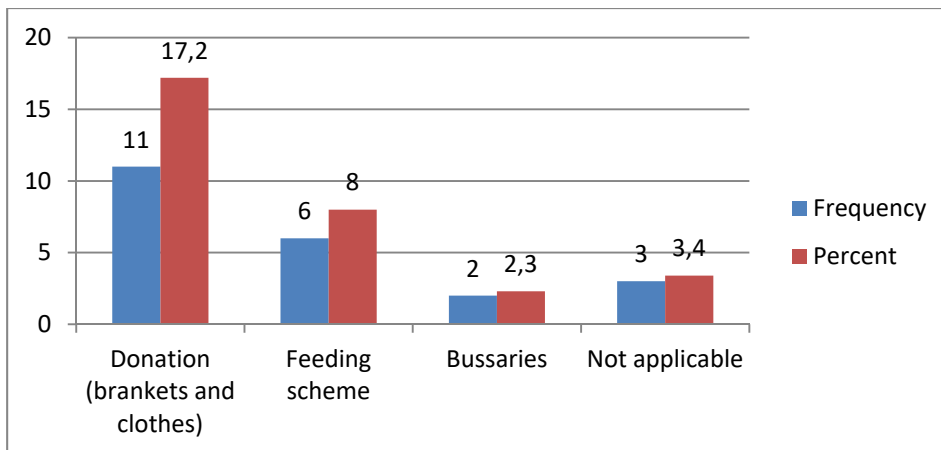


The findings revealed that 32 (36 percent) of respondents indicated 'no' that they do not have customer care service hot-line and 27 (31 percent) of respondents indicated 'yes' they do had customer care service hot-line.

Table 4.5.8 Question 8: Give any view on how your business engages in community outreach?

Give any view on how your business engages in community outreach	Frequency	Percent
Donation (blankets and clothes)	11	17.2
Feeding scheme	6	8
Bursaries	2	2.3
Not applicable	3	3.4

Figure 4.5.8 Question 8: Give any view on how your business engages in community outreach?



The results revealed that 11 (17.1 percent) of respondents indicated that their businesses donated blankets and clothes to poor people. Meanwhile, 6 (8 percent) respondents indicated that they provided a feeding scheme for the community, while 2 (2.3 percent) indicated that they offered bursaries to University students and 3 (3.4 percent) respondents were not doing anything for the community.

4.6 FACTOR ANALYSIS

Factor analysis is a statistical technique, which main goal is data reduction. A typical use of factor analysis is in survey research, where a researcher wishes to represent a number of questions with a small number of hypothetical factors. For example, as part of a national survey on political opinions, participants may answer three separate questions regarding environmental policy, reflecting issues at the local, state and national level. Each question, by itself, would be an inadequate measure of attitude towards environmental policy, but *together* they may provide a better measure of the attitude. Factor analysis can be used to establish whether the three measures do, in fact, measure the same thing. If so, they can then be combined to create a new variable, a factor score variable that contains a score for each respondent on the factor. Factor techniques are applicable to a variety of situations. A researcher may want to know if the skills required to be a decathlete are as varied as the ten events, or if a small number of core skills are needed to be successful in a decathlon. You need not believe that factors actually exist in order to perform a factor analysis, but in practice the factors are usually interpreted, given names, and spoken of as real things.

Khalid, Hilman and Kumar (2015:17), stated that a literature review was available to gain a good understanding about the topic. Hence, it would entail an element of critical reading and analysis to help the reader to better understand about contributions and limitations of the previous researchers. Furthermore, the researcher has to understand the general tone of research and the direction of logic in which deduction and induction would be guided by either of these two approaches. Khalid, Hilman and Kumar (2015) also agreed that factor analysis tries to identify underlying variables and explain the pattern of corrections within the observed variables. Factor analysis is often used in data reduction to identify a small number of factors that explain most of the variance observed in a much larger number of manifest variables. Factor analysis could also be used to generate a hypothesis regarding casual mechanisms or to screen variables for subsequent analysis. The table of Kaiser-Meyer-Olkin (KMO) and Bartlett's Test will reflect all the results.

