



**THE CHALLENGES OF ENRICHING SMALL, MEDIUM AND MICRO
ENTERPRISES WITH FINANCIAL MANAGEMENT KNOWLEDGE IN KWAZULU-
NATAL METROPOLITAN AREA.**

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WISEMAN SINETHEMBA MAZIBUKO

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ABSTRACT

South Africa is experiencing enormous socio-economic challenges such as gender-based violence, poverty and inequality, including ever-increasing high levels of unemployment. Many businesses are either closing or downsizing. People are resorting to alternative ways to alleviate poverty by establishing SMMEs. To get established, SMMEs are encountering a daunting task when it comes to implementing sound financial systems.

The study sought to examine the challenges of capacitating SMMEs with financial management acumen and to remedy the difficulties of implementation thereof. Primary research was conducted amongst SMMEs in KwaZulu-Natal, Metropolitan Area.

The population of this study consisted of a sample of 250 randomly selected SMMEs participated from a target population of 2200. Data were analysed using descriptive and inferential statistical techniques such as SPSS and Cronbach's Alpha.

The study found, that the sector has grown and has become an engine to drive economic stabilisation, poverty alleviation and employment creation. However, perennial challenges grew exponentially. Moreover the covid-19 pandemic has worsen the situation. Government has played a huge role in making sure the SMMEs sector get the necessary financial support, through different entiiies like the SEFA, SEDA, and SSSP. The majority of SMMEs concurs that lack of adequate financial management acumen negatively affects their success. Most of them cannot upskill themselves and are not satisfied with stakeholder interventions regarding training and development.

The study also found that, funding is not a panacea to all the challenges faced by this sector. Solutions should come from SMMEs instead of stakeholders prescribing how problems should be resolved. Apart from financial management understanding, SMMEs maintains that networking opportunities with business associates are vital to their success.

DECLARATION

I, Wiseman Sinethemba Mazibuko, would like to affirm that the work presented is my effort. The work has never been submitted or presented to any institution or any publication bodies. The original sources utilised in the dissertation have been correctly acknowledged.

Wiseman Sinethemba Mazibuko

Date: November 2021

Signature

RECOGNITION

Firstly, I convey my greatest appreciation to the following individuals for their unbelievable support, magnificent contribution and their inspiration which made this thesis successful:

- More than anything else, I thank my all mighty God for affording me the chance and for giving me the strength to reach this far.
- My Academic Planning & Development Unit and Supervisor Dr Alpha Mugari for his willingness to assist me, through many difficulties.
- I thank the Durban University of Technology (DUT) for its support and funding.
- I thank everybody who contributed in many ways towards accomplishing this project and dissertation.
- Last but not least, I am proud of myself for not giving up in tough and challenges times.

COMMITMENT

I devote this project to the fallen heroes, my mother (Hlengiwe Mwandla), my grandmother (Zisuthini), my younger brother Thokozani Mwandla, may their souls rest in peace, my stepmother Bongiwe Mazibuko, Samkelisiwe Madida, Manqoba Mwandla and to the rest of my family for their undying support and prayers.

In addition, I wish to affirm that this work is my effort and has never been produced elsewhere, institutionally or being journalised.

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LIST OF ACRONYMS AND ABBREVIATIONS

BUSA	Business Unit South Africa
DSBD	Department of Small Business Developmen
DTI	Department of Trade and Industry
GDP	Gross Domestic Product
SMMEs	Small Medium Micro Enterprises
GEM	Global Entrepreneurship Monitor
SEDA	Small Enterprise Development Agency
SEFA	Small Enterprise Funding Agency
SSSP	Spaza Shop Support Programme
SPSS	Statistical Package for the Social Sciences
LED	Local Economic Development
NYDA	Nationa Youth Development Agency
KMO	Kaiser – Meyer-Olkin

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CHAPTER ONE

1.0 INTRODUCTION AND BACKGROUND

1.1 INTRODUCTION

In this chapter, a general synopsis of the study is made. The background of the study is outlined, the research problem is recognised, and the purpose and objectives of the study are clearly distinguished. Subsequently, the research methodology, the research design embraced for the study, and the organisational structure of the dissertation are briefly summarised.

1.2 BACKGROUND OF THE STUDY

South Africa has a high level of unemployment which is about 26% unemployment rate and many companies are either closing down or downsizing, which in turn stresses the need to support the SMMEs sector and create employment (Statistics South Africa, 2016:1). According to Malebane (2017:75), in recent years there have been job losses in the textile, clothing, mining and manufacturing industries, just to mention a few. In response to this situation, people have found themselves being compelled to find alternative ways of generating income and have responded by establishing SMMEs in order to participate in the mainstream economy. This has been made possible by the government that supports the establishment and promotion of new business ventures. Recently Kuckertz et al. (2020) investigated the financial impacts of the newly established businesses and other challenges related to financial crisis. The government is expected to help in creating jobs that would be available to those who have lost or are on the verge of losing their jobs. In spite of the SMMEs being the remedy for job creation, eradication of poverty and inequality, the dearth of financial management knowledge and limited support offered to SMMEs is still a huge problem. According to Charman and Petersen (2015:1), the SMME sector is somehow regarded as a great panacea for economic growth, job creation and developing new business ventures; therefore, SMMEs should be supported with constructive financial management knowledge.

Studies indicate that SMMEs have been recognised as vehicles for change with regards to economic development in a country, particularly in the creation of employment (Chalera 2013: 307). Hence, this study seeks to identify the challenges associated of capacitating Small Medium and Micro Enterprises with financial management knowledge and to recommend ways of how to overcome this deficit.

1.3 STATEMENT OF PROBLEM

There are many researchers in the field of entrepreneurship that concur with the fact that SMMEs plays a crucial role in job creation, economic stability and allieviate povety is South Africa and the sector is important in redusing socio-economic challenges. It is a well known fact that South Africa is experiencing enormous socio-economic challenges such as gender-based violence, poverty and inequality, including a high level of unemployment. According to Olawale and Chindonga (2014: 23), unemployment continues unabated not only in South Africa but even abroad. Consequently, many people are resorting to SMMEs as a means of earning an honest and sustainable income. It is, however disappoint that the majority of these SMMEs fail in their early stages. The SMMEs sector high rate of failure is unacceptable and their failure is a result of a number of challenges that they face on a daily basis. There are many challenges that impede the success of the SMMEs sector; lack of proper skills to management the business, lack of financial support, lack of technical aspect of the business, poor management skills and crime, red tapes and government pocies and corruption is also regarded as a main challenges. It is therefore, important to investigate and propose the challenges in enriching SMMEs with financial management knowledge. reasons; one of them being a dearth of financial management knowledge and skills. The inefficiency of appropriate financial management knowledge is an impediment in achieving sustainability in developing the economy, ending inequality, reducing poverty, and dealing with unemployment in the growing economies like South Africa (Terblanche, Moeng and Macleod 2015: 99).

SMMEs in many years, it has been projected as one of the tools that can be used create job opportunities, sustain the country's economy. However without a doubt there are challenges in enriching SMMEs with financial management knowledge in the sector. Firstly, South African economy is not sustainable and it is not growing fast enough to meet the labour intensive growth, which in turn leads to already high unemployment and future uncertainty. Secondly, political and policy uncertainty and regulatory conflict have also contributed to low economic growth environment, which is the potential investment into the country. Low investment will limit the ability of government to invest in the SMMEs sector. Most SMMEs in the country and even abroad lack necessary capacity in terms of having a qualified individual to manage their daily operation, subsequent to that, they are unable to produce good state of their business, which in turn is one of the requirements of the auditors. The aforementioned factor hinders the SMMEs ability to borrow from the banks to improve the SMMEs sector. Another issue is lack of adequate resources and lack of financial muscle to improve the state of the SMMEs sector and avoid failure in their early stages of the business. The last, but not least is lack of relevant information when improving the business sector and not to have eager to find more knowledge for the betterment of the business.

With all the challenges mentioned above associated with the improvement of SMMEs; resource mobilisation and equipping the sector with financial management knowledge remains a pipe dream, resulting in the erosion of the much-needed stakeholders' participation in general, and in particular investor confidence (Oxford 2013: 30).

SMMEs have been an issue of debate with regards to their role in alleviating poverty, facilitating economic growth and creating employment. According to Ayandibu and Houghton (2017:36), new ventures contribute immensely to economic transformation for financial growth and employment creation; however, challenges like lack of financial management training. The South African government fully concurs with the importance of the SMMEs sector and the contribution the sector is making in terms of job creation, poverty alleviation

and economic stabilisation, the government established numerous agencies like NYDA, BUSA, AgriSA; just to mention a few and that on its own underpin the commitment of the South African government in improving the sector.

In spite of the availability of many public agencies and financial institutions, the SMMEs sector is still experiencing challenges in improving the sector with financial management knowledge. In view of this, the present study seeks to investigate the challenges associated with improvement of SMMEs with financial management knowledge and examine the intervention mechanisms which can be implemented to enhance the sector's overall business performances to alleviate the failure of SMMEs.

1.4 AIM AND OBJECTIVES OF THE STUDY

The research study seeks to investigate the challenges of enriching SMMEs with financial management knowledge in KwaZulu-Natal, Metropolitan Area.

THE OBJECTIVES OF THE STUDY

- Investigate whether government provide SMMEs with financial management knowledge to improve the sector.
- Determine the challenges encountered by SMMEs in the implementation of sound financial management systems in the SMMEs sector.
- Examine the intervention mechanisms which can be implemented to enhance the sector's overall business performances to alleviate the failure of SMMEs in KwaZulu-Natal. Metropolitan Area.

In a country like South Africa where unemployment is high, inequality is very high and at the same time the SMMEs sector is expected to contribute to social empowerment and transformation. In South Africa, both poverty and economic inequality continue to manifest, therefore it is crucially important to conduct the present study. The study will assist in addressing the challenges faced by SMMEs and ultimately provide solution (Rungani & Potgieter, 2018:2).

1.5 SIGNIFICANCE OF THE STUDY

Considering the extremely high level of failure of SMMEs sector in the country, and the vital role the socio-economic sector plays, their success rate should be expanded and maintained. SMMEs are said to be good vehicles for unemployment eradication; therefore, SMMEs should be supported so that they can grow, prosper and sustain the economy. The study may play a crucial role in ensuring that, the SMMEs sector, government agencies and private sector engage more on such topics and also to re-visit the strategies and policies that is currently in place for betterment of the SMMEs sector. The study may assist in terms of gauging more information on whether government provide adequate financial management knowledge in the SMMEs sector. The South African government and other agencies can use the results and findings of this study to improve strategies and policies. Moreover, fellow researchers and other relevant parties can use this study to benchmark their future studies.

1.6 DELIMITATION OF THE STUDY

Delimitation of the study may be defined as an area in which the study investigation will take place. The study focused mainly on SMMEs in KwaZulu-Natal in the Metropolitan Area. The study seeks to address the challenges of enriching SMMEs with financial management knowledge in KwaZulu-Natal Metropolitan Area. Studying and working at the same time was quite a major challenge; furthermore relocating from Durban to Johannesburg was also a challenge for me.

1.7 RESEARCH DESIGN

In this research study, a descriptive research design was utilised. According to Fox and Bayat (2007:77), organised discussion, and a questionnaire is employed to collect information for statistical information in order to conform to the quantitative research method that is selected. Cooper and Schindler (2014:140) asserted that the main purpose of the quantitative research approach is to mature and provide statistics. The research findings are put through statistical analysis to generate broadly representative data that can be

extensively applied to the total population. Wild and Diggins (2010:86) suggested that theories, the establishment of models, collection of important information, and analysis of data and evaluation of results is the requirement for a quantitative research approach.

According to Johnson and Christensen (2014:35), structured interviews and a questionnaire are basically the requirements of the quantitative research approach simply because the quantitative approach focuses on the accuracy of data collected, validates information instruments, uses larger randomly selected samples, evaluates the inception and repercussion, and executes predictions of variables. For the purposes of this study, a quantitative research design was used in collecting data for the study KwaZulu-Natal Metropolitan Area.

1.8 STRUCTURE OF DISSERTATION

Chapter 1: Study Overview

Chapter 1 outlines a broad study overview with regards to the background of the study, problem statement, aims and purpose of the study, the significance of the study, delimitations, the research design and structure of the dissertation.

Chapter 2 Literature Review

Chapter 2 uses a literature survey to outline a broad overview of previous studies in the challenges of SMMEs. The following areas have been researched and discussed in the context of the present study: definition of SMMEs; classification of new business enterprises in South Africa; characteristics of SMMEs; and elements that can assist SMMEs development. The relationship between SMMEs and local development; challenges encountered by SMMEs in implementing sound financial systems in the SMMEs sector; and strategies to mitigate the challenges of implementing

sound financial management systems within the SMMEs sector have also been addressed.

Chapter 3 Research Design

Chapter 3 discusses the following aspects, among other things, research design; population; target population; sampling procedure; recruitment of participants and informed consent; information collection procedure; data analysis procedure; pretesting/pilot study; delimitation of the study; geographical location; limitation; validity; reliability; ethical consideration; voluntary participation; geographical location; anonymity and confidentiality.

Chapter 4: Presentation, Analysis and Discussion of Results and Findings

Chapter 4 outlines and discusses the outcomes of the research study. Descriptive statistics were used to analyse and discuss the results that are presented in different formations; namely graphs, tables and bar charts for the quantitative information collected from the respondents' questionnaires. Many suitable analytical test tools were utilised to evaluate and elucidate data collected from the participants.

Chapter 5: Evaluation, Conclusion and Recommendations

Chapter 5 begins with a synopsis of the significant findings from the study, followed by some concluding remarks, and recommendations for the challenges of enriching SMMEs with financial management knowledge in KwaZulu-Natal Metropolitan area.

1.9 CONCLUSION

This chapter provided an overview of the study. This chapter discussed the study background, problem statement, aims and purpose of the study, study significance, delimitation of the study and research design.

CHAPTER 2

2.0 LITERATURE REVIEW

2.1 INTRODUCTION

Chapter 1 summarised the need for SMMEs to acquire financial management knowledge and financial management expertise so that they can extract relevant information to make informed decisions which are beneficial to the success of their businesses and can contribute to economic growth. This will help them to avoid failure in their infancy stages.

This chapter focuses on interrogating relevant theories underpinning entrepreneurship and reviewing relevant literature concerning the challenges of enriching SMMEs with financial management knowledge. It will examine the associated literature on difficulties encountered by SMMEs in implementing sound financial management systems, suggesting the strategies to be used to alleviate identified challenges faced by SMMEs in the eThekweni Metropolitan Area. Key concepts are discussed upfront to contextualise the problem under investigation.

2.2 SMALL, MEDIUM AND MICRO ENTERPRISES

The business sector has been in existence for many centuries and has been entrusted with job creation, poverty eradication and economic growth. Nonetheless, the SMMEs sector in KwaZulu-Natal Metropolitan Area has not fully occupied that space. According to Charman and Petersen (2015:1), although the SMME industry has been in existence for a long time, there is still a massive shortage of necessary knowledge and expertise to avoid failure or sustain the business enterprise. With that said, government has done a massive work in ensuring that SMMEs is afforded necessary financial and management support to avoid business failure and also in ensuring that businesses survive even beyond covid-19 pandemic. Cant and Wiid

(2013:707) argued that despite the SMME sector's lack of essential financial knowledge to maintain and prevent the collapse of SMMEs in their infancy stages, the government does provide some training through agencies like SEDA and other agencies. According to Marti, Porcar and Tur (2015), mentioned that, with all the risks and uncertainty attached to venturing the SMMEs sector, women are not afraid to venter into the business sector. They further stated that woman risks takers; as a result, their business becomes successful. According to Mitchelmore and Rowley (2013), the SMMEs sector requires an individual who is able to sport crucial opportunities for the business, play a crucial role in sporting a niche in a market and utilise it, maintain a good relationship with customers; women are sometimes good at taking care of those aspects of the business.

Malebana (2017:1) concurred that the government supports Small Business Enterprises via government agencies like SEDA and SEFA to provide financial management knowledge to bridge the financial management knowledge gap. McGaffin, Napier and Karuri-Sebina (2015:15) asserted that although there have been numerous actions taken to identify challenges encountered by SMMEs, due to lack of proper financial knowledge, they have remained unsuccessful. Government has a done a lot of work in trying to uplift SMMEs sector throught agencies like DSBd, SEFA to ensure that struggling small businesses survive in the wake of covid-19s impact in the economy. However the applications for financial relief were overwhelming and funds were drying up, as a result they have requested more relief funds national treasury. Another method that is used to assist small businesses is debt relief; the payment holiday for SEFA funded clients and the Spaza Shop Support Programme (SSSP). The south African government have been hard at work, they have double their effort since the start of the covid-19 pandemic. A total of 35865 SMME debt relief fund applications was received. 14 451 of these applications were completed, which is about (40% of total applications), and about were incomplete, which is about (60%) and those were referred to other entites like SEDA for assistance. About 1 501 applications were approve,

2 246 were SSSP applications. As per province, most applications (12 640) were from Gauteng province, KwaZulu-Natal had 6 451 applications and the Western Cape had about 4 755 applications and the fewest applications were received from the Northern Cape with (932). All of the interventions by government was meant to avoid job losses and indeed sustain the economy for the foreseeable future. The reasoning behind that, out of the total of 1 501 approved applications, 21 580 jobs be maintained, and about a total of R530 million was being invested. R194 million was going to Gauteng (592 enterprises and 7 466 jobs maintained), R97 million to KwaZulu-Natal (270 enterprises and 4 596 jobs maintained), and R68 million to the Western Cape (199 enterprise and 3 088 jobs maintained). R11 million was going to both the Northern Cape (39 enterprises and 359 jobs maintained) and the Free State (40 enterprises and 379 jobs maintained). The above statistics shows the level of commitment and the speedy the government is using to ensure that the SMMEs sector is supported.

A total of 2 246 applications were received from SSSP. 1 197 applications were made by males and 1 049 by female. There were about 702 approvals, 206 were not successful, about 90 were referred to SEDA and 2 927 jobs were maintained. Wholesalers and spaza shops were mapped in the same way in order to provide spatial analysis and to create linkage between them and for benefit purposes.

The SMMEs sector play a prominent role in the economy and the sector also encourage people to be creative and find innovative ways to survive, over and above that to create employment and stabilise the South African economy (Tuffour, Amoako, and Amartey, 2020). Although SMMEs play a critical role in job creation, there are issues and challenges that requires urgent attention, which ofcause lead to failure of SMMEs in their infancy stages (Hossain, 2020). In South Africa, SMMEs do not last for more than 5 years, they stuble in the first 5 years of operation, the rate of surviving for the first few years is very low and those who happen to (Ortiz-de-Mandojana and Bansal, 2016).

This requirement was amended by then minister of Small Business Development Lindiwe Zulu (2018) as per the different categories. Medium enterprises are categorised as enterprises employing people in a range between 50 and 200 with a total revenue not exceeding R100 million (Davis Tax Committees 2014: 6).

2.2.1 CATEGORISATION OF SMALL BUSINESS ENTERPRISE IN SOUTH AFRICA.

Small Business Development Strategy puts small businesses into the following categories: small, medium and micro-enterprise (SMMEs).

Small Enterprise

Small Enterprises have significant job creation potential while offering economic development and poverty alleviation. In this regard, most owners/managers of enterprises begin their operation not relying on anyone but solely based on their personal capabilities, namely: skills, efforts, capital and other resources. As a result, this business sector has grown into a massive industry. Small Enterprises have evolved in such a way that it has become one of the mechanisms that one can be utilised to stabilise the economy and create employment.

Micro-Enterprise

Micro-Enterprises may be defined as a small business enterprise. Micro enterprises may be developed in both formal and informal economies and utilise informal accounting procedures to operate. Most of the time, they do not comply with labour legislation procedures; and, they are not compelled to comply with Value Added Tax registration. The following business enterprises form part of micro-enterprise, namely: Spaza-shops and furniture makers, just to mention a few. Artisans also operate in the space of micro-enterprise; however, they make a small portion of the economy regarding size (South Africa (2003a:44). The main aims of the above-mentioned business enterprises are providing job creation opportunities and eradicating poverty.

Medium-Sized Enterprise

According to Lekhanya (2016:165) defined Small Medium and Micro Enterprise in the same way as defined by Small Business Act, 102 of 1996 as follows; a business enterprise that employs not more than 100 people. Another definition suggests that the owner will be more focused on the management and maximisation of revenue from a small capital base. They further stated that SMMEs manage about 97.5% of businesses in the country and, most importantly, comprise 35.8% of the country's Gross Domestic Product (GDP) while also contributing 54.4% of the entire formal private sector's jobs, which is just 40% of all wages and salaries paid per year.

Enterprise

Enterprises have many different definitions. According to Shane (2014:4), an enterprise is when a person starts an enterprise for individual development through innovation, which continuously improves the economy and also creates job opportunities. Shane (2014:4) also stated that an enterprise involves the evaluation, discovery and even exploitation of other great opportunities that have not been discovered before.

2.3 CHARACTERISTICS OF SMMEs

The following attributes for SMMEs are discussed, and they are compared against those of large organisations.

Workforce/work intensive

Owners/managers of SMMEs are struggling to upraise adequate capital to ensure that their operation is smooth, and as a result, the inefficiency of funds has a huge influence in the SMMEs sector being less capital intensive and more work-intensive. According to SBP (2013:2), because SMMEs were and are regarded as work-intensive, they tend to absorb a significant portion of unskilled and low skilled workers. Mwanza (2017:732) concurred that since the SMMEs sector is more of a work-intensive kind of business; they contribute

to a significant proportion of employment, and therefore enhance equitable distribution of wealth and alleviate poverty more than substantial organisations.

The flexibility and simplicity of SMMEs

According to Ogbokor (2012:6), SMMEs have a workable, simple structure that can rapidly recover from any unpleasant market situations. SMMEs organisational structure is not complex as compared to those of large organisations. More often than not, employees need to be equipped with proper abilities, competencies and efficient skills to perform daily tasks without difficulties. Larger organisations use segregation of duties, whereas in small business enterprises employees are flexible; in turn, they are expected to perform more tasks than they should.

Revenue and Profitability

SMMEs generally receive lower revenue and that makes lower profit than giant corporation however, lower profitability does not amount to lower financial gain. Usually, most established SMMEs seldom have their assets and other facilities straight away, which assists in lowering the costs, unlike the bigger established corporates (Edmiston (2013:80). Most SMMEs rely solely on their assets and personal services to ensure that their businesses are sustainable. Cant, Erdis and Sephapo (2014:570) maintained that for SMMEs to be more efficient and remain competitive, they must double their effort, minimise fixed assets, and variable costs of operations to operate with more efficiency than a big corporation.

Access to the capital market and equity

In any business enterprise, having financial muscle and cash flow is a prominent factor to ensure that the business is feasible. Financial muscle and access to a proper equitable structure are criteria that distinguish the SMMEs sector from larger organisations. In fact, SMMEs do not have access to the

capital market and equity, which in turn lead them to be unable to comply with legislative requirements and obligations.

Furthermore Smith and Watkins (2012:63, 26), stated that SMMEs are not financially transparent when compared with large business enterprises which publish their financial status and yearly reports. Over and above that SMMEs require a small portion of the money as a start-up and to finance their businesses as compared to large enterprises. The limited possibilities to obtaining capital equity result in very lower equity ratio as compared with larger enterprises.

Management Structure and mismanagement

According to (Schmidt, Mason, Bruwer, and Aspeling (2017), in the SMMEs sector as compared with larger enterprises, the owner/managers form part of the management team and have many different tasks to perform and crucial decisions to make. In larger enterprises, a specialist in his respective field will handle financial and human resource management. These functions may be controlled by SMME owners/managers due to a lack of finance. It becomes challenging to furnish SMMEs with financial management knowledge; hence, they tend to perform and handle many tasks (Olfert 2012). Mismanagement of financials is one of the characteristics of SMMEs, as most SMMEs finance their businesses, and they tend to use that money anyhow and are uneasy about paying more money to acquire financial management knowledge.

2.4 CONCEPTUAL FRAMEWORK

The South African government established or putted together different entities in ensuring that the SMMEs sector is provided with different aspects of whatever they require. However challenges like lack of access to finance, lack credit and finance support, lack of management skills still persist. Moreover the aforementioned challenges contribute a lot in the SMMEs failure in the early stages. Malebana (2017:1) concurred that the government supports Small Business Enterprises via government agencies like SEDA and SEFA to provide financial management knowledge to bridge the financial management knowledge gap. McGaffin, Napier and Karuri-Sebina (2015:15) asserted that although there have been numerous actions taken to identify challenges encountered by SMMEs, due to lack of proper financial knowledge, they have remained unsuccessful.

There are many challenges that impede the success of the SMMEs sector; lack of proper skills to management the business, lack of financial support, lack of technical aspect of the business, poor management skills and crime, red tapes and government policies and corruption is also regarded as a main challenges. It is therefore, important to investigate and propose the challenges in enriching SMMEs with financial management knowledge.

2.5 FACTORS THAT CAN ASSIST IN SMME DEVELOPMENT

The SMMEs sector contributes immensely to the country's economy with regards to poverty reduction, economic growth and slowing unemployment rate. Furthermore, the following key factors will strengthen SMMEs development when implemented:

Proper education and skills

Abuka, Tunga, and Nwandu (2020) stresses the importance of education, especially keeping the records of the business for foreseeable future, further argued that it is improbable that the SMMEs sector could become a remedy

for South Africa's economic growth, poverty alleviation, unemployment if they are not furnished with proper education and the required financial management knowledge to make informed business decisions and to avoid failure in infancy stages. Furthermore, they asserted that the South African government had done a great job with the SMMEs sector; however, new SMMEs have accomplished finite growth, if any, due to several challenges. Lack of education and financial management knowledge is one contributing factor. The government was required to reach the growth rate of 5% between 2004 and 2014. The SMMEs sector was meant to be a contributory factor in the economy's growth. Nonetheless, SMMEs have exhibited a great sign of growth rate in the form of a percentage, as the majority of new SMMEs find it difficult to grow to a higher degree as they are sometimes established as something to fall back on instead of a calling. In the study conducted by Robb (2014a), knowledge of finance restores skills development and boosts individual confidence with regards to acquainting individuals with the possible financial dangers and gives owner's chances to ensure that proper and informed decisions are being taken.

Boutellis-Taft (2019) further emphasised that financial knowledge and financial management knowledge is crucial since it is perceived as one of the tools that can be used to acknowledge vital individual expertise, which could assist SMMEs to make sound financial decisions. According to Robb (2014b) described education knowledge and skills as a tool to obviate SMME's failure in their infancy stages by having a comprehensive understanding of financial management and financial products.

Access to finance

Every business enterprise requires financial muscle to grow and to ensure financial stability in their daily operations. There are many studies that have been conducted in term of SMMEs gaining access to finance and it is said that lack of finance is one of the barriers of the sectors success (Ye and Kulatunga: 2019). According to Andries, Marcu, Oprea and Tofan (2018), have described

that financial market as well as inadequate financial instruments in improving the economy is not perfectly designed to accommodate the SMMEs sector and as a result, there is lack of proper business between business organisations. Subsequently, they move on to acquire funding since the profit they make is not enough to expand their business enterprises. (Ye and Kulathunga, 2019) asserted that the private sector plays a crucial role in SMMEs development as it provides loans to assist SMMEs to grow and sustain their enterprises and when businesses have easy access to financial services and able to fulfil their daily operation and fulfil their financial obligation, that means easy access to finance. The country has acknowledged the significance of SMMEs in the South African economy and has stimulated access to finance by proving credit guarantees to commercial banks. It also provides access to direct lending by specialised SMMEs financing entities. As the business expand, more access to finance is expected, but that not always the case. With all that, said, there are many challenges associated with improvement of SMMEs with financial management knowledge and to improve the sector and access to finance is one of those challenges. (Anton and Bostan, 2017).

Supportive proper regulatory framework

According to Gillwald, Moyo and Stork (2012:5), in the study conducted globally with regards to SMMEs development, their results have shown the following vital factors necessary for a favourable legal framework for enterprise promotion:

- Proper and adequate registration
- Transparent and supportive taxation policies
- Simple and transparent rules

All the factors, as mentioned earlier, are critically important to ensure the viability and sustainability of SMMEs. The elements that contribute immensely towards SMMEs failure in their earlier stages are said to be, among other

things, transactions and daily expenses of the SMMEs sector. However, Tesfayohannes, Tessem, and Tewelde (2015:5) indicated that in many emerging and under-developing countries, essential and prominent factors of a favourable regulatory framework are not contemplated. Over and above those operational shortages, other factors that may form a thrust between the formal and the actual legal system include corruption within the administration of justice, political interference in the legal system and discrepancies between the official and the traditional notions of legal tenure (Luiz and Mariotii, 2011:49).

Management Skills

Private sectors and government agencies are required to avail themselves for necessary educational training programmes to meet the demand for facilitating SMMEs. According to Mashal (2018), SMMEs lack management skills, education skills and passion for the sector. Owners/managers of SMMEs must possess such necessary business skills in order to deal with their daily operations, and compete in the business sector. Lekhanya (2015:414) supported these views stating that owners/managers of SMMEs lack entrepreneurship education, passion and management skills which pre-empts failure in their early stages. Mohammed and Nzelibele (2014:4) also emphasised that having well-versed and excellent management skills are vital for any individual to operate and run a successful business enterprise. Management drawbacks in managing SMMEs may, among other things include lack of information, inadequate control, ineffective planning and poor financial management knowledge.

Skills of personnel

According to Mamabolo, Kerrin and Kele (2017:3) skills personnel is the proficiency in performing the entrepreneurial tasks without experiencing any difficulties as a result of human capital investment such as work ethics, skills development and training. Mamabolo, et al.(2017:25) emphasised that in today's competitive environment, owners/managers of SMMEs requires to be

fully equipped with financial knowledge to sustain and manage the enterprise and indeed avoid failure in the early stages.

2.6 THE CORRELATION BETWEEN SMMEs AND LOCAL GROWTH

Muriithi (2015) defined development as a process to create growth, determination, progress and indeed positive attitude, which may lead to economic development growth and social reconstruction. Acquiring financial management knowledge and having ready access to the required resource is another way of ensuring SMMEs development and growth.

It is the responsibility of the municipalities, private sectors and other state agencies to become more involved in SMMEs development, poverty alleviation and job creation. SMMEs should be assisted to acquire more financial management knowledge through proper training to make informed decisions and avoid failure.

The relationship between SMMEs, local government and state agencies is crucially important to improve economic development, job creation and could yield significant results eventually. A sound, viable working relationship between SMMEs and local government, should be maintained as they will be furnished and sustained through tremendous financial management knowledge support and as well as an enabling environment to avoid failure (SEDA 2015:22-25).

According to Rogerson (2013:50), local government and other state agencies should be developmentally focused. Financial management knowledge is one of the tools that can be used to sustain the economy and avoid failure. Financials are one of the great pillars of successful businesses and the SMMEs sector should be recognised as a promising vehicle that can be used to sustain the economy and develop the economy, especially in cities. It is the known fact that SMME owner should be trained and empowered with necessary financial management knowledge. This is one of the mechanisms

that can be utilised by the SMMEs sector to sustain the industry and enhance economic growth.

2.7 OVERVIEW AND DISCUSSION OF THEORIES UNDERPINNING ENTREPRENEURSHIP

The term entrepreneur is said to be a driver of entrepreneurship (Encyclopaedia 2020). But the term can be confusing in many cases. Webster's dictionary defined the term as derived from French verb 'entrepreneur' (to undertake), but in a standard version, it is an individual who organises, manages, and undertakes risks of a business enterprise. As a result, they are said to be urgent for change because they discover opportunities that have not been discovered before (Ruef and Lousbury, 2007). Gabriel (2014) posited that entrepreneurs are very crucial in the economy because they will value the opportunities after they discovered them and make the best of them and venture into their own business. However, it is difficult to achieve their goals of creating employment, alleviating poverty and stabilising the economy if the sector is still experiencing challenges like lack of infrastructure, lack of financial support, lack of access to finance and credit.

An entrepreneur is a person who is self-employed, courageous, risk-taker, individually motivated, and indeed very ambitious in reaching his ultimate goals. According to Garaika and Margahana (2019) defined entrepreneur as a forceful venture into a business, as it requires highly motivated individuals, highly skilled individuals who carry out numerous responsibilities of employing and managing personnel. Entrepreneurship emerged in the 16th century for the chief purpose of job creation. As more jobs are created, they stimulated growth by promoting new, good and fresh ideas to the economy, which could lead to greater heights (Encyclopaedia 2020). Entrepreneurship can be described as a process of creating a commercial enterprise or new company, with the intention of earning profits, creating employment, and with the high potential of expanding and contributing to the economy at large. However, this

progress could be in vain if key challenges of the SMMEs sector remain unlooked at; namely lack of investment, poor infrastructure, corruption and crime. Guleviciute and Babonieme (2015) maintained that it could only be through individual ability to translate those great ideas into actions that include innovation, implementing great solutions, risks takers and indeed self-motivation. However, the reality is that without the necessary support from the South African government, private sectors and other government agencies, it is not easy to achieve such great goals. Kalkan and Kaygusuz (2012) noted that entrepreneurship involves many dimensions, and there are numerous variables involved and affected; consequently, the term entrepreneurship does not have a definition that everybody can agree to. Kalkan and Kaygusuz further noted that economists, sociologists, and psychologists viewed and explained and interpreted the emergence of entrepreneurship peculiar to each other.

There are numerous theories that have been proposed by scholars to elaborate on the field of entrepreneurship. However the attention will be directed to the following theories.

2.8 Economic Entrepreneurship Theories

The economic entrepreneurship theory has the deepest foundation in the classical and neoclassical theories of economic. The theories uncover the economic aspects to ensure the strength of entrepreneurial behaviour (Simpeh 2011). According to (Khan, 1994), noted that the economist's perspective, venturing into entrepreneurship is mainly for-profit and its every business enterprise's goal to ultimately make a profit. The development of entrepreneurship is primarily due to the economic system that currently exists; as a result, it motivates the development of the new structure of the South African economy (Mukherjee, 2016). In many countries, economic development is crucially important more, especially in the developing countries, that have past experiences in economic challenges, lack of employment, the poor state of life and equality (Akpor-Robaro 2012).

Drive to venture into Entrepreneurship

The term entrepreneurship is well known as a way of generating income, creating employment, other than growing and stabilising the economy, and subsequently feeding their families. Entrepreneurs have different motives with regards to venturing into entrepreneurship or starting the new business (Gabriel, 2014). According to Amaran (2015), individuals must possess the great motivation and should have good motives when starting business enterprises; otherwise, they will not prosper. It can be because of their self-efficacy; self-confidence has a positive influence on their entrepreneurial intention (Garaika and Margahana, 2019). Entrepreneurs have different reasons in starting a business, and it can be because of lack of employment, an increase in salaries, or create employment. Moreover, some individuals are not interested in working for others, besides themselves, for others, it is about status. The entrepreneur can have great ideas, good energy to venture into new a business enterprise, but if the challenges like poor infrastructure, lack of access to finance, lack of financial support, lack of trading spaces and costs of cities are not properly addressed it could lead to failure of the enterprise in its early stages. This does not auger well for the South African economy as an emerging economy.