The matrix tables were preceded by a summarised table that reflects the results of KMO and Bartlett's Test. The requirement is that Kaiser-Meyer-Olkin Measure of

Sampling Adequacy should be greater than 0.50 and Bartlett's Test of Sphericity less than .05. In all instances, the conditions were satisfied which allows for the factor analysis procedure.

Factor analysis was done only for the Likert scale items. Certain components were divided into finer components. This was explained below in the rotated component matrix.

4.6.1 KMO and Bartlett's Test : Customers' perceptions in small and medium enterprise (SMEs).

The factor analysis was successful, the Bartlett's and Kaiser Meyer-Olkin MeasureTest were taken into account, then the results were presented on Table 4.6.2.

Table 4.6.2 Kaiser-Meyer-Olkin and Bartlett's Test

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		0.609
Bartlett's Test of Sphericity	Approx. Chi-Square	212.800
	df	36
	Sig.	0.000

The results (Bartlett's Test of Sphericity = 212.800; Sig = .000) indicated that the data were appropriate for the purpose of factor analysis. The result of the Kaiser-Meyer-Olkin Measure of Sampling Adequacy was 0.609. This result shows that there were sufficient items for each factor. The two tests indicated the suitability of the principal component analysis technique.

Table 4.6.3 Rotated Component Matrix

Rotated Component Matrix^a			
	Component		
	1	2	3
Do customers' perceptions solve the problem of dissatisfaction with a product?	- 0.444	0.463	0.516
Do you think customers' perceptions put more pressure towards competition?	0.101	0.812	0.060
Do you think customers' perceptions can drive the automotive business to become successful?	0.214	0.833	- 0.059
Do you think customers' perceptions can promote certain religions to benefit in a business?	- 0.020	0.084	0.892
Do you think customers' perceptions can promote certain races to benefit in a business?	0.157	- 0.052	0.865
Do you think opening a business in the Durban Metropolitan Areas is a good idea?	0.127	0.322	0.071
Does the address book give customers correct directions to your business?	0.572	0.429	- 0.204
Does the business have customer care service?	0.852	0.165	0.152
Does the business offer any incentives to the loyal customers?	0.811	0.199	0.050

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

a. Rotation converged in 5 iterations.

As mentioned before, factor analysis was a statistical technique which main goal was data reduction. A typical used of factor analysis was in survey research, where a researcher wishes to represent a number of questions with a small number of hypothetical factors. In the reference to the table above:

- Principle component analysis was used as the extraction method, and the rotation method was Varimax with Kaiser Normalization. This is an orthogonal rotation method that minimizes the number of variables that

have high loadings on each factor. It simplifies the interpretation of the factors.

- Factor analysis/loading show inter-correlations between variables.
- Items of questions that loaded similarly imply measurement along a similar factor. An examination of the content of items loading at or above .5 (and using the higher or highest loading in instances where items cross-loaded at greater than this value) effectively measures along the various components.

A component test was conducted on the statement regarding the address book that gives the customers the correct directions to the business. The respondents indicated three categories of the component, where first component indicated .572, while second component presented .429 and -.204 of the third component. This confirmed that the respondents did not have the same opinion with regards to this variable. In terms of the other variable regarding the business that has customer care service, the first category of the component showed .852, meanwhile the second component presented .165, while the third component displayed .152. However, the statement regarding the business that offers the incentive to the loyal customers showed 0.811 of the first component of the respondents indicated that, they offered incentives to the customers, while component 2 and component 3 displayed .199 and .050, respectively.

A component test was conducted on the statement, whether the customers' perceptions put more pressure towards competition. The respondents have indicated in three categories of components, where component two showed .812 while component three presented .060 and component one displayed .101, which showed that the respondents did not have same opinion with regard to this variable. In terms of the other variables, regarding how the customers' perceptions can drive the automotive business to become successful, the second category of the component shows .833 while third and first displayed -.059 and .214. The other variable regarding in Durban Metropolitan Area being a good area to open a business, the second category of component presented .322, while other groups displayed .71 and .1274.

A component test was conducted on the statement regarding the customers' perceptions that can promote certain religions to benefit in a business. The respondents indicated in three categories of the component, where other components displayed .892, while other groups indicated .084 and -.020. This showed that the respondents did not have the same opinion with regards to this variable. On the other variables regarding how the customers' perceptions can promote certain races to benefit in a business, the third category of the components showed .865, while the second component indicated -.052, and the first component displayed .157. The statement regarding the customers' perceptions solves the product of dissatisfaction with a product, the third component of respondents indicated .516 while second component of respondent showed .463 and first component displayed -.444.

It is noted that the variables that constituted S17 loaded along 3 components (sub-themes). This means that respondents identified different trends within the section. Within the section, the splits are colour coded. The component 1 represented by yellow colour which form the sub-theme called COMPETITION. Meanwhile, component 2 represented by blue in colour which form the sub-theme called CUSTOMER-CARE, while component 3 represented by green in colour which form the sub-them called PRODUCT-BENEFIT.

4.7 PEARSON CHI-SQUARE TEST

Van der Berg (2014), state that the chi-square test for independence, also called Pearson's chi-square test of association, is used to discover if there is a relationship between two categorical variables. The chi-square independence test is a procedure for testing if two categorical variables are independent in some population. This holds if the frequency distribution of one variable is identical for each level of other variables. If not there's at least some relation between the 2 variables a table or chart will tell us what this relation looks like. The table 4.5.1 reflect the results of a Pearson chi-square.

4.7.1 Pearson chi-square result

	Chi-Square	df	Asymp. Sig.
Gender	68.149	1	0.000
Age	64.517	5	0.000
Race group	97.782	3	0.000
Level of education	59.264	4	0.000
Number of employees	112.368	4	0.000
Business residence area	54.69	2	0.000
Business annual turnover	5.911	3	0.116
Number of years in business	34.698	5	0.000
According to your daily statistics in your business, how many customers do you have per day?	50.571	5	0.000
Do customers' perceptions solve the problem of dissatisfaction with a product?	14.93	4	0.005
Do you think customers' perceptions put more pressure towards competition?	44.93	4	0.000
Do you think customers' perceptions can drive the automotive business to become successful?	46.442	4	0.000
Do you think customers' perceptions can promote certain religions to benefit in a business?	7.721	4	0.102
Do you think customers' perceptions can promote certain races to benefit in a business?	9.465	4	0.050
Do you think opening a business in the Durban Metropolitan Areas is a good idea?	24.465	4	0.000
Does the address book give customers correct directions to your business?	46.442	4	0.000
Does the business have customer care service?	28.186	4	0.000
Does the business offer any incentives to the loyal customers?	37.372	4	0.000

4.8 CRONBACH'S ALPHA

Bonett and Wright 2015, stated that Cronbach's alpha is a tool for assessing the reliability of scales. The Summarised scales were used in survey instruments to probe underlying constructs that the researcher wants to measure. In other words, it measured how well a set of variables or items measures a single, one-dimensional latent aspect of individuals. Cronbach's alpha reliability was regarded as the most widely used measure of reliability in the social and organisational sciences. Cronbach's alpha measures the inter-item consistency and reliability as well as coefficient that reflects how closely or well aspects in a set are positively correlated to each other (Westen and Rosenthal, 2003).

4.8.1 Validity and Reliability

Tavakol and Dennick (2011:53-54) defined reliability as "concerned with the findings of the research and related to the credibility of the findings. In determining whether findings were reliable, the following question needs to be asked: *will the evidence and conclusion stand up to the closest scrutiny?* Cronbach's alpha would be used to test for reliability or internal consistency of a measure. The two most important aspects of precision are **reliability** and **validity**. Reliability is computed by taking several measurements on the same subjects. A reliability coefficient of .60 or higher is considered as "acceptable" for a newly developed construct.

The table below reflects the Cronbach's alpha score for all the items that constituted the questionnaire.