2.9 Entrepreneurship from the Perspective of Sociologists

Entrepreneurship from the perspective of the sociologist is important to unpack as one of the critical elements in entrepreneurship theory. The sociological perspective is the third very important theory of entrepreneurship, and it is centred on the social context (Simpeh 2011). However, economic theories of entrepreneurship have the likelihood to overlook sociological and cultural factors other than psychological factors (Hamilton and Harper. 1994). Sociologists assert that entrepreneurship, in most cases, surfaces under a particular social culture, mainly affected by social sanctions, cultural values, and role expectations. Subsequently, social-cultural values can direct economic activities that, in turn, creates entrepreneurship (Ebere, n.d).

Moreover, the sociological perspective of entrepreneurship examines the social context, process, and outcomes gained from entrepreneurial activity.

2.10 Psychological Entrepreneurial Theories

According to Landstrom (1998), the level of analysis in psychological theories is the individual. These theories basically stress personal attributes that define entrepreneurship. In actual fact, these are entrepreneurs that take many risks, want changes in their lives and have a sense of flexibility in terms of challenges that they are faced with. It is said that entrepreneurs are go-getters, motivated, opportunity or outcome-driven, the high degree of creativity, very much optimistic, strive for success and are indeed visionaries. However, one can pose all these attributes, but lack of financial management knowledge and challenges in implementing thereof are not adequately addressed, failure of SMMEs in their infancy will persist. Entrepreneurs are said to be people with individual integrity, and who can make a difference in terms of creating employment, and to stabilise the economy. Hence, the need for ensuring that appropriate training and development with specific reference to financial management and financial expertise is provided for the success and growth of the SMMEs sector. Trail model as it has been mentioned is yet to be supported by research evidence; however, its existence is explain by the lenses of individual attributes that determine whether a certain individual is a future entrepreneur.

Locus of control

Locus of control is the prominent aspect of personality. The history of it is that the term was first introduced by Julian Rotter in the 1950s. Rotter (1966) explained the locus of control as individual perception about the main fundamental causes of events in the life of a certain individual. In simplest terms, locus of control is a belief about whether the outcome of our action is dependent on what we do to our business enterprise. In this way, the ability and the support of the family and relatives of the entrepreneur determine his/her success, as they solely relate to them.

Need for Achievement theory

According to Pervin, (1980), the trait model focused more on enduring qualities and locus of control on the individual's perception about the rewards and punishments in his or her life. McClelland (1961) further explained the need for the achievement theory, that each and every human being has a need to achieve, succeed and to accomplish their goals regardless of the situation. Given the fact that personality traits are supported by research studies there is strong evidence that achievement, motivation and entrepreneurship are inextricably linked (Johnson, 1990).

2.11 Sociological Entrepreneurship Theory

The third entrepreneurship theories is sociological theory, and its focus is mostly on the social context. Landstrom (1998) asserted that in the sociological theories, the degree level of analysis is traditional society. According to Reynolds (1991), there are at least four social contexts that correlate to entrepreneurial opportunity. As mentioned earlier of the four social context, social network is the first one, whereby the focus is on building strong social relationships that are trustworthy rather than opportunism. However, with all that being said, the entrepreneur should not benefit unduly to be successful in the business enterprise, but success should come through hard work, integrity and good relationship with customers. The second one is called the life course stage context, which involves the life situations and attributes of each individual who has embarked into a business venture. The third context is ethnic identification, whereby the individual's sociological background is one of the determinate factors to move into a business enterprise. In most cases, the social background of the individual dictates how far that certain individual can go in terms of entrepreneurship. People from impoverished backgrounds may be encouraged to strive for success, prompted by poor backgrounds to lead better lives. However, lack of necessary resources, infrastructure, good financial management knowledge and financial expertise could hinder their ability to prosper in the business

enterprise. The last but not least is the population ecology whereby elements like environment play a prominent role in the success and survival of the business enterprise. The customers, the competition around the demarcation area, red tape, employees and of course political factors just to mention a few, are some of the environmental elements that may be very influential in the success and survival of a business enterprise.

2.12 Resource-Based Entrepreneurship Theories

The resource-based theory of entrepreneurship posited that it is crucially important for the people who have ventured into new businesses to have full access to resources, access to finance, sound knowledge of finance and business sector as they are important predictors of opportunity-based entrepreneurship, a fresh start and growth (Alvarez and Busenitz, 2001). This theory emphasised the importance of access to finance, social and necessary resources that can be used in the business venture (Aldrich, 1999). Consequently, having the necessary resources and access to finance encourages the new business enterprise to improve and expand with the new opportunity that has been discovered (Davidson & Honing, 2003). There are three important classes of theories under the resource-based entrepreneurship; namely access to finance, social and human capital.

Financial capital/liquidity

Chowdhury and Alam, (2017), empirical research indicated that new business ventures are simpler to establish where financial capital is easily accessible and financial muscle to acquire necessary resources and to take advantage of entrepreneurial opportunities. Nevertheless, other research studies suggested that this theory showed that most business entrepreneurs venture into new businesses without much capital. One could have a great business idea only to find out the capital is not sufficient to start a business, and that triggers people to borrow from relatives and family friends. However, these challenges do not suggest that people cannot venture into new businesses without much capital. Therefore, this theory suggests that access to finance is crucially

important, as it is a predictor to business success but not necessarily crucial to venture into a business enterprise (Hurst and Lusardi 2004).

Social capital or social network

The social network is important in any business enterprise; in essence, theory entrepreneurs are immersed in a structure where social networks are massive, and that comprise magnificent portions of their opportunity structures (Beck & Cull, 2014). They further insisted that the fact that an individual may sport the opportunity that exists, he may lack social connections to change and transform the existing opportunity into a successful business enterprise. It is believed that access to a larger social network can assist overcome such problems.

Human capital entrepreneurship

According to Tarkhanova (2018), education and experience are two factors of human capital entrepreneurship theory. The vast knowledge obtained from past experience and education can constitute a great reservoir of information that can equally be distributed across individuals. Empirical research studies indicate that human capital factors are related in the positive way to create new adventures, and this increases the opportunity to be recognised and promotes business enterprise success (Kasbun, Teh, and San Ong (2017).

2.13 INTEGRATION OF THEORIES OF ENTREPRENEURSHIP

The entrepreneurship theories remain an integral aspect to the development and enhancing the business sector. As it has been mentioned earlier, all the aforementioned theories are agents for change; they are used to uncover many important economic aspects. Economic entrepreneurship theories are centred on two aspects, namely; classic and neoclassical theories of economics. Entrepreneurship is known as the way to generate income and maximise profits, to create employment and stabilise the South African economy. The entrepreneurial psychological theories focus on taking risks, changing lives and striving for success. However, the above factors cannot be

achieved if there are challenges in empowering SMMEs with financial management knowledge and implementing financial systems. With all that being said, all is not lost, there are strategies to mitigate these challenges in the SMMEs sector. Some of them are;

- The strategy would be to educate the SMMEs sector regarding financial management knowledge through government agencies like SEDA, SEFTA, and NYDA.
- Keeping crucial financial records for future decisions and historical records.
- Proper cash planning and profit planning for the business.
- The sector should be encouraged to attend financial management knowledge training.

Entrepreneurs are go-getters, motivated, opportunity or outcome-driven, a high degree of creativity, very optimistic, strive for success and are indeed visionaries. But it is entirely impossible to achieve the aforementioned elements if entrepreneurs lack access to finance as well as all necessary resources. The same sentiment is shared by financial capital theory where it was suggested that people with financial capital and financial muscle have a better chance to acquire necessary resources to take advantage of entrepreneurial opportunities rather than those with limited access to finance, which results in failure of SMMEs in their infancy stages.

The resource-based theory of entrepreneurship advanced that it is crucially important for the people who have ventured into a new business to have necessary resources and those resources should be easily accessible, as it is an important predictor of opportunity-based entrepreneurship and a new fresh start and growth. The government and private sectors need to play a big role to assist SMMEs with financial management knowledge and financial expertise to ensure that the sector is provided with the necessary knowledge. Three entrepreneurial theories, namely; Economic, Psychological, Sociological and other sub-theories have been viewed, explained and

interpreted and unpinned by empirical evidence. All the theories mentioned above are crucially important in any entrepreneurship study, more especially if they can be integrated. Knowledge creation is critical in any business as it could be viewed as a cornerstone for any business enterprise to be innovated and to promote business success in order to contribute to the South African economy.

2.14 CHALLENGES OF ENRICHING SMMEs WITH FINANCIAL MANAGEMENT KNOWLEDGE

As indicated earlier on, South Africa is an emerging economy, and owners/managers of the SMMEs are using the SMMEs sector in order to sustain the economy and create more employment. However, it must be put on record that there are challenges of enriching SMMEs with financial management knowledge. Firstly, a lack of necessary resources to empower SMMEs with excellent financial management knowledge is one of the enormous challenges. According to (Yeh, Hu, and Chen, 2021), SMMEs lack resources, support and necessary capacity from relevant stakeholders that can furnish SMMEs with excellent and productive resources. However, that is not always the case; as some SMMEs become reluctant to attend events that will enrich them with the necessary knowledge. The eThekweni municipality affirmed this in their Business bulletin that SMMEs tend to ignore the importance of participating in those events, as they regard them as useless and time-consuming.

SMMEs have been recognised as agents for change and an important factor in the economy. They deserve to be enhanced, developed and supported economically and also safeguarded by the same law. While there are challenges, SMMEs can contribute immensely to making the South African economy healthier, particularly the KwaZulu-Natal Metropolitan Area on the proviso that they are supported by government initiatives.

LACK OF GREAT INFRASTRUCTURE.

Lack of infrastructure for SMMEs is a devastating problem, as for a business to thrive, essential services should be provided, namely; shelter, water and electricity and storage facilities (SEDA, 2019:32). In South Africa, the government recognised the significance of SMMEs, in such a way that an excellent and convenient infrastructure for SMMEs is essential. According to GEM (2014), support is one of the critical enablers for SMMEs development and growth. Without proper infrastructure, it becomes difficult to enrich SMMEs with financial management knowledge.

LACK OF ACCESS TO FINANCE AND CREDIT.

According to Karagiorgos, Alexandra, Ignatiou, and Terzidou (2020) observed that SMMEs lack of access to funding is the great attributes of failure rate of SMMEs in their early stage. Due to lack of funding, they lack confidence, they tend to rely on their savings and relatives. Having insufficient access to finance for the SMMEs sector is a universal problem. This challenge poses a threat to their acquisition of financial management knowledge because they become de-motivated and they do not see the need to improve themselves with business management knowledge; hence, they mostly rely on their savings.

LACK OF FINANCIAL SUPPORT AND SUSTAINABILITY.

SMMEs plays a prominent role in the countrys economy, they drive innovation, job creation and moreover contribute significately in the South African economy. For the sector to be more viable and sustainable, financial muscle is needed to expand and improve the sector (Burlea-Schiopoiu and Mihai, 2019). Since SMMEs do not rely much on external funding to sustain their business, it is imperative to furnish them with necessary financial management knowledge and financial expertise to help them make informed decisions. Burlea-Schiopoiu and Mihai, 2019, further attest that, currently about 5.6 million SMMEs, which represent about 70 to 80 per cent represent labour force in South Africa, representing about 36 per cent of the South African GDP (Smit, 2017). Small businesses plays a crucial role in 'inclusive development

and growth' in South Africa (Bhorat, Asmal, Lilenstein, and Van Der Zee, 2018). It is estimated that the SMMEs sector make up about 98 per cent of the South African economy, however only about 28 to 31 per cent of job have been created, which is a very small (Langa and Govender, 2019)

TRADING SPACE

There are the number of spaces that are not occupied by the owners/managers of the SMMEs expanded all over the Central Business District (CBD). There are several reasons behind those trading spaces being unoccupied; the chief being that these trading spaces are not situated in areas that will boost trade for SMMEs. The situation can be fixed by proper engagement in the form of consultation between parties, the municipality and street traders or SMMEs using a bottom-up approach before supporting SMMEs with anything. The municipality has proclaimed other places as no trading places, which pedestrians use on a daily bases, and those places can generate more revenue for street vendors (Cohen, McKay, and Wolfe, 2017). This is a conflict of interest between the municipality and the street traders.

COST OF SITES

Street traders are being charged to occupy the trading places by the local municipalities, and this generates income for the local government (Cohen, McKay, and Wolfe, 2017). If the amount they pay is calculated as a proportion of traders' income, for some it will be reasonably high. Skinner argued that these permits had not been accompanied by an improvement in the infrastructure such as tables, shelter, and storage and toilet facilities.

A study that was conducted by the University of Cape Town (UCT) revealed that SMMEs do not bother to acquire financial management knowledge; this is because some SMMEs do it for financial survival not primarily to alleviate and create employment. According to Kimanzi and Gamede(2020), some SMMEs are mainly financed by personal savings and family support, and that might be why SMMEs are reluctant to gain more financial management

knowledge and take part in financial management workshops. Akanbi (2021:376) also affirmed that SMMEs do not view it as a necessity to enrich themselves with financial management knowledge. This poses a considerable challenge to equip owners of SMMEs with financial management knowledge.

According to Ahmed, Noreen, Ramakrishnan, and Abdullah (2021:16), some SMMEs put on record that they are part of this venture due to lack of job opportunities, not necessarily due to passion and improving the South African economy. With that said, SMMEs are able to make lucrative market opportunity, but more education is needed. They also affirmed that due to this notion, it has become increasingly difficult to educate owners/managers of SMMEs with financial management knowledge. The further revealed that owners/managers of the SMMEs are reluctant to attend financial management events due to lack of capacity and lack of space at the conference. Financial management knowledge which assists SMMEs to operate and manage more effectively as well as help them in "steering and navigating their way around pitfalls that can cause failure" is a critical tool in any entity.

2.15 THE CHALLENGES ENCOUNTERED BY SMMEs IN IMPLEMENTING FINANCIAL SYSTEMS.

LACK OF INVESTMENTS

According to Kapunda (2015), SMMEs are undoubtedly regarded as one of the engines that can be used to alleviate poverty and enhance economic growth. However, the challenges encountered by SMMEs in trying to implement sound financial systems are still a daunting factor in the SMMEs industry. SMMEs are uneasy about implementing prudent financial systems due to lack of investments; as a result, it is difficult to borrow or to acquire funding from financial institutions (Kapunda 2015). Due to limited internal funds, SMMEs resort to loans, grants and sale of bonds to the extent that they fail to repay the money and become bankrupt.

SMMEs may become uneasy about implementing sound finance systems because they do not deem it necessary since they finance their own businesses.

POOR INFRASTRUCTURE

A flourishing trading environment and good infrastructures are crucial for any business, let alone SMMEs. According to Malefane (2013), infrastructural inefficiencies in the SMMEs sector made it difficult to furnish them with financial management knowledge. According to Lings (2014:166) in recent years, South Africa has been experiencing electricity cut-offs that have diminished the country's economy, and as a result, private sector investment was experiencing in-growth. Possibly, the power generation capacity is exacerbated by poor maintenance, and some of those facilities have reached the end of the lifeline. The remedy for this situation is to have regular maintenance of every facility to ensure that there is no power cut-off. Lings (2014) also mentioned that like any other equipment, continuous maintenance, and consistent check-ups are necessary to meet the high demand to enhance SMMEs development and avoid SMMEs failure.

CORRUPTION AND CRIME

Crime and corruption are observed to be acute problems facing South Africa. These problems are damaging the country's economy, and the government appears to be unable to deal with it decisively. Recent xenophobic attacks and looting on shop owners in any part of the country sparked the narrative that government is unable to deal with crime; as a result, some of the neighbouring countries have little hope on the South African government's ability to deal with crime decisively. SMMEs tend to shift their focus from economic development and to safe guiding their business as matters of urgency and priority. Beigi, Nayyeri, and Shirmohammadi (2020) stated that the SMMEs sector is exposed to crime and corruption despite the preventative measures the law has implemented to address crime and corruption in recent years. Government

has raised a great initiative to support the sector. Beigi, Nayyeri, and Shirmohammadi (2020) further mentioned that SMMEs, in most cases, oppose the request for unauthorised invoice or similar act leading to crime and corruption. 'On the same note, a World Bank study found 70% of SMMEs viewed crime and corruption as a hindrance to the SMMEs sector as compared to 60% of larger organisations. SMMEs are in danger of not growing as they should, and that makes it difficult to implement sound financial knowledge in the SMMEs sector.

A FRAMEWORK TO MEASURE FINANCIAL MANAGEMENT KNOWLEDGE WITHIN THE SMMEs SECTOR.

SMMEs form an integral part of the economy in South Africa and abroad, where they seek to create jobs, eradicate poverty and contribute immensely in the growth and economic development. A significant number of SMMEs demonstrate a meagre survival rate, predominantly within four to five years of trade or services. A shortfall in financial expertise and knowledge has been recognised as an element that impedes the improvement and growth of SMMEs, leading to their subsequent failure. Therefore, it is a truism to state that lack of access to finance is one of the issues that prevent the economic development and growth of the SMMEs sector.