4.8.2 Table 4.6.2 Reliability's Statistics

Reliability Statistics	
Cronbach's Alpha	No. of Items
0.658	9

The reliability scores for all sections exceed the recommended Cronbach's alpha value. This indicated a degree of acceptable, consistent scoring for these sections of the research.

4.8.3 Table 4.6.2 Questionnaire for Reliability Statistics

Do customers' perceptions solve the problem of dissatisfaction with a product?
Do you think customers' perceptions put more pressure towards competition?
Do you think customers' perceptions can drive the automotive business to become successful?
Do you think customers' perceptions can promote certain religions to benefit in a business?
Do you think customers' perceptions can promote certain races to benefit in a business?
Do you think opening a business in Durban Metropolitan Areas is a good idea?
Does the address book give customers correct directions to your business?
Does the business have customer care service?
Does the business offer any incentives to the loyal customers?

The overall reliability score for the ordinal data was .658 which is recommended to this study.

4.9 CONCLUSION

The response rate of the study was 73%. Cronbach's alpha was used to measure the inter-item consistency and to determine the normality of the data. The empirical findings on demographic variables were presented using figures and tables and charts. An important factor to note is the significant number of similarities in responses from participants. The findings also revealed that there were a significant positive relationships between objectives. Pearson correlation was used to determine the relationship between the questions.

The next chapter presents the conclusions and recommendations of the study. In addition, the achievement of the objectives of the study will be presented. Furthermore, the limitations of the study and areas for further study will be highlighted.

CHAPTER 5

RECOMMENDATIONS AND CONCLUSIONS

5.1 INTRODUCTION

This chapter provides the findings related to the literature reviewed, research questions, conclusions and implications of the study as well as recommendations for further study, along with a brief conclusion of this chapter.

5.2 SUMMARY OF KEY FINDINGS OF THE STUDY

- The research study revealed that the SMEs were the heartbeat of South Africa's economic development, and they play a vital role for providing employment opportunity and reduction of poverty in the communities. This suggests that the SMEs must continually be established in order to meet the economic development within the country (Mernewick, 2014:1).
- The study revealed that the lack of managerial skills had negatively impacted upon product quality and the satisfaction of customers about service delivery. This suggests that proper training and development needs to be a continual process for all entrepreneurs (Fakoti, 2014:922)
- The study revealed that the absence of financial support of the SMEs was the main obstacles that lead to the enterprise becoming unsuccessful within a period of 42 month after formation. Fauad (2013) supported the theory that this limitation of financial institutions to support SMEs pushes the SMEs into decline in most cases.
- The study discovered that the customers' perceptions about a product is very important to be heard; because it drives the enterprise to become more successful. Raji and Zainal (2016:59) believe that the customer's knowledge of the product influences their perception. It is important to the employer and

employees to be well trained about the product they sell to the customers and even to know about the product features.

- The study revealed that the automotive industry is a major player in the South African economy. This result was mentioned by the Gauteng Premier, Honourable David Makhura who added that the development of automotive SMEs was surprising the country because of its rapidly growth that means the unemployment and poverty should be reduced. The creation of jobs and usage of the transport sector within the country is a symbol of automotive development. (Debhokor, 2014:483-484).

5.3 CONCLUSIONS

- This study concludes that males were majority than females. This is a significant sign that the males were more empowered for developing SMEs and have been empowered to lift the economy to the next level and reduce poverty.
- The study revealed that the greater number of participants were between the ages of 30 – 39 years of age. This category involves the youth of South Africa who were very positive about taking the economy of the country to a fruitful level and are willing to engage themselves with the SMEs.
- A further largest number of the participants also indicated that in the automotive SMEs, Indians were more powerful in this sector. Some other study revealed that Durban Metropolitan Area is a city of Indians, simply because they live around Durban and the study was conducted in the area.
- The study further concludes that the greater number of the participants perceived level of education was matric. This evidence simply means that to apply the knowledge of forming a SMEs does not require a higher education level.