According to Kerr et al. (2014) the findings of a research study conducted on SMMEs indicated that there had been a dispute regarding the ability and capability of SMMEs to create more employment and alleviate poverty as larger business entities are said to be better job creators. However, other research sources suggested the significance of SMMEs in South Africa as vehicles that can be used to create employment, poverty alleviation and economic growth. Small Business Development was established in 2014 to ensure the improvement and growth of small business enterprise in the country and come up with constructive ideas to enhance the SMMEs sector. According to Bongomin, Ntayi, Munene, and Malinga (2017), the rate of failure in the SMMEs sector in their infancy stages has risen, in spite of the fact that South African government has established many constructive programmes to

encourage development and growth in the SMMEs sector. In 2013, the Minister of Trade and Industry, Rob Davies, declared that 7 out of 10 SMMEs started in South Africa tend to struggle in the first few years of operation. Kgosana (2013), further echoes with the sentiment that small businesses struggle in their infancy stages, as a result some businesses collapse. In the subsequent year, Minister of Small Business Development, Lindiwe Zulu stated that enterprises with fewer than 20 employees have only a nine percent chance of surviving ten years from the initial time of the trade (Zwane, 2014). The ministers were in agreement that this failure is attributable to both the lack of financial knowledge and business management skills.

In the latest reports (Anon, 2016:1; Kgosana, 2013:1; Zwane, 2014:1; Bornstein and Scarborough, 2007:38-39), revealed the fact that SMMEs failure rate is very high as they have encountered many survival threats, and that is a huge concern in South Africa. In a Global Entrepreneurs Monitor (GEM) report that the overall establishment of workable SMMEs in South Africa is a huge task due to low survival rates of SMMEs. However, the worrying factor is the fact that the number of such enterprises is not reported. Nevertheless, there is no doubt that the SMMEs do not produce sufficient revenue to sustain themselves in the long run and that the owners/managers lack some critical skills, resulting in one person being in control.

STARTING UP A SMALL, MEDIUM AND MICRO ENTERPRISE.

The SMMEs sector has been, in many cases, recognised as a vehicle that can be used by South Africa to grow its economy, deal with inequality, and eradicate poverty. However, many questions remain unanswered. For example, what could be the criteria for starting an enterprise? What is the motive in starting up an enterprise? How best can the following issues be addressed: the dearth of access to finance; lack of information and education, skills and shortfall of effective support institutions?. Every enterprise is being created out of motives, not by accident.

Nevertheless, the initial plan looks at the many various influential elements and motivations, which in most cases depend on individuals' circumstances aiming at trading in an enterprise before deciding to embark on starting an enterprise. There are many motives behind venturing into business enterprise, unemployment is highly likely to be one of those reasons Salaudeen (2018). Other reasons are self-employment, the desire for a good lifestyle, financial freedom, and to attain material things that entrepreneurs seek. Salaudeen (2018) further assert that autonomy is, among others, a start-up motive. They also added that they believe that independence is important to SMMEs start-ups. Autonomy as a start-up motive can be correlated with financial freedom and independence; however, these capabilities can be related to financial management knowledge and business management skills.

Masutha and Rogerson (2014) also affirmed that the motivational force behind starting a business enterprise is among other things, financial freedom. The motivational force assumes that the motive behind the start-up of SMMEs is growth intention, financial freedom, self-realisation and recognition. Masutha and Rogerson (2014) also argued that the above reasons for starting up an enterprise sector had changed drastically to employment opportunities. Statistics South Africa indicates that the rate of unemployment has been increasing exponentially since 2010 from 25 percent (first quarter) to 29, 1% in the third quarter of 2019 (StastsSA.2017)

Spicer (2016) maintained that the main aim in embarking on a business enterprise amongst owner/managers varies from those of larger business sectors who seek "high income, power, and sense of independence, importance and security". The primary objective of business owners to start-up business enterprise is to attain self-government, to realise initiative and aspiration; to supplement their income and assist their families financially. Spicer (2016), emphasised that the self-employment growth rate is excessively very high than general employment. It is not a secret that South Africa as a country, struggles to obliterate unemployment rates and it is no

surprise that many South Africans turn to the SMMEs sector as their last resort in finding employment (Woodward et al. 2011:66). SBP (2013:3) reported that in figures out of five small enterprises who are in the SMMEs sector in South Africa were “impelled” into starting the enterprise by factors such lack of alternative employment and retrenchment. These founders lack training and financial management knowledge so essential in ensuring the survival of a business.

Notwithstanding the motives mentioned by individual SMMEs in a starting-up enterprise, it is, crucially essential to be equipped with financial management knowledge and other business knowledge to ensure the sustainability of the enterprise and avoid failure. It is of utmost importance to be confident that one possesses a great deal of expertise, has good insights and the character required to run the business since one could be heading for a complete disaster if one does not possess specific expertise such as financial management, financial literacy and business management skills (Lusardi and Mitchell, 2014:6).

FINANCIAL LITERACY

In recent years, financial literacy has been the most important subject in any research study. Many government institutions and agencies, financial organisations have stressed the need for financial literacy (Amari and Anis; 2015), several researchers have conceptualised financial literacy differently; however, they concluded that the definition varies significantly in terms of the complexity of such a definition and emphasis placed (Fatoki, 2014:151).

According to Schmeiser (2013:243), noted that, financial literacy has no proper definition to ensure that it is measure that exist. However there are academic research that seek to examine financial literacy and financial outcomes. Knoll and Houts (2012:383) suggested that the lack of a broadly disseminate measure of financial literacy is a huge stumbling block that the financial literacy

field struggles to overcome. In addition, various researchers who aimed to establish a broad definition of financial literacy within their studies have similar notions.

Despite the fact that no reciprocal definition for financial literacy exists, correspondences between different objects are evident; hence financial literacy is measured similarly by researchers and available studies on the subject (Knoll and Houts, 2012:383-384).

The below section seeks examine many conceptual definitions of financial literacy, the relevance it has in the SMMEs sector and the implications it has in the business industry.

2.16 THE CONCEPTUAL DEFINITION OF FINANCIAL LITERACY.

There has been many interpretations of financial literacy and its prominence by researchers, however mutual understanding does exist. To be numerical, vast knowledge of the business enterprise, the use management of the money and effective financial decision-making, are some of the common grounds explained below.

Anton and Bostan (2017) explained that financial literacy has been defined in a range of literature as a particular form of knowledge, expertise of individual to apply this knowledge, how the learning is apprehended, which is designated through good financial understanding and influenced by the business experience of individuals. This form of insight on education concerns explicit aspects of commercial nature. This is endorsed by the findings of, Clark (2014:2), who defined financial literacy as “knowledge and understanding of financial products and services that are relevant to the issues that people have to deal with in their daily lives”. Oanea and Dornean (2012:116) explained that an individual should have a better insight into financial terms such as inflation, interest rate, credit, money management etc., as a starting point of financial literacy.

According to Naidoo (2021), financial management knowledge symbolises the premise for financial literacy and financial management skills; the success of the business depends on that knowledge. Ranchhod (2019;42) stressed that financial literacy entails that a person apprehends and can apply relevant financial knowledge in everyday life to avoid business failure, in that way reduce unemployment rate. Financial management knowledge and financial literacy is crucial to know and understand it. However it is pointless to have knowledge without applying it. It is mentioned that, in our daily lives, financial literacy is required to ensure proper decisions. In a brief of the afore-mentioned definitions of financial literacy, the OECD and the World Bank (Kalekye & Memba, 2015) explicated the term as “the combination of consumers/investors understanding of financial products and services and their ability and confidence to appreciate financial risk and opportunities, to make informed decision and to take other effective decisions to improve the financial well-being of the business”. To some certain extent, if one is to utilise financial opportunities and embrace financial risks, one should be able to possess sufficient financial management knowledge and confidence to answer suitably in a given circumstance.

Mihalcova et al. (2014:319) defined literacy as having knowledge and being able to utilise that knowledge, skills and experience of an individual to make informed decisions regarding the use of financial management knowledge. This delineation incorporates the ability to apply knowledge, skills and experiences to be empowered; to effectively make business decisions that influence the outcome of the financial security. Viera (2012:24) emphasised and concurred with the definition by Mihalccova et al. (2014:319), by asserting that financial management knowledge is crucial to comprehending financial matters; in addition, it relates to a set of skills and expertise that empowers an individual to make informed business decisions through utilising their understanding of finances and all the aspects revolving around investments. Among the decisions to be taken are, the spending and saving of money,

controlling the budget, and choosing appropriate financial products to appear to be important in the business.

Lusardi and Mitchell (2014:6) explained more, which judgements are to be made in informed circumstances. They asserted that financial literacy contains the ability of an individual to process information contracted from the economy and act upon such information by taking informed decisions. Over and above that the recent conceptualisations, financial literacy is regarded as a skill. Nauta (2013:13) stated that financial management is a crucial skill that gives aid to an individual in making decisive decisions in the current situation. Anton and Bostan (2017) were of the view that the skills of financial literacy goes beyond just financial knowledge. Among the skills referred to are: to be knowledgeable in numerical calculations, keeping a record of the movement of cash flow, have financial management knowledge, determining enterprise financial position etc. It may be concluded that financial management knowledge and financial literacy are skills that can be obtained should through training programmes.

2.17 STRATEGIES TO MITIGATE THE CHALLENGES OF IMPLEMENTING SOUND FINANCIAL MANAGEMENT SYSTEMS WITHIN THE SMMEs SECTOR

Having stated the importance of financial management knowledge in the success of a business, SMMEs are regarded as engines driving the country's economy. SMMEs are highly regarded and considered as a great contributing factor in job creation, poverty eradication and economic development. Acquiring strong financial management knowledge by SMMEs and furnishing them with financial expertise in order to survive and succeed for a more extended period is crucially important (Brixiová, Kangoye, and Yogo (2020). Failure to equip SMMEs with necessary financial management knowledge could be a setback for the SMMEs sector (Naidoo and Urban 2013:37).

FINANCIAL MANAGEMENT KNOWLEDGE

According to Charan and Kishinchand; (2016) financial management knowledge is regarded as the most crucial aspect of any business enterprises for it to grow financially and even operate in the foreseeable future. It acts as a guideline in ensuring that the entity's activities to achieve its goals, mission statement are carried out and is a vital element of any business's operations. Successful companies have inherited two main aspects of successful enterprises.

KEEPING OF RECORDS

Lusimbo and Muturi (2016) stated that it is important for the SMME sector to have a clear understanding of financial position and changes that take place over time in the business. SMMEs should fully understand financial performance, record keeping, the way they should utilise their profits and achieve their profit objectives. Scarborough (2011:347) also emphasised the need for a secure financial base for any business to make a financial plan. Moreover, a full understanding of using records must be taken into account.

Etemad (2020) emphasised that most SMMEs are reluctant to keep written records of their enterprises' daily activities mainly because they lack financial management knowledge. Etemad (2020) also reiterated that SMMEs should make use of financial management knowledge that is available in the public domain; however, the government should assist SMMEs with financial management knowledge. The government should be able to promote sound working relationships between SMMEs and the financial sector concerning financial management knowledge to bridge the gap of financial expertise, as SMMEs are regarded as the engine of the economy.

CASH PLANNING

Meric and Gersil (2018) stated that cash is the most critical aspect of the business, and it plays a pivotal role in a successful SMME. He further stressed

that cash planning involves preparation of the financial statements of the enterprise like cash budget, income statement, balance sheet which is the position of the business. Having sound knowledge of inflows and outflows of cash in the business enterprise is crucially important. This statement is used for cash requirements estimation, more especially cash surplus and cash shortages to avoid unnecessary spending.

PROFIT PLANNING

Profit planning involves the preparation of Pro-forma statements, which are projected income statements and balance sheets. It relies on the accrual concept for a project of the enterprise's profit and overall financial position. Profit planning is one of the great pillars to shareholders, creditors and management entity as well as in assisting in decision making. To reach and achieve profit objectives and to avoid failure of SMMEs, the business managers must be well aware of the financial position of an enterprise and changes that take place in the business financial position (Estrin, Mickiewicz, Stephan, and Wright (2019).

Besides, Zamri, Mansor, and Ab Rahman (2018) emphasised the need to empower SMMEs with financial management knowledge for a business to succeed and prosper in future. They also stated that it is of utmost importance for SMMEs to be enriched fully with financial management knowledge to avoid failure of SMMEs and for them to prosper.

VALUE OF FINANCIAL MANAGEMENT KNOWLEDGE.

Julien (2018) stated that it is crucially imperative for SMMEs to have financial management knowledge as a workable strategy for profit-making and to sustain the business. Financial management knowledge can be a contributory element in the success of SMMEs, and for the business to run smoothly and more effectively.

Flores-Hernández, Cambra-Fierro, and Vázquez-Carrasco (2020) importantly found that about 65% of SMMEs fail due to lack of financial management expertise. They also ascertained that financial management knowledge is a very prominent factor in a business enterprise, and it is necessary to understand it and execute it correctly. SMMEs have been found to have inadequate financial expertise and financial management knowledge (Case and Goffee 2014:30).

Anderson (2017) suggested that while many SMMEs direct their focus more on the budget, only a minority do it correctly. Training for SMMEs in terms of financial management knowledge is a necessity, as most of SMMEs start-ups with are financed primarily by personal savings with assistance from family and friends. The financial source might be a contributory factor to the SMMEs reluctance to acquire more knowledge of finance management and keeping records. They do not see the necessity to use financial documents and maintain financial records; as a result, businesses do not last long (Longenecker 2016:225).

Anderson (2017), further state that financial management knowledge and also business understanding is one of the tools that can be utilised to avoid failure of SMMEs. Furthermore, Oxford from the University of Cape Town Graduate School of the Business Research (Oxford; 2016:96-126) claimed that there are various factors that are cited as a contribution factor to SMMEs failure; lack of administration, financial management knowledge and not the finance itself. Oxford further emphasised the importance of addressing financial management short commings and financial expertise to avoid failure of SMMEs in their infancy stages. He reiterated that SMMEs need to acquire necessary training, business administration and financial management knowledge.

Nieman (2016:230) in the White Paper on the National Strategy for Development and Promotion of SMMEs in South Africa is of the view that

SMMEs require legal support: incentives, financial management knowledge. Brooksbank (2016:54) ranked the need for financial support as one of the most critical factors influencing the survival of the new venture. The government appointed DTI to have oversight in institutional framework for SMMEs development; however, there are some challenges with the financial management knowledge to avoid the collapse of the business. As a result, Institutions such as SEDA, DTI and others were subsequently established to create a suitable environment for SMMEs. However, whether those government agencies are doing enough to ensure that SMMEs are afforded financial management knowledge and other necessary knowledge remains an unanswered questions. According to Stensrud (2017), many government agencies has struggled to fulfil functions that they were initially established.

According to Beck and Cull (2014:20), many businesses around the globe are regarded as SMMEs. These types of business enterprise have been entrusted by many people to play a huge role in improving the South African economy and contribute a more significant portion of the country's GDP. As a result, in developed countries, SMMEs have become a considerable concern, and this is because they are considered as a backbone of the economy. Jones and Craven (2014:40) also affirmed that SMMEs are one of the tools that can be used in enhancing economic sustainability, poverty alleviation and employment creation, although there are still loopholes concerning financial management knowledge to sustain the business firmly.

Even though SMMEs are regarded as the backbone of the economy, they are still vulnerable to a variety of external and internal challenges. As a result, the eThekweni Municipality has taken deliberate actions aimed at creating a conducive environment for SMMEs development to provide access to both domestic and international markets, financial facilities as well as providing information and support networks. However, those commercial facilities are not accessible by all the SMMEs in the metropolitan area.

Diederichs (2015:64) stated that SMMEs are responsible for approximately 97.5% of the South African economy, and they also contribute 35.8% of the nation's GDP. Studies also indicate that SMMEs are responsible for the employment of 58.5% of all formal private sectors that is just over 45% of wages and salaries paid per year and also they can react sooner than expected in this ever-changing economy (Tahir 2014:240). Tahir also noted that lack of financial management knowledge could lead to business failure of SMMEs.

eThekwini Municipality and the local government fully support SMMEs, because they are recognised as one of the mechanisms that can be utilised to create employment and poverty alleviation. According to Hough, Nieman & Nieuwehuizen (2015:20), many businesses stumble in the early stages due to lack of training, and shortage of financial management knowledge. Support in the form of exercise and mentoring has also been shown as an essential factor in the survival of SMMEs. The local government, eThekwini municipality and DTI have been identified as the fundamental structures that could assist in avoiding failure of SMMEs by providing training, mentorship and a piece of robust financial management knowledge.

According to Mqaba (2015:40), SMMEs are the critical factor in alleviating poverty, job creation and economic development. Mqaba further explained that a combination of training, enhancing SMMEs with financial management knowledge can be a tool to avoid failure of businesses in their early stages and also to maintain sustainable growth of SMMEs to lay an excellent foundation for success.

SMMEs are one of the critical pillars that can be utilised to creation employment and poverty alleviation and stabilise the South African economy. It has become difficult for many South Africans to be employed. As a result, many South African have set their sight on the SMMEs sector as one of the mechanisms that can be used to alleviate poverty and to create jobs. Their failure rate in the infancy stage has become a considerable concern. It has

been found that there is a necessity for financial management training to avoid failure in their early stages of operation and to stabilise the SMMEs sector (eThekweni Municipality 2017: 30).

SMMEs are one of the crucial and fundamental ways for the government to alleviate poverty, create job and to stabilise the economy. The DTI and eThekweni municipality has endeavoured to come up with new mechanisms to avoid failure of SMMEs in their early stages by holding annual events to educate and enrich SMMEs with financial management knowledge and skills development. However, there are loopholes along the way that need to be filled.

2.12 CONCLUSION

The Literature review has ventured to build on the research purpose, problem and objective. Its aim, as previously presented in Chapter 1, was to highlight the literature concepts that will narrow the research process.

The main aim of this chapter was to have a broad understanding of SMMEs, provide a definition of SMMEs, explore the challenges of furnishing SMMEs with financial management knowledge, and determine the difficulties encountered by SMMEs in the implementation of sound financial management systems. Moreover, the chapter aimed to suggest the intervention mechanism which can be implemented to enhance the sector's overall business performance to avoid failure of SMMEs. The literature suggests that the SMMEs sector has potential in improving the economy of the country. However, shortage of financial management knowledge is a challenge.

CHAPTER 3

3.0 RESEARCH METHODOLOGY

3.1 INTRODUCTION

The purpose of this chapter is to present the methodology used to collect the primary data. Research paradigm, research design, population and sampling techniques used in this research are presented. Furthermore, data collection techniques and research tools, measures to ensure the validity of the research, data analysis procedures, limitations of the study and ethical considerations are discussed and then a conclusion is provided.

3.2 RESEARCH DESIGN

The research design outlines how the method and procedures recruited to conduct the research are enclosed for this study (Sekaran and Bougie 2013:70). It is a comprehensive outline of how the investigation will proceed, how the data will be collected, what instruments will be used, how the tools will be used, and how the data will be analysed. This study was conducted based on the challenges in enriching SMMEs with financial management knowledge in KwaZulu-Natal Metropolitan Area. The critical social theory approach was adopted for the present study. The approach was adopted for the present is because the research instrument was used, had previously been used. Another motive is because the issues in this present study, have been studied by other researchers; hence literature review exist. The researcher adopt a paradigm approach that is a direct relationship with methodology available. The research design for the present study is a description and explanatory Creswell et al. (2012:34). The descriptive research described the characteristics of the already existing phenomenom; it seeks to address the questions related to fundamental characteristics of the research subject and explanatory studies. The investigator conducted an in-depth literature research and interviews using a questionnaire with experts in the field. Questionnaires helped the researcher to identify and record the challenges of

enriching SMMEs with financial management knowledge in KwaZulu-Natal. Two hundred fifty questionnaires were distributed to the participants for this study, outlining the of enriching SMMEs with financial management knowledge in KwaZulu-Natal. Before administrating the questionnaires, a pilot test was done by distributing 15 copies of the questionnaire. The questionnaire that was distributed dealt with the challenges of enriching SMMEs with financial management knowledge in KwaZulu-Natal Metropolitan Area. In addition, the study was descriptive and explanatory in such that it was conducted to identify and explain the challenges of enriching SMMEs with financial management knowledge; challenges of SMMEs in implementing sound financial management in the SMMEs sector and the mechanisms that can be used to improve the SMMEs industry regarding financial management knowledge

The mixed method approach was adopted for the study. The multiple research methods assist the investigator to increase the reliability and validity of the research findings.

3.3 RESEARCH APPROACH

Research approaches are said to strategies and tecninques for conducting the research study that covers step by step approach from broad assumption to a detailed methods of collecting data, analysing it and ultimately interpreting them Creswell (2014). Infact there are many decision involved in choosing research approach. Creswell (2014), futher mentioned that this decision should be informed by many philosophical study that the investigator brings to the research study; such as research designs, methods of data collection, analysing and interpretation of information. The investigator is also guided by the nature of the research problem, subject matter that is being investigated. There are different methods that can be used to collect data from the respondents and those methods have their advantages and disadvantages, other methods are good and some are more better than others. There are two commonly used primary data collection method: namely self administered questionnaire and interviews. Questionnaires are mostly used in surveys with

descriptive and exploratory purpose and interview is a very common descriptive research such as surveys but it can be utilised to collect data. Questionnaires, interviews mostly use open-ended questions.

3.4 POPULATION

Tustin (2011:96) defined a population as a group from which the sample is drawn and consists of all the people or establishments whose opinions, behaviours, preferences and attitudes will produce information to answer the research questions. Welman, Kruger and Mitchel (2005:52) defined a population as a study object, which may be either individuals, groups, organisations and events or the conditions to which they are exposed. The size and the length of the population usually make it unfeasible and not economical to involve all the members of the population in a research study. Consequently, a sample of the population is generally utilised. A sample of 250 SMMEs was randomly selected to participate in the study.

3.5 TARGET POPULATION

According to Sekaran and Bougie (2013:240), the target population may be defined as the whole group of participants from which an investigator aspires to draw a sample for a particular study. Kruger and Mitchell (2011:47) affirmed that the target population is the individuals that have been invited by the researcher to take part in the research study. In this study, the target population comprised 250 SMMEs operating in KwaZulu-Natal Metropolitan Area, namely, South Beach, Albert Park, Durban Central and Berea.

3.6 SAMPLING PROCEDURE

According to Langham (2010:15), it is usually impractical to study the entire population; sampling furnishes a means of gathering information about the population without the need for exploring the whole population.

There are two main types of sampling designs: probability and non- probability (Sekaran and Bougie, 2010:295). When probability sampling is used, every

member of the population has an equal chance of being included in the sampling. In non-probability sampling, members of the broader population are excluded from the sample. There are more 15000 SMMEs in the metropolitan area (eThekweni Municipality Business Support Unity 2017), that formed part of the population survey.

A sample of 250 SMMEs was randomly selected from a target population of 15000 SMMEs, and 250 questionnaires were dispatched. They all responded to the questionnaire very well to make inferential observations from data survey.

3.7 RESEARCH DESIGN

The quantitative research method was employed, and structured meetings, interviews and questionnaires were utilised, leading to the generation of statistical information (Fox and Bayat, 2007:77). Cooper and Schindler (2014:140) explained that a quantitative approach is used to develop and apply the mathematical framework. The research findings are then subjected to statistical analysis to produce broadly representative data that can be extensively applied to the total population. Wild and Diggins (2010:86) explained that the generation of a framework of models, the hypothesis of theories, instrument development and method of measurement, data collection, analysis of data and evaluation of results are the requirements of a quantitative approach.

According to Johnson and Christensen (2014:35), quantitative research may be defined as an exact measurement by utilising organised and approved data collection instruments, using randomly selected samples, figuring the origin, effect and concluding with the projection of variables. The quantitative research design method was used in collecting data from the owners/managers of SMMEs in KwaZulu-Natal Metropolitan area.

Data collection procedure

According to Kumar (2011:139), a researcher has many options to gather information; however, in this study, primary and secondary data approaches are used to look for answers in a research problem.

RECRUITMENT OF PARTICIPANTS AND INFORMED CONSENT

The Durban University of Technology takes ethical issues very seriously and requires that these be recognised and appropriately addressed before any submission of the research proposal and the start of the thesis.

The eThekweni municipality's chairperson of business development gave the go-ahead to present the questionnaire as a way of coordinating a study. The questionnaire for the study was submitted to the chairperson to check if the instrument applied. Their responses were valued and appreciated.

The researcher was given the go-ahead to continue conducting the study through a letter of consent that was communicated via the chairperson on behalf of the participants. The researcher was afforded an opportunity to do the research, and there was an agreement that after completion of the study, it would be published on the eThekweni municipality website and in the eThekweni metro paper after completion.

Primary data

Primary data may be defined as a collection of data by an investigator in the form of personally administering a questionnaire, conducting interviews and scrutinising the answers. Weijun (2008:16) contended that raw information has some advantages, to mention a few, is genuine and relevant to the study concerned, gives an investigator the opportunity to survey the target population and this affords everyone an equal opportunity to take part in the survey. Primary data is gathered from a larger population. Furthermore,

primary data is recent; it provides the investigator with better insight. Primary data is realistic and reliable because the concerned party gathers the data.

The questionnaire was administered and personally dispatched to the participants by the investigator with the assistance of three trained people. The SMMEs were randomly selected, from eThekweni municipality and Durban chamber of commerce. In order to fully understand the research study, secondary data was utilised to scrutinise the primary data source.

Secondary data

Secondary data may be defined as what is not first-hand information. However, the information must be relevant and current, that is available in the public space; namely organisational records, government gazettes, books and journals and research on the public space (Kumar, 2011:52). Secondary sources of information generally are chosen for simple reasons, they are faster and much cheaper to access, and they provide access to the best scholars working in every part of the whole.

According to McMillan and Schuhmacher (2010:22), generally, the research is conducted using three types of research methods, namely: quantitative, qualitative and mixed-method. Creswell also emphasised that these methods are crucially important; as they provide the researcher with the full range of choices for maximising data collection in the study in question. Before choosing any method, the researcher needs to consider several issues concerning the investigation. After taking into account such factors, which will be explained on a later stage, for flexibility and origin, the quantitative method was chosen (Muijs, 2011:2).

Creswell (2014:4) explained that for flexibility, accuracy and testing objective theories, quantitative research is used in order to examine the correlation between variables. These variables can, in turn, be measured on instruments

so that numbered data can be analysed using statistical procedures. At this point, a structured questionnaire was deemed necessary and appropriate. A structured questionnaire was administered among SMMEs to collect information on the challenges of enriching SMMEs with financial management knowledge in KwaZulu-Natal Metropolitan Area. The sampling method was redefined by the participants' readiness and desire to take part in the study. But it was discovered that participants were reluctant to take part in the survey. However, they were furnished with a consent letter. Most of the SMMEs books are not up to date. Nonetheless, the participants were assured that their information would be kept in a safe place, and the information will be for the purpose of the study only, not for anything other than that.

Research instrument

The questionnaires that were administered to the participants comprised of both open and close-ended questions drawn from the literature review. They were designed in order to have a broader spectrum of the challenges enriching SMMEs with financial management knowledge. The research instrument consisted of 20 items, with a level of measurement at a nominal or an ordinary level. The questionnaire were divided into 13 questions. The questionnaire that was provided to the participants covered the following essential areas.

- Financial management knowledge of SMMEs sector
- Challenges encountered by SMMEs sector in implementing sound financial management knowledge.
- A mechanism that can be utilised to overcome any challenges facing SMMEs.

The questionnaire that was administered to the participants assisted the researcher in observing respondents' behaviours, in having an insight into their responses and expression. The survey that was distributed to the participants was in Microsoft word format and was printed and distributed (Muijs, 2011:37).

Draft questionnaire

The questionnaire development process is one of the most critical steps of the study. Before the survey was developed, a literature review of local and international academic and professional sources was undertaken using findings from the literature review as a source of information from which to formulate the research questionnaire.

Insight is essential in order to gain a background to the study. To have an understanding of the context of the research, the researcher formulated a problem statement and a research proposal. The proposal and questionnaire were drafted in March 2018. A literature review was used to formulate the questionnaire and the plan from various articles and relevant books on financial management knowledge. The questionnaire addressed many factors that contribute to the challenges of enriching SMMEs with financial management knowledge in KwaZulu-Natal Metropolitan Area; these include economic factors, technological factors, financial factors, socio-cultural factors, monitoring and coaching factors, infrastructure factors, training and education factors.

The literature review was conducted, and it was used as a source of information to formulate the questionnaire for the study. Both open and close-ended questionnaire were used as the instrument of the study. The questionnaire was structured along the 5-point Likert scale. The following table is an example of a question based on the Likert rating scale.

Table 1: Example of the questionnaire: Please indicate your response to the following statements with regard to challenges in enriching SMMEs with financial management knowledge.

Table 1: Questionnaire

	Mark with an X your preferred option			
Question	1. Extremely Satisfied	2. Very Satisfied	3. Moderately Satisfied	4. Not satisfied
1. Are you pleased with government interventions in the SMMEs sector?				
2. Are you satisfied about the mechanisms used by government to enrich SMMEs with financial management knowledge?				
3. Do you agree that bookkeeping has a negative impact on the success of SMMEs sector?				
4. Do you think neglecting financial record as one of the pillars of a successful business affects the sector badly?				
5. Do you agree that lack of adequate financial management knowledge has a bad impact on the SMMEs sector?				

Questions were drawn in order to acquire important pertinent facts regarding the challenges of enriching SMMEs with financial management knowledge in the Metropolitan Area KwaZulu-Natal.

3.8 PRETESTING/PILOT STUDY

Muijs (2011:44) clarified that a pilot study is essential in order to detect any problems associated with the research design. The primary purpose of the pilot study was to determine the necessity to change, delete or add some questions. The pilot study was used to establish the validity and reliability of the questionnaire that was distributed to the SMMEs. A total of two hundred and fifty copies of the questionnaire were administered to 250 SMMEs. The statistician was part of the process in ensuring the validity and reliability of the questionnaire by using Cronbach's Alpha. The pilot study was done in order to check whether the questionnaire would be able to draw out the data/information required. The pilot study was conducted among ten randomly selected SMMEs within the eThekweni municipality region in KwaZulu-Natal. The 10 respondents, which were used in the pilot study, were not included in the sample of 250.

3.9 DATA ANALYSIS PROCEDURE

According to Laveglia and Richardson (2011:1), information analyses are of utmost importance and constitute the fundamentals of the entire research study. The main purpose of information analyses is to attain validity, eligibility, accuracy, and all the meaning of all the gathered information. The method chosen for data analyses depends on the research design used by the researcher (Dawson 2009:114).

The distributed questionnaires were drawn in a manner that the coding of responses is easy and accessible and distributed to the participants. The data collected was captured in the form of a spreadsheet. Statistical techniques

were used when analysing measurements. The reason for SPSS is to test the hypotheses through the measurement of differences between variables.

The collected data were scrutinised using SPSS, and observations were conveyed by:

- checking the frequency distribution tables and demographic items
- Doing statistical tests for study hypotheses.
- Looking at variables and the central tendency of suitable demographic information.
- Presenting items and average factor scores in a tabular form to identify the relationship between variables.

The information gauged from the participants was analysed and gauged using descriptive and inferential statistics. The mean, mode, and median were calculated from the information collected. The mean, mode and median were presented in tabular and in graphic form. In the present study, descriptive analysis was use to summarise the challenges associated with the improvement of SMMEs with financial management knowledge, in this case factor analysis was employed in order to identify the determinates of the SMMEs challenges. In oder to test the relevance of factor analysis for the data set, the Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy was employed. Based on Kaiser's (1974) recommendations, variables having KMO value less than 0.50 were dropped from the study. The Bartlet test of sphericity is also highly significant, once again suggesting that factor analysis can be applied to the data set, since it is unlikely that the correlation matrices of the variables is an identity.

3.10 VALIDITY

Validity may be defined as the extent to which the process of measurement has no errors, both systemically and randomly. According to Creswell (2014:162), validity refers to the process of ensuring that data is measured and that it measures everything that it was intended to measure. In quantitative research, the ultimate question is whether valid conclusions may be drawn from a study, given the research design and controls employed (Ihantola and Kihn, 2011:15).

According to Murthy and Bhojanna (2010:57), a valid questionnaire complies with every aspect required. For instance, the relevance of the questionnaire, whether the questionnaire obtains the information it was intended to obtain or seek and whether the data collected was completed as desired, as well as whether the information obtained can be relied on in terms of accuracy of the responses of the questions. Laura and Bernaur (2014:122) confirmed that validity may be described as a part that only deals with whether the research design addresses all the research objectives. Validity is important because it determines the type of questions to be used in the study and also to assist and ensure that the researcher is undoubtedly using a questionnaire that truly gauges the issue of importance. The validity of a survey is contemplated to be the degree to which it measures what it intended or claimed to measure. To ensure that objectives were addressed, the questionnaire items were short, simple and easy to understand and in line with the literature review. Face validity was established by using more knowledgeable people in the field of SMMEs sector that interrogated and analysed the establishment of the questionnaire, and whether it covered what it was supposed to cover.

3.11 RELIABILITY

Reliability may be defined as an extent to which a variable or set of variables is stable in what it is supposed to gauge. According to Toke et al. (2012:374), reliability referred to the degree to which the process of measurement has no

random errors and the level to which scores may be generalised to many different measuring situations. Drost (2011:105) also affirmed that reliability test results are the same for the test done under a set of different occasions, conditions and by different people, and the same results would be attained. In this case, Cronbach's Alpha was used to test the reliability of the instrument.

3.12 DELIMITATION

The scope of the study may be defined as parameters and boundaries in which the research study will be operating. The study focused mainly on SMMEs in KwaZulu-Natal in the Metropolitan Area. The research seeks to address the challenges in enriching SMMEs with financial management knowledge in KwaZulu-Natal, Metropolitan Area.

3.13 GEOGRAPHICAL LOCATION

The research was conducted in the Durban CBD. As per the Department of Trade and Industry; there are more than 15000 SMMEs in the Metropolitan Area. In most cases, these SMMEs are dealing with the buying and selling of products, and their financial planning system is of significant concern. SMMEs lack the necessary knowledge of finance and the importance of financial function for the success of their businesses (Bygrave and Zacharakis, 2008:310).

3.14 LIMITATIONS

The focal point of the study was primarily on the SMME sector in the Metropolitan Area in KwaZulu-Natal. The fieldwork was personally conducted by the researcher and the other three well-trained personnel. In ensuring that the research study was finished on time, trained fieldworkers were hired to assist with collecting information. This method was expensive, but it did save time. There were challenges experienced along the way, whereby appointments were cancelled in so many instances at the last minute.

Eventually, everything got into place. Other than that no other problem or challenges were experienced while administering the questionnaires.

The research instrument design or questionnaire ensures that if a different person had to use the same design, the same findings would be obtained. Drost (2011) also concurred that validity is concerned with the idea of measuring what is the research design was intended to 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 0.60 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.