- The result of the study indicated that the majority of the participants perceived that number of employees in the business are in the category 5 – 19 employees. This indication emphasises the fact that this is really a small business.
- The result additionally indicated that the largest number of the respondents really believe that the business residence area where the business was doing very well in automotive sector was in the inner city.
- The largest number of the respondents believed that the result makes it clear, and it is in line the definition of the small and medium enterprise, that they receive a turnover of between R2m – R25m.
- The greater number of the respondents indicated that the number of years in business were between 6 – 10 years of operation. It is also noted in various studies that once the business has operated over a period of more than 5 years, that particular business is regarded as a survival business.
- This study concludes that the biggest number of the respondents that were indicated in the category 1 – 20 is number of customers that visit the business per day.
- The study revealed that the largest number of the respondents agreed that the customers' perceptions can solve the problem of dissatisfaction with a product.
- A biggest number of the respondents strongly agreed that the customers' perceptions put more pressure on the competition.
- The study further concluded that the largest number of the participants strongly believed that the customers' perceptions can drive the automotive business to become successful.
- The result of the study indicated that the majority of the participants strongly believed that customers' perceptions can promote certain religions to benefit in a business.

- The result additionally indicated that the largest number of the respondents really believe that the customers' perceptions can promote certain races to benefit in a business.
- The greater number of the respondents believed that the result makes it clear that the opening of a business in Durban Metropolitan Area is a good idea.
- A biggest number of the respondents indicated that the address book gave customers the correct direction to the business.
- This study concludes that the largest number of the participants indicated that the business has a customer care service so that when the customers have trouble with other automotive parts, they can be assisted.
- The study revealed that the greater number of the participants agreed that the business offers incentives to loyal customers
- A further largest number of the participants also indicated that in the automotive SMEs, Indians were more powerful. Some other study revealed that the Durban Metropolitan Area has a high Indian population taking part in SMEs simply because they live around Durban and the study was conducted in the centre of Durban.

5.4 RECOMMENDATIONS

- It is recommended that the South African Government must persuade all successful SMEs to form an Advisory Team for SMEs. One of the Advisory Team's duties is to find all newly born SMEs and bring them together in a workshop. The workshop will educate, and motivate them based on past experience in order that they be aware of the obstacles that the SMEs would have come across while developing. This type of support will avoid the decline of the SMEs in an early stage of development and help to uplift the economy throughout the country.

- The Skills Development Act of 97 of 1998 currently has different type of skills developments to shape the skills. The aim of this Act is to develop the skills of the South African workforce and improve the quality of life of entrepreneur and employees. The best aspect of this Act is to improve productivity at the workplace and the competitiveness of employers and to promote self-employment. Therefore, it is recommended that the skills and enterprise development is critical in preparing that person for a career and entrepreneurial opportunities that will help break the chain of poverty on the continent.
- It is recommended that the financial institutions must improve their approach towards the SMEs to not disqualify them to receive a financial support from their pool. The financial institution should look at the number of years of the business existence. If the business is new or is a few years in existence, they won't qualify to access their funding.
- Managements of the SMEs are recommended to keep their employees aware about the following two concepts: benefits and features. The customer, when buying a product needs to know about the characteristics of a product, which are features of that particular product and what the reasons are for the customers buying the product which entails the benefits from the product, for example, ease to use or its affordability.
- It is recommended that Government engage themselves to support SMEs in many ways in order to raise the economy throughout the country to the next level.

5.5 RECOMMENDATIONS FOR FURTHER STUDY

The study recommends further research on the progress of implementation strategies that can be employed to improve automotive SMEs in Durban Metropolitan Areas. This study also recommended to be conducted to the other regions of the country and again also suitable to be conducted to other SMEs industries.

5.6 FINDINGS RELATING TO THE LITERATURE REVIEW.

It has been indicated in the literature review that customers have echoed their sentiments about product quality which SMEs contribute to the market, and this echo creates the customers' perceptions about the product quality (Olowu and Aliyu, 2015:109). The findings of this study also supported the fact that poor product quality is the result of the lack of managerial skills from the SMEs staff. Tsele and Thulo (2015) agree that skills about a product offered in the market are playing a vital role in customer relations. Therefore, the SMEs would be able to create a strong customer satisfaction image in their customers' minds about how good the product quality it is. Lekhanya (2015) argues that the customers' perceptions are related to the brand as it plays an important role, because the quality of the brand portrays the image of the company. This issue is also supported by the findings of this study that majority of percentages were the customers who seek good customer service, good quality brand, good customer satisfaction and good quality stock.

Abdulai (2014) supported the notion that the poor product quality is a result of the lack of managerial skills, and it puts more emphasis on the perceptions of the customers against the product quality. However, Erol (2015:123) considers that it is the poor service delivery to the customers that causes a big dent because of lack of skilled staff within the SMEs. Therefore, the findings of this study again indicated that 93% of the SMEs failed to survive because of constraints of the financial support from financial institutions to boost their SMEs (Makina, Fanta, Mutsonziwa, Khumalo and Maposa, 2015:5). Marnewick (2014) agreed and concludes with the findings that the SMEs managers don't offer training to the staff in respect of getting to know about the features for the product. However, the findings of this study do not strongly suggest the same issues. Therefore, based on this comparison, the study concludes that all objectives were achieved and found to be realistic.

5.7 CONCLUSION

This study focused on customers' perceptions with particular emphasis on product quality that was offered to the customers. The outcomes for the study were significant as they attempted to establish the better understanding the customers' perceptions in the automotive SMEs. The study was aimed to understand the impact that the poor product quality in the automotive SMEs in Durban Metropolitan Areas. This study concludes that the poor product quality largely had negative customers' perception in the automotive SMEs. The main focus throughout this chapter was to provide an overview of the study's findings with regard to literature, conclusions, recommendations and suggestions for further research.

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APPENDICES

Appendix A – Letter of consent

Durban University of Technology
Faculty of Management Sciences
Department of Entrepreneurial Studies and Management
P.O Box 1334
Durban
4000
Republic of South Africa

Dear Participant

I am a student registered at the Durban University of Technology in the Department of Entrepreneurial Studies and Management. I am currently pursuing the Masters in Management Sciences: Business Administration and requirement of this degree is a research-based.

My research title is **“Customers’ perceptions towards products quality of Automotive SME’s operating in the Durban Metropolitan Areas”**.

I shall be grateful if you could please complete the attached questionnaire. The questionnaire should take approximately 15 minutes to complete and requires only a tick next to the relevant response and some written comments. I also wish to ensure you of your anonymity and the confidentiality of any information solicited from you through interview, questionnaire or by any other means. In addition, a summary of the responses to the questionnaires, once collected, will be forwarded to you.

Your co-operation in assisting me with this vital part of my study is highly appreciated and I take this opportunity of thanking you in advance for enabling me to complete this research project.

Yours sincerely

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DECLARATION BY RESPONDENT

I hereby agree to participate in the completion of this questionnaire

Signature of respondent -----

Appendix B – Questionnaire

QUESTIONNAIRES

Instructions: Please complete the following questionnaire relating to your experience by making a tick (✓) against the appropriate answer below.

Title: Customers' perceptions towards product quality in Automotive small and medium enterprises in Durban Metropolitan Areas.

SECTION 1:

DEMOGRAPHIC DETAILS

1. GENDER	Tick relevant option ✓
Male	1
Female	2

2. AGE	Tick relevant option ✓
<19	1
20 – 29	2
30 – 39	3
40 – 49	4
50 – 59	5
>60	6

3. RACE GROUP	Tick relevant option ✓
African Black	1
White	2
Indian	3
Coloured	4

4. LEVEL OF EDUCATION	Tick relevant option ✓
Matric	1
Diploma	2
Honour' s Degree	3
Master's Degree	4
PhD-Degree	5
Other	6