Table 2: Questionnaire Cronbach’s alpha score

	Section	Number of Items	Cronbach's Alpha
Q8 - Q10	Sources of finance	2	0.737
Q11	Challenges encountered by SMMEs which results in their failure at the infant stage	3	0.670
Q13	Government role in enriching SMMEs with the financial management knowledge	5	0.636

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

3.15 ETHICAL CONSIDERATION

Ethical and legal responsibilities must be fully understood before any project is undertaken, especially for those projects that deal with human beings and

sensitive matters. Ethics deals with what is erroneous or not, proper or improper, true or untrue in a research study. Ethics affords investigator guidelines in relation to the participants' rights during the study. (Saunders, Lewis & Thornhill 2012:226-227). In addition to ethics, responsibility and professionalism are also crucial in research. As a result, an ethical sense must be maintained throughout the study to enhance the quality of the study. For the researcher to fulfil ethical and professional responsibility, ethical issues, as defined by Saunders et al. (2012:231), were taken into account, and these values and principles were applied throughout the research project.

- The researcher confirmed to all moral principles governing human and organisational ethics set out by the University.
- The participants were fully apprised of the study objectives before taking part in the project.
- In the research study confidentiality is important; in the entire research study confidentiality of data was maintained. The content letter was attached when collecting data.
- When collecting data from the participant's honesty, truth and justice were foregrounded.

3.16 VOLUNTARY PARTICIPATION

The study was a voluntary one, participants were fully apprised of that, and they were at liberty to cancel appointments and interviews at any time. In the questionnaire that was distributed to the respondents by the researcher, a letter of consent was attached that clearly stated that the study is a voluntary one and that permission can be revoked or withdrawn at any time with any notice being served.

3.17 ANONYMITY

Anonymity refers to the process whereby the identity of the respondents is not known to the public. This is to protect the respondents in the study. The importance of anonymity is the fact that some people have a fear of causing harm to other people or being harmed by other people, and their integrity needs to be protected. In this study, the respondents' anonymity was assured by the fact that they were not required to reveal or record their names or contact details when completing the questionnaire. Moreover, the completed survey was kept by the researcher to maintain anonymity.

3.18 CONFIDENTIALITY

Confidentiality refers to the protection of the collected data that was gathered through a questionnaire or interviews from respondents from the public. Confidentiality of the respondents was maintained by ensuring that they do not reveal their personal details on the questionnaire. However, if by any chance any form of identification is disclosed, it will not be shared with the public.

3.19 CONCLUSION

The population, the sample, sampling method and the research method was clearly defined in this chapter. The purpose of analysis, data collection and draft of questionnaire administering was thoroughly discussed.

The next chapter presents the empirical research results, in tabular form to facilitate explanation of the data collected. The secondary analyses used include comparative description statistics, central tendency description statistics, chi-square and correlations. In the following chapter, inferential statistics, together with the interpretation of all the results, are outlined.

CHAPTER 4

4.0 PRESENTATION, ANALYSIS AND DISCUSSION OF RESULTS

4.1 INTRODUCTION

In this chapter, the important outcomes of the research questionnaire are presented, examined and broadly discussed. The empirical outcomes are presented by the use of descriptive statistics in the form of graphs, tables and charts. Questionnaire were utilised in order to collect data from the participants' research. Many statistical tests were utilised in order to dissect and elucidate the data that was collected through completed questionnaires by the respondents.

4.2 THE RATE OF RESPONSE

The researcher personally distributed 250 questionnaires to SMMEs in the area of the study. All 250 questionnaires were fully completed and returned, representing a response rate of 100%. The feedback was positive, revealing positive attitudes towards the study. Therefore, the feedback was considered to be adequate to draw significant conclusions. The findings and results from the empirical research study are outlined, analysed and discussed below.

4.3 THE TYPE OF BUSINESS SECTOR TO WHICH SMMEs FOCUS IN KWAZULU-NATAL METROPOLITAN AREA.

The table below shows the most common type of businesses to which the respondents in the study area belonged. The largest number of respondents (20%) from the study area were from the Transport service sector, followed by Finance and Business services, followed by Retail and Motor trade and Repairs services. The Catering business and Community services pulled the same feedback of 13%. These were Catering services and Accommodation

and Community and Personal services, followed by Wholesale commercial services at the rate of 11% and by construction with a rate of 9%.

Table 3 : THE BUSINESS SECTOR TO WHICH SMMEs FOCUSES IN KWAZULU-NATAL. METROPOLITAN AREA.

Classification of business	Count	Percentage
Construction	20	9%
Catering and accommodation	30	13%
Finance and business services	40	18.0%
Retailing, motor trade and repairs service	35	16.0%
Community and personal services	30	13%
Wholesale commercial	25	11%
Transport services	45	20%
Total	250	100%

4.4 BIOGRAPHICAL INFORMATION OF THE RESPONDENTS

Biographical information may be explained better in the form of a life of a person or more details about the life of a person. In most cases biographical information is perceived to be what a person has done in his life and where he comes from. The biographical information collected from the respondents was as follows: number of (full-time) employees; the period of existence of the business and educational qualifications of the owner/managers.

4.4.1 GENDER OF EMPLOYEES

The chart below (Figure 1) shows the gender of employees recruited by SMMEs in the study area.

Figure 1: GENDER OF EMPLOYEES.

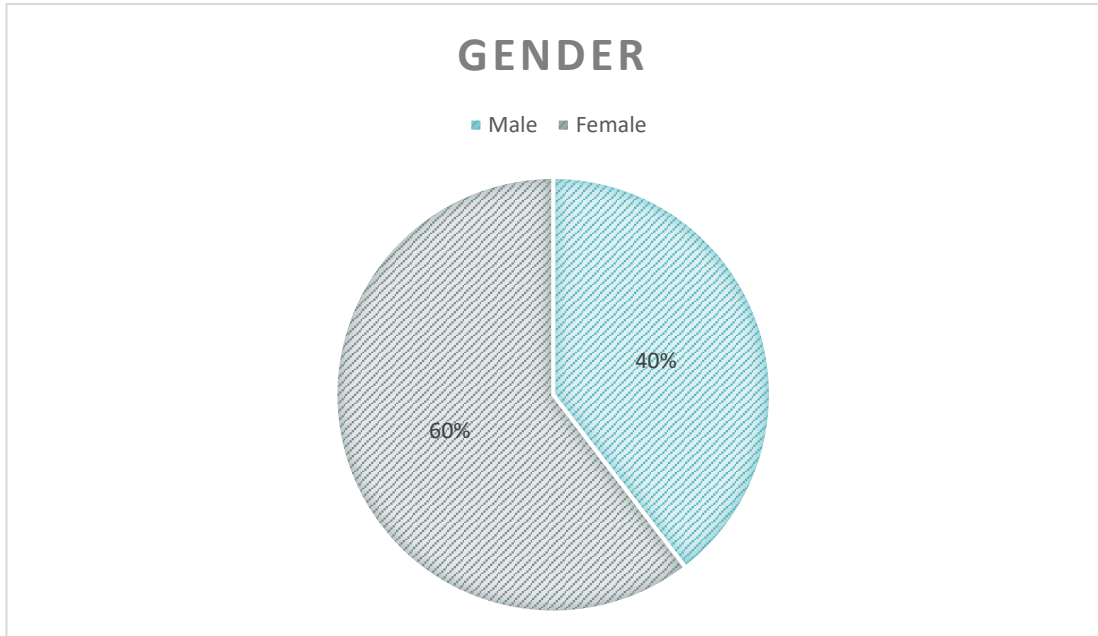


Figure 1 illustrates the gender of the employees; there are more female respondents (60%) than male participants (40%).

The above information clearly states that 60% of female take the initiative to establish their businesses. Woman are risk takers, this finding was shared by (Marti, Porcar and Tur, 2015), who stated that woman are not afraid to take risk and they always ensure that their business enterprise succeed.

Table 4: Age of the employees

Age	Count	Percentages
25 - 35	34	13.6%
36 - 45	44	17.6%
46 - 55	113	45.2%
56 - 65	56	22.4%
>65	3	1.2%
Total	250	100%

As indicated above in Table 4: 13.6% of respondents are in the age group between 25-35; 17.6% of the respondents are in the age group between 36-45; 45.2% of the respondents are in the age group between 46-55 and lastly, the respondents above the age of 65 show 1.2%.

Table 5 LEVEL OF EDUCATIONAL QUALIFICATIONS OF THE SMMEs OWNERS/MANAGERS.

Table 5 below shows the amount and dispersion of the responses with respect to the educational level of the SMMEs owners/managers.

Table 5:

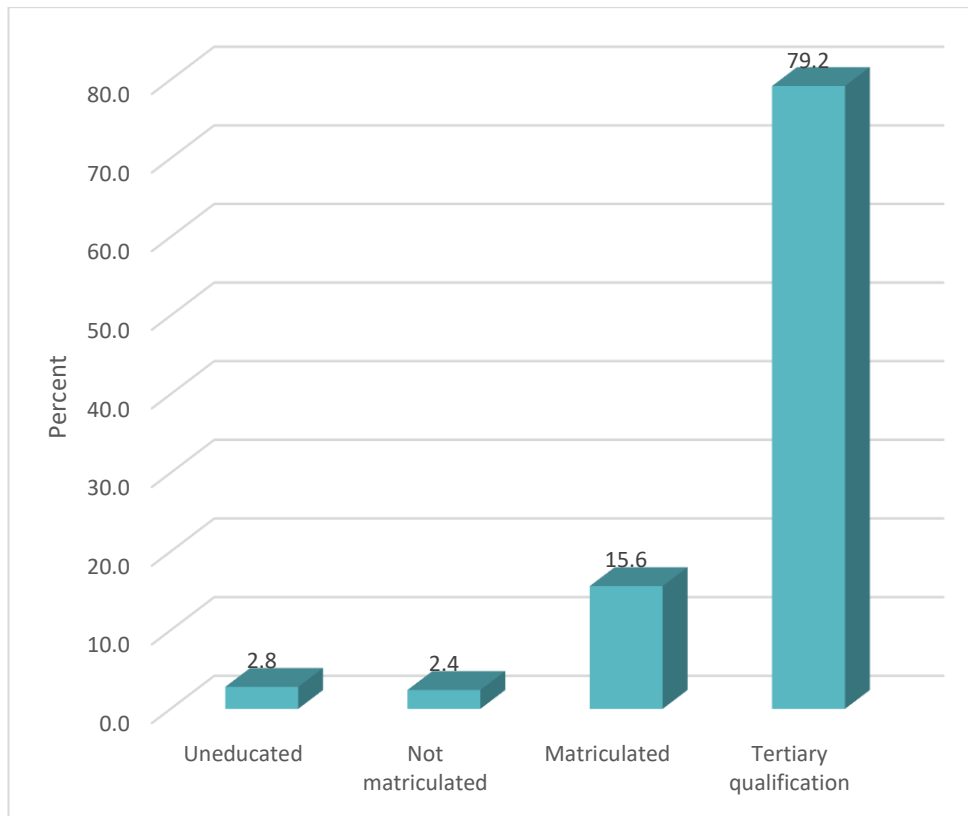
Level of education of the owners/managers of SMMEs		
Qualification	Count	Percentage
Uneducated	7	2.8%
Not Matriculated	6	2.4%
Matriculated	39	15.6%
Tertiary qualification	198	79.2%
Total	250	100%

The above table shows the level of education of the owners/managers of SMMEs. A total of 2.8% of the respondents are uneducated, 2.4% of the respondents have not matriculated, 79.2% of the respondents with tertiary qualifications and in possession of either a diploma or a degree and 15.6% of owners/managers of the SMMEs matriculated. The findings above shows a staggering 79.2% of SMMEs have tertiary qualification, which is encouraging and in most cases their businesses become successful, that was supported by a research that was done by (Gerli, Gubitta and Tognazzo, 2011:28), who mentioned that there is a positive relationship between level of education and the success of the business. More especially in terms of planning, organising and budgeting. However studies by Fatoki (2014:143), who mentioned factors that contribute to the success of the business sector, but it was revealed that there is no positive relationship between the level of education and the success of the business sector.

4.4.2 LEVEL OF EDUCATION OF THE SMMEs OWNERS/MANAGERS.

The figure below reflects the level of qualification of the owner's/managers of the SMMEs.

Figure 2: LEVEL OF EDUCATION OF THE SMMEs OF THE SMMEs OWNERS/MANAGERS.

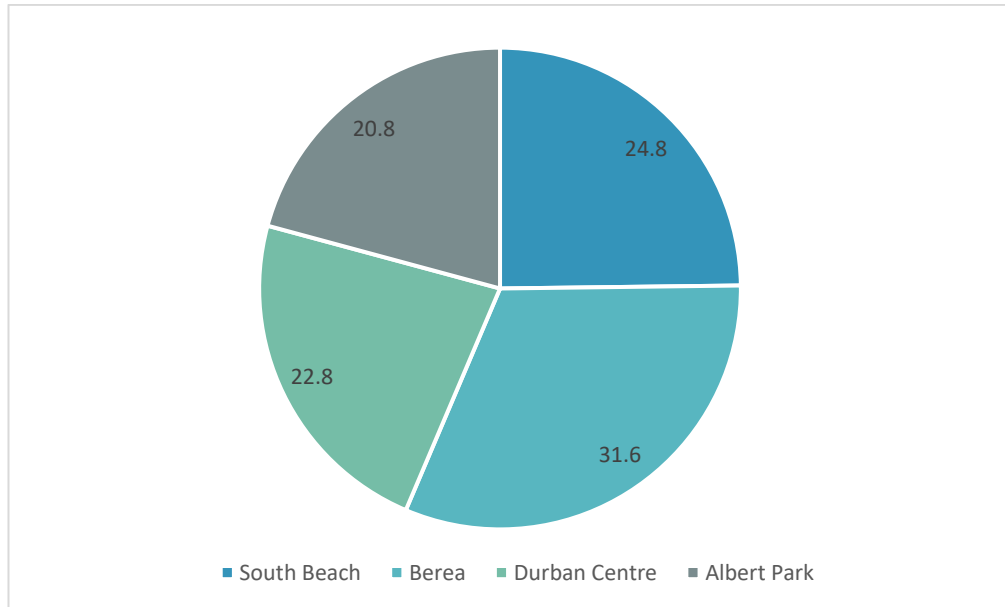


The above graph clearly shows that the owners/manager level of education is very high, with 79.2% of Tertiary education, which shows that the future of SMMEs is in good hands with educated individuals.

4.5 LOCATION OF THE RESPONDENTS

Respondents were requested to indicate the location of their businesses. The responses are shown below.

Figure 3: LOCATION OF THE RESPONDENTS



In the above Figure 3: the majority of respondents (31.6%) show that their business is based in Berea; 24.6% of the respondents show that their location is based in South beach; 22.8% mention that the location of their business is based in Durban Central and the last as per the study is based in Albert park with 20.8%. It is said that a vast majority of SMMEs owners/managers prefer to place their businesses in safe locations and add some safety guides whenever the needs arises. However to put more safety measures in is deemed to be costly. The analysis and findings of the study clearly shows that owners/managers of the SMMEs sector prefer to locate their business in a much safer place with 31.6%. The finding is supported by the studies that was conducted by (Mitchelmore and Rowley, 2013;128), where they stated that the business requires an individual who can be able to sport the opportunities, play a crucial role in identifying suitable places for the business operations,

look for new customers and maintain a good relationship with the current customers and also expand the business.

4.6 RACE OF THE RESPONDENT.

Figure 4: RACE OF THE RESPONDENTS.

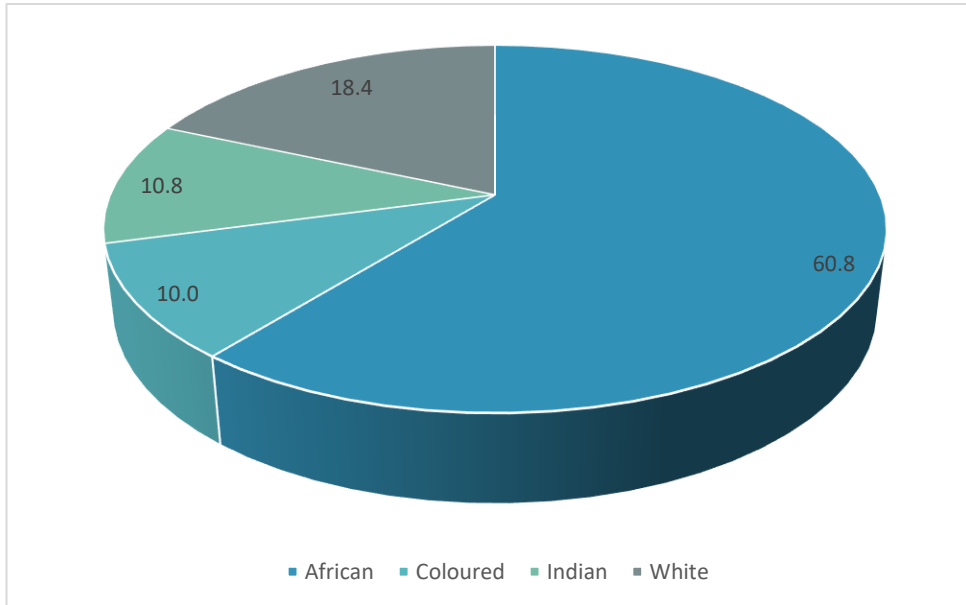


Figure 4 above shows that 60.8% of the SMMEs are Africans; followed by 18.4% of the Coloured community; 10.8% belong to the Indian community and the remaining 10% belongs to the White community. The above statistics clearly indicate that Africans represent a larger portion in the SMMEs sector than any other race.

4.7 TO WHAT EXTEND ARE BANKS WILLING TO SUPPORT SMMEs WITH FUNDING.

Figure 5: WILLINGNESS OF BANKS TO SUPPORT SMMEs WITH FUNDING.

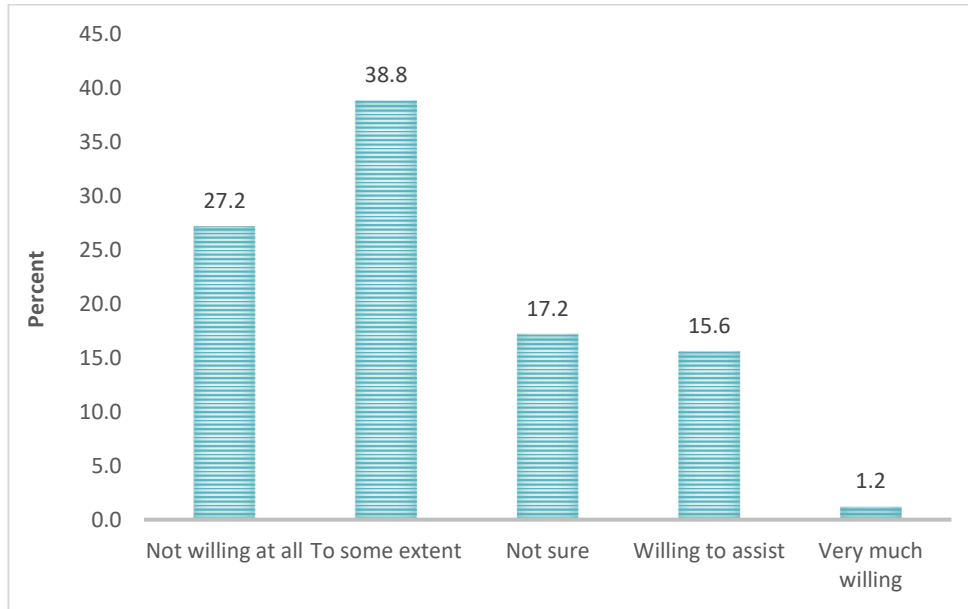


Figure 5 shows a staggering 38.8% of the banks are willing to assist to some extent; however, the policies and regulations they bring on board are a stumbling block; 27.2% of the respondents mention that banks are not willing to assist SMMEs with funding; while 17.2% of the respondents are not sure; 15.6% of the respondents state that banks are willing to assist and 1.2% of the respondents indicate that banks are very much willing to assist SMMEs with funding. The staggering 38,8% of the respondents shows that banks are willing to assist to some extent, which basically means that banks are reluctant to assist SMMEs with funding. This finding is supported by a study conducted by the studies conducted by (Okurut and Ama, 2013), who stated external borrowing is crucial is prominent in the business enterprise. However, there is still a challenge in terms of funding small businesses; banks are still reluctant with funding. They sometimes allude to the fact that they cannot risk with their money and they don't have trust in the SMMEs sector. (Nkwe, 2012) also concurred with the notion funding is important, but having no funding or

inadequate capital does not stop anyone from venturing into a business. Nkwe also insisted on the importance of the business to be compliance.

4.8 CONCEPTUALISATION

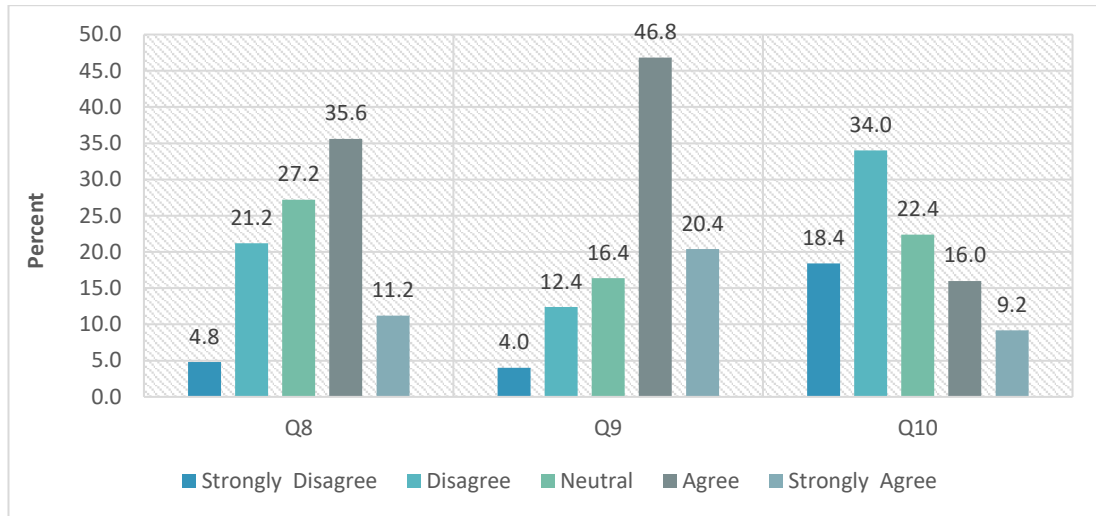
Conceptualisation entails having astute knowledge and analytical thinking, decision-making skills, problem-solving skills, learning skills, being able to innovate and cope with the uncertainties in any business and risks. The five-point Likert scale was utilised, ranging from strongly agree (1) to strongly disagree (5) being used to ascertain the extent to which SMMEs owners/managers agreed/disagreed with the statements that narrate how they applied conceptual competencies. The results are shown in Table 4.8 below.

Table 6: SOURCES OF FINANCE AND CHALLENGES ENCOUNTERED BY SMMEs WHICH RESULT IN THEIR FAILURE IN INFANCY STAGES.

<u>Statement</u>	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
Do the years of existence of your business affect the ability to hire experts	4.8%	21.2%	27.2%	35.6%	11.2%
Do the years of existence affect your success in the SMMEs sector?	4.0%	12.4%	16.4%	46.8%	20.4%
Do you agree that government is providing SMMEs with financial management knowledge?	18.4%	34.0%	22.4%	16.0%	9.2%

4.9 SOURCES OF FINANCE

Figure 6: SOURCES OF FINANCE



As illustrated in Table 6 above, regarding the question “does the years of existence of your business affect the ability to hire experts?”, the majority of respondents (35.6%) agree fully with the question; 27.2% of the respondents are neutral; 21.2% disagree with the question; 4.8% strongly disagree with the question, and lastly 11.2% strongly agree with the question, indicating that the years of existence can affect the ability to hire experts in their businesses, with a total of 38.4% both from strongly agree(11.2%) and agree(27.2%).

Table 6 shows the respondents of 20.4% strongly agree, and 46.8% agree with the question that the years of existence affect their success in the SMMEs sector. However, 12.4% of the respondents disagree; 4% strongly disagree, and lastly, 16.4% of the respondents do not agree or disagree with the notion.

Table 6 of the analysis of the respondents reveals that 18.4% strongly disagree and disagree (34%) with the question that government is providing SMMEs with financial management knowledge, while 22% of the respondents are neutral; 16% agree with the question and the remaining 9.2% of the respondents strongly agree with the question, which reveals government less commitment to provide SMMEs with more financial management knowledge and other relevant financial expertise.

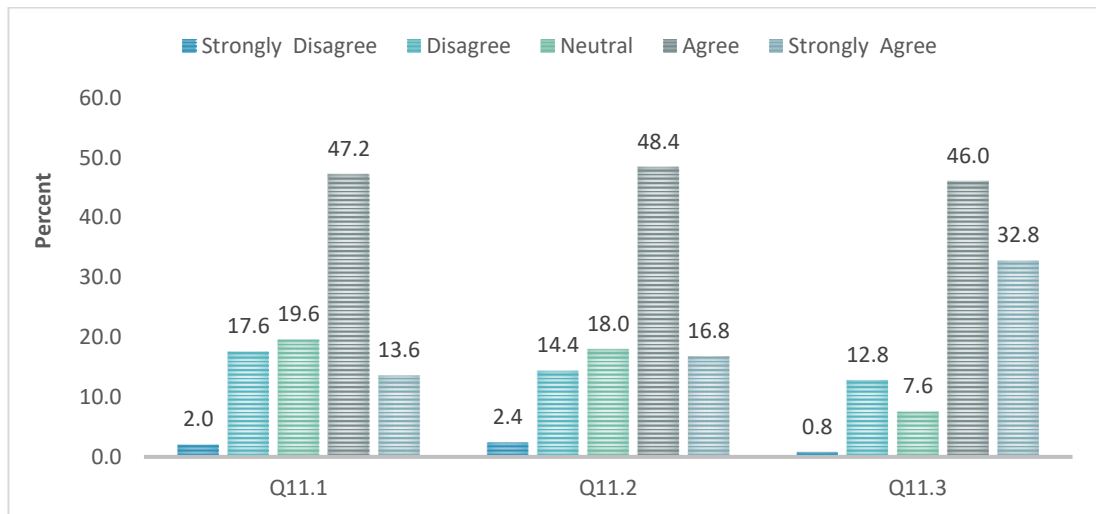
According to Thrikawala (2011:111), experts play a huge role in a business enterprise as they have been working with other entities in the best industries, they have the best plans of any entity and with great practise to help the enterprise into a greater height. Thrikawala (2011:111) further elaborates that the view of hiring great experts along with great experience and with great knowledge of the sector is a benefit to the SMMEs sector, as it can yield great results and avoid failure of SMMEs in the infant stage. Etemad (2020) stated the government is not doing enough to ensure that SMMEs succeed and they have necessary financial management knowledge.

4.10 CHALLENGES ENCOUNTERED BY SMMEs WHICH RESULT IN FAILURE IN THEIR INFANCY STAGES.

Table: 7 CHALLENGES ENCOUNTERED BY SMMEs, WHICH RESULT IN THEIR FAILURE IN THEIR INFANCY STAGES.

<u>Statement</u>	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
Do you agree that neglecting financial management knowledge as one of the pillars of a successful business sector, badly impact the sector?	2.4%	14.4%	18%	48.4%	16.8%
Does the availability of funds from banks and government affect the business negatively?	8%	13.6%	27.6%	46%	32.8%

Figure 7: LACK OF ADEQUATE FINANCIAL MANAGEMENT KNOWLEDGE.



The survey in Table 7 reveals that 13.6% of respondents strongly agree while 47.2% agree with the question that lack of adequate financial management knowledge has a bad impact on the success of the SMMEs sector. Nonetheless, 2% of respondents strongly disagree; while 17.6% disagree with the question, and the remaining 19.6% are neutral. The conclusion would be that lack of adequate financial management knowledge impacts negatively on the success of any business enterprises. In a nutshell, both government and private enterprises need to take part in trying to furnish SMMEs with adequate financial management knowledge.

Table 7 illustrates that 16.8% of respondents strongly agree and 48.4% agree with the question that neglecting financial management knowledge as one of the pillars of a successful business badly impacts the sector. Meanwhile, 2.4% of the respondents strongly disagree with the question, while 14.4% of the respondent disagrees with the question and the remaining 18% of the respondents are neutral about the question. The statement above implies that owners/managers do concur with the notion that neglecting financial management knowledge as one of the pillars of the business to succeed impacts on the success of the SMMEs sector badly. According to Lusimbo and

Muturi (2016), SMMEs must be fully aware of the enterprise’s financial position and changes that take place over time in the business. Neglecting important pillars of the business enterprise could hinder their business success. This finding supported by a study by Scarborough (2011:347), who stated that SMMEs should fully understand, record keeping, the way they should utilise their profits and achieve their profit objectives. Scarborough further emphasised that the need for a secure financial base for any business to make a financial plan. Moreover, a full understanding of using and analysing records must be taken into account.

Table 7 shows that a staggering 78.8% of the respondents strongly agree while 32.8%) agree; with the question that the unavailability of funds from banks and government affects the business negatively. However, 13.6% of the respondents disagree, and 8% disagree with the question, while 27.2% of the respondents are neutral about the question.

The analysis and results indicate the SMMEs sector requires funding assistance. This finding was supported by the study conducted by (Kapunda, 2015), who stated that funding is crucial in any business to operate to avoid failure of the business, this notion does necessarily means that one cannot start a business.

4.11 BOOKKEEPING

Respondents were asked about the bookkeeping in the SMMEs sector, whether it does have a negative impact in the success of the sector.

Table: 8 BOOKKEEPING

Do you agree that book keeping impacts negatively on the success of the SMMEs sector?	8%	13.6%	27.6%	42.4%	15.6%
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Table 8 indicates that 42.2% of the respondents agree (while 15.6% strongly agree with the question that bookkeeping impacts negatively on the success of the SMMEs sector; while 13.6% disagrees with the question and 8% of the respondents strongly disagree with the question. Lastly, the remaining 27.6% is neutral, which clearly shows that SMMEs owners/managers value the importance of bookkeeping in the business enterprise.

The outcome above clearly shows that not following proper bookkeeping impacts negatively on the success of the business enterprise. This finding is supported by the studies of Sarwoko, Surachman and Hdiwidjojo (2013:35) who conducted a study wherein SMMEs prefer financial methods and book keeping to measure business performance and business success.

4.11.1 BOOKKEEPING

Respondents were asked about bookkeeping if it has a bad impact on the success of the business sector.

Figure 8:BOOKKEEPING

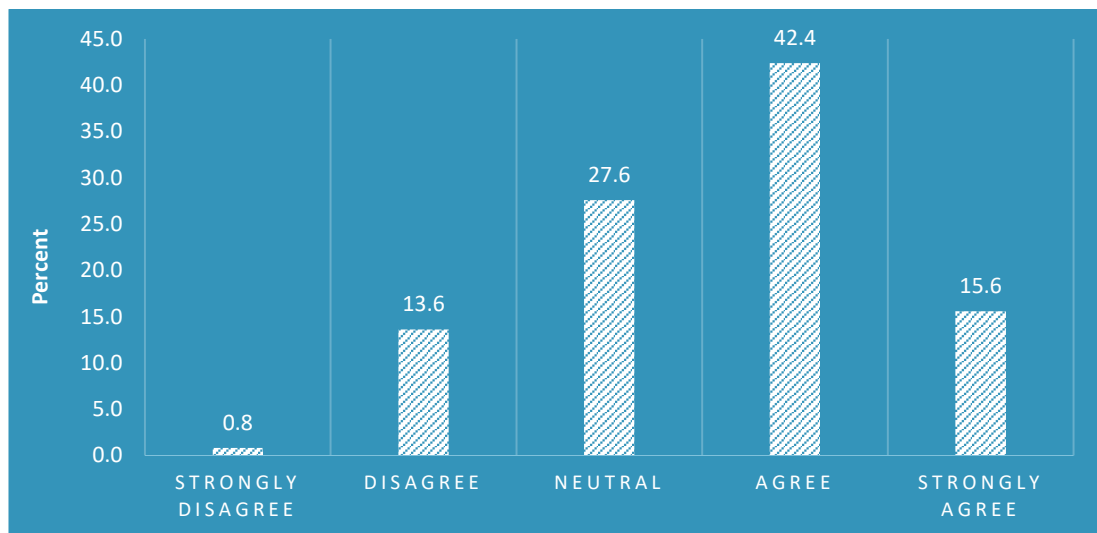


Figure 8 shows that 8% of the respondents strongly disagree with the notion that bookkeeping has a bad impact in the SMMEs sector, while 13,6% of the respondents disagree with the statement; 27,6% of the respondents are

neutral, and 42,4% of the respondents fully agree with the sentiment, and the remaining 15,6% of the respondents strongly agree with the sentiment which basically means that bookkeeping plays a crucial role in the success of the SMMEs sector.

These findings are supported by Lusimbo and Muturi (2016), who mentioned that SMMEs should fully understand that bookkeeping is important because it shows the financial position of the business enterprise. They further stated that bookkeeping assists the business to make proper business decisions from previous financial statements.

4.12 GOVERNMENT ROLE IN ENRICHING SMMEs WITH FINANCIAL MANAGEMENT KNOWLEDGE.

A seven-point Likert scale was used, ranging from very satisfied and extremely satisfied to establish the extent to which respondents are satisfied or extremely satisfied with the question that owners/managers of SMMEs are satisfied with government interventions in the SMMEs sector. The responses of the respondents to each of the question put to them is shown below in Figure

Figure 9: GOVERNMENT ROLE IN ENRICHING SMMEs WITH FINANCIAL MANAGEMENT KNOWLEDGE.

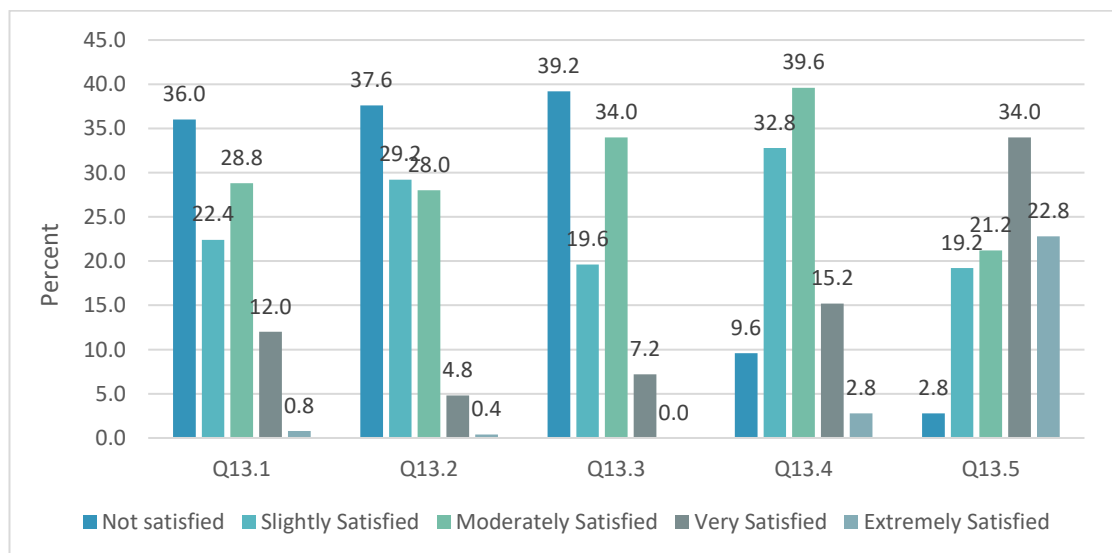
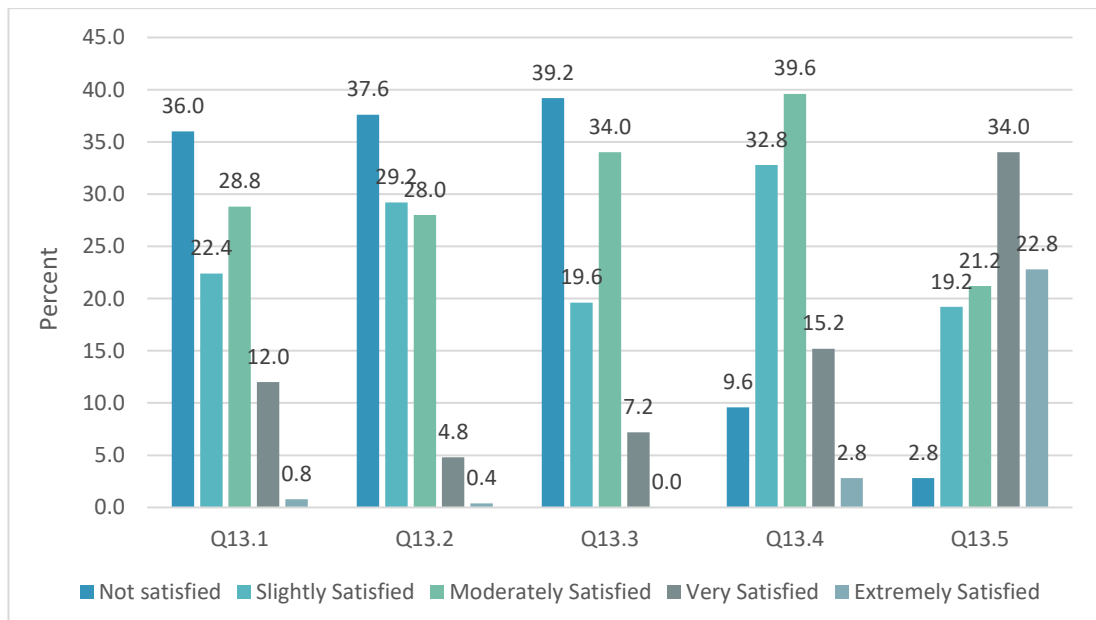


Figure 9 reveals that 36% of the respondents are not satisfied with government intervention in the SMMEs sector; while 28.8% of the respondents are moderately satisfied; 12% are very satisfied and 22.4% of the respondents are slightly satisfied, and lastly, 8% of the respondents are extremely satisfied.

The respondents are not entirely satisfied with the intervention of the South African in regards to supporting SMMEs with financial management knowledge and other expertise; the government has established many agencies to ensure that SMMEs sector is provided with necessary financial. However, this has not been fruitful to the sector; hence they are not satisfied with the way government to intervene in trying to assist them. This notion was supported by (Reineck, 2004:87), who stated that government is failing SMMEs in many shape or form. Many government agencies have been established, but the government has not been succeeded.

4.13 MECHANISMS THAT THE GOVERNMENT USES TO ENRICH SMMEs WITH FINANCIAL MANAGEMENT KNOWLEDGE.

Figure 10:MECHANISM THAT THE GOVERNMENT USES TO ENRICH SMMES WITH FINANCIAL MANAGEMENT KNOWLEDGE.



An analysis of the responses from the respondents in in Figure 10 reveals that 37,6% of the respondents are not satisfied with the mechanisms the government uses to enrich SMMEs with financial management knowledge; 29,2% of the respondents are slightly satisfied; while 28% of the respondents are moderately satisfied; 4,8% of the respondents are very satisfied and 4% of the respondents are extremely satisfied.

The respondents are clearly not satisfied with the mechanism that the government is using to assist SMMEs in ensuring that they are sustained, have full knowledge of financial management knowledge, above that they do not fail in their infancy stages. This finding was supported by the studies of Stensrud (2017), who stated that government agencies have struggled to fulfil functions that they were initially established for and those agencies seem like they are doing anything for the SMMEs sector.

4.14 SEMINARS ORGANISED BY THE GOVERNMENT WITH THE AIM OF ENRICHING SMMEs WITH FINANCIAL MANAGEMENT KNOWLEDGE.

Figure 11: SEMINARS ORGANISED BY THE GOVERNMENT.

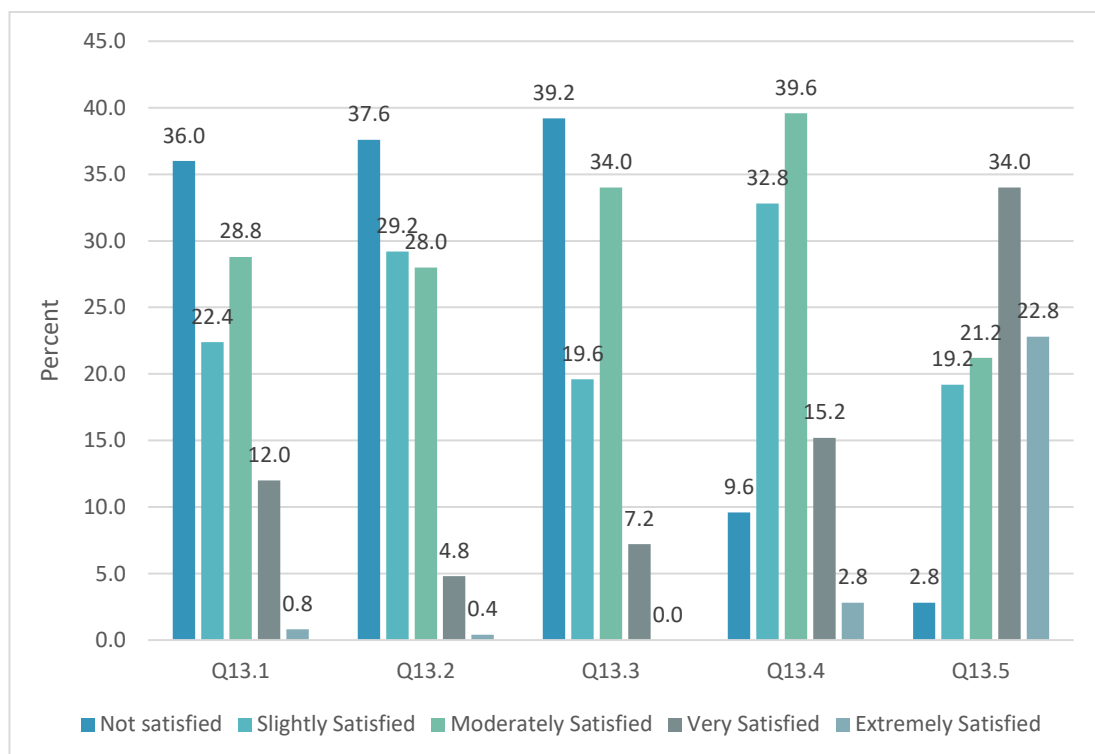


Figure 11 above reveals that in question 13.3 39.2% of the respondents are not satisfied with the seminars that government organises to enrich SMMEs with financial management knowledge; while 34% of the respondents are moderately satisfied; 19.6% are slightly satisfied and 7.2% are very satisfied. The outcome above outlines that the respondents are unhappy with the way the government is holding seminars. Seminars are crucially important to the SMMEs sector because they are another way of networking with other business associates and are a way for owners/managers to gain more knowledge with regards to finance, sales, managing a business and profit.

The study found that it is important to network with other business associates and members is important for any business enterprise to succeed. The emphasis is that since SMMEs are said to be engine of the South African economy, it is crucially imperative to furnish SMMEs with financial management knowledge in regards to running a business and the way they can sustain their businesses. About 65% of SMMEs fail due to financial management knowledge and financial expertise. Hence it is prominent to afford them necessary training through seminars and workshops.

4.15 SATISFACTION IF THE GOVERNMENT MAKES GOVERNMENT MAKES ADVERTISEMENT ON SOCIAL MEDIA TO ENRICH SMMEs WITH FINANCIAL MANAGEMENT KNOWLEDGE.

Figure 12: SATISFACTION IF GOVERNMENT MAKES ADVERTISEMENT ON SOCIAL MEDIA TO ENRICH SMMEs WITH KNOWLEDGE.



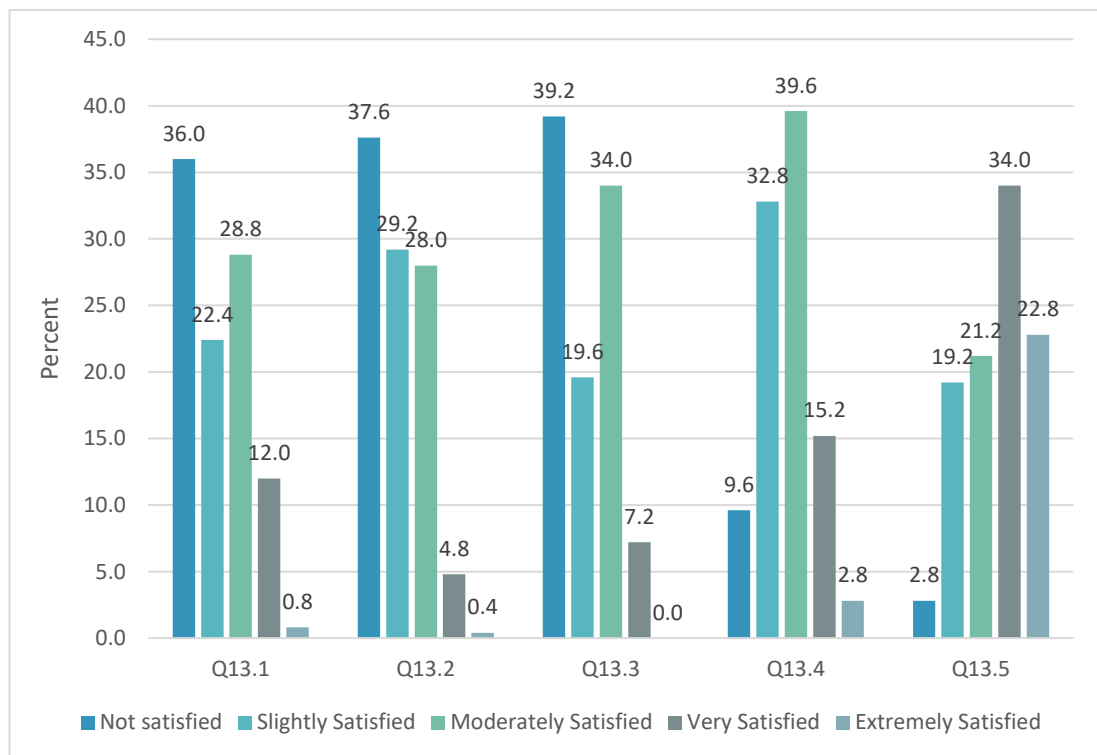
Figure 12 above indicates that in question 13.4, the respondents are moderately satisfied (39.6%) if government could make an advertisement on social media to enrich SMMEs with financial management knowledge, while 32.8% are slightly satisfied; 15.2% of the respondents are very satisfied; 9.6% are not satisfied, and lastly, 2.8% of the respondents are very extremely satisfied with the notion. This sentiment clearly shows that information about running any business, more especially SMMEs is very much important. This same sentiment was shared by Oxford (2016:96-126), who claimed that lack of financial management knowledge, administration is one of the factors that contribute to the SMMEs failure, which simply means that having necessary financial management knowledge or information in every platform could play a huge in role in the SMMEs sector.

(Oxford; 2016:96-126) Oxford further emphasised that it is crucially important to addressing financial management and financial expertise short comings to avoid failure of SMMEs in their infancy stages. He reiterated that SMMEs need

to acquire necessary training, business administration and financial management knowledge.

4.16 GOVERNMENT DEDICATING A COLUMN IN BOTH ISIZULU AND ENGLISH THAT HAS INFORMATION ON FINANCIAL MANAGEMENT KNOWLEDGE AND DEVELOPMENT IN THE METRO NEWSPAPER AS THE WAY TO IMPROVE SMMEs WITH FINANCIAL MANAGEMENT KNOWLEDGE.

Figure 13: GOVERNMENT DEDICATING A COLUMN THAT HAS FINANCIAL KNOWLEDGE.



In Figure 13 above, question 13.5 reveals that 34% of the respondents will be very satisfied if the government can dedicate a column in both IsiZulu and English that gives crucial information regarding financial management knowledge, while 22.8% are extremely satisfied with the sentiment. A total of 21.2% of the respondents will be moderately satisfied, and 19.2% of the respondents are slightly satisfied, and the remaining 2.8% are not satisfied.

This clearly shows that the government needs to dedicate this column to financial management knowledge and also make the paper easily accessible to every SMME.

The above graph shows that 34% of the respondents would be happy if the government or relevant government agencies can dedicate a column in the local newspapers in both IsiZulu and English that will assist them with financial management knowledge as it is important to poses necessary financial skills and expertise to run a business. This notion was shared by the study that was carried out by Mqaba (2015:40), who stated that the SMMEs are the critical factor in alleviating poverty, job creation, economic development, so the combination of training, educating SMMEs with financial management knowledge is crucial.

4.17 Factor Analysis

Why is factor analysis important?

Factor analysis is the use of many methods for reducing some variables from the original variables. Factor analysis is the normal use of factor analysis to contemplate the research study, whereby an investigator wishes to represent a minority of questions with a small number of hypotheses. For instance, 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 utilised to determine whether the three measures do, in fact, measure the same thing. If so, they can be incorporated 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. An investigator may have an interest knowing if the skills needed 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.

In order to perform a factor analysis, one does not require to believe that the factors do exist, how in actual fact the factors are usually examined, named after, and be said to be a reality.

The abridged table that shows the outcome of KMO and Bartlett's test is the priority then posted to that is matrix tables. Kaiser-Meyer-Olkin should be greater than 0.50 to measure sampling adequacy, and Bartlett's Test of Sphericity should be less 0.05. In all instances, the conditions are satisfied, which allows for the factor analysis procedure.

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

4.18 KMO and Bartlett's Test

Table 9: KMO AND BARTLETTS TEST

	Section	Kaiser-Meyer-Olkin Measure of Sampling Adequacy	Bartlett's Test of Sphericity		
			Approx. Square	Chi- df	Sig.
Q8 - Q10	Sources of finance	0.505	115.634	3	0.000
Q11	Challenges encountered by SMMEs which results in their failure at the infant stage	0.555	173.000	3	0.000
Q13	Government role in enriching SMMEs with the financial management knowledge	0.636	198.741	10	0.000

All of the conditions are satisfied for factor analysis.

That is, the Kaiser-Meyer-Olkin Measure of Sampling Adequacy value should be greater than 0.500 and Bartlett's Test of Sphericity significance value should be less than 0.05.

4.19 Rotated Component Matrix

Table 10: ROTATED COMPONENT MATRIX

Rotated Component Matrix ^a		
Q8 - Q10	Component	
	1	2
Do the years of existence of your business affect your ability to hire experts?	0.894	-0.145
Do the years of existence affect your success in the business sector?	0.885	0.178
Do you agree that the government is providing SMMEs with financial management knowledge?	0.014	0.990
Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization.		
a. Rotation converged in 3 iterations.		

4.20 Component Matrix

Table 11: COMPONENT MATRIX

Component Matrix ^a	
Q11	Component
	1
Do you agree that lack of adequate financial management knowledge has a bad impact on the success of SMME's sector	0.851
Do you agree that neglecting financial records as one of the pillars of a successful business badly impact the sector?	0.893
Does the unavailability of funds from banks and government affect the business negatively?	0.566
Extraction Method: Principal Component Analysis.	
a. 1 components extracted.	

4.21 Rotated Component Matrix

Table 12:

Rotated Component Matrix		
Q13	Component	
	1	2
Are you satisfied with government interventions in the SMMEs sector?	0.662	-0.036
Are you satisfied with the mechanisms used by the government to enrich SMMEs with financial management knowledge?	0.807	0.166
Are you satisfied with the seminars organised by the government aimed at enriching SMMEs with financial management knowledge?	0.721	0.235
Will you be satisfied if the government make adverts on social media to enrich SMMEs with financial management knowledge?	0.253	0.825

Will you be satisfied if the government dedicate a certain column in both IsiZulu and English that has the information on financial management knowledge and skills development in the metro newspaper?	0.004	0.877
Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalisation.		
a. Rotation converged in 3 iterations.		

Factor analysis is a statistical technique whose 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. With reference to the table above:

- The principal component analysis was used as the extraction method, and the rotation method was Varimax with Kaiser Normalisation. This is an orthogonal rotation method that minimises 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 with a similar factor. An examination of the content of items loading at or above 0.5 (and using the higher or highest loading in instances where items cross-loaded at greater than this value) effectively measured along with the various components.

The statements that constituted Q11 loaded perfectly along with a single component. This implies that the statements that constituted this section perfectly measured what it set out to measure.

It is noted that the variables that constituted the other two questions loaded along 2 components (sub-themes) and Section C loaded along 3 components. This means that respondents identified different trends within the section.

4.22 Biographical Data

This section summarises the biographical characteristics of the respondents.

The table below describes the overall gender distribution by age.

Table 13: Age between Male and Female

Age		Gender		Total
		Male	Female	
25 - 35	Count