**SECTION 2:
BUSINESS ACTIVITIES**

5. NUMBER OF EMPLOYEES	Tick relevant option √
0 - 4	1
5 - 19	2
20 – 49	3
50 - 100	4
>100	5

6. BUSINESS RESIDENCE AREA	Tick relevant option √
Inner city	1
Suburbs	2
Township	3
Informal settlement	4

7. BUSINESS ANNUAL TURNOVER	Tick relevant option √
<R4m – R50m	1
<R2m – R25m	2
<R200 000 – R500 000	3
<R150 000	4

8. NUMBER OF YEARS IN BUSINESS	Tick relevant option √
0-5	1
6-10	2
11-20	3
21-30	4
31-40	5
>40	6

9. Which of the following means do you use to fund your business?

FINANCIAL INSTITUTIONS	Tick relevant option \checkmark
Bank	1
Own funds	2
Financial companies	3
ROSCAs(Rotational Savings and Credit Associations)	4

10. According to your daily statistics in your business, how many customers do you have per day?

NUMBER OF CUSTOMERS PER DAY	Tick relevant option \checkmark
0-20	1
21-40	2
31-60	3
61-80	4
81-100	5
> 100	6

11. What social network platforms do you use to communicate with your customers?

(Please note that from this question, you are free to tick more than one answer)

SOCIAL NETWORK PLATFORMS	Tick relevant option \checkmark
WhatsApp	1
Facebook	2
Facebook Messenger	3
Google+	4
Twitter	5
LinkedIn	6
Skype	7
Pinterest	8
Instagram	9
WeChat	10

12. What methods of payment do you offer in your business?

(Please note that from this question, you are free to tick more than one answer)

METHODS OF PAYMENT	Tick relevant option \checkmark
Credit card	1
Debit card	2
Cheque	3
EFT (electronic fund transfer)	4
Cash	5

13. What information media do you use to promote products in your business?

(Please note that from this question, you are free to tick more than one answer)

INFORMATION MEDIA	Tick relevant option \checkmark
Newspapers	1
Radios	2
Televisions	3
Internet	4

14 Which personal communication do you use to communicate with your customers?

(Please note that from this question, you are free to tick more than one answer)

PERSONAL COMMUNICATION(S)	Tick relevant option \checkmark
Private letters	1
Memos	2
E-mails	3
Faxes	4
Telephone	5

15. In which of the following field(s) have you received training?

(Please note that from this question, you are free to tick more than one answer)

FIELD OF TRAINING	Tick relevant option \checkmark
Business studies unit	1
Entrepreneurial studies and management	2
Hospitality and tourism	3
Human resource management	4
Marketing and retail	5
Operations and quality management	6
Public management	7
Public relation management	8
Other	9

16. Which of the following factors affect your business?

(Please note that from this question, you are free to tick more than one answer)

FACTORS	Tick relevant option \checkmark
Lack of business skills	1
Lack of financial support	2
Poor planning and location	3
Labour costs high	4
Property renting too high	5
Other	6

17. Please indicate your response to the following statements regarding the customers' perceptions.

STATEMENTS ON CUSTOMER'S PERCEPTIONS	Strongly agree 1	Agree 2	Neutral 3	Disagree 4	Strongly disagree 5
Do customers' perceptions solve the problem of dissatisfaction with a product?					
Do you think customers' perceptions put more pressure towards competition?					
Do you think customers' perceptions can drive the automotive business to become successful?					
Do you think customers' perceptions can promote certain religions to benefit in a business?					
Do you think customer's perceptions can promote certain races to benefit in a business?					
Do you think opening a business in the Durban Metropolitan areas is a good idea?					
Does the address book give customers correct directions to your business?					
Does the business have customer care service?					
Does the business offer any incentives to the loyal customers?					

SECTION 3:
SHORT-QUESTIONS

18. What exactly, are the customers' perceptions towards product quality in your business?

a.
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b.
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19. How are these customers' perceptions being addressed?

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20 How often does your business offer staff training and scheduled meetings?

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21. Does your business involve customers in new product planning?

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22. What advice would you give other automotive SMEs to improve conflict management?

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23. What advice do you give to other SMEs to avoid from financial crisis?

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23. Does your business have a customer care service hot-line?

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24. If there is, how does customer benefit?

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.....

25. Give any view on how your business engages in community outreach?

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Thank you for your participation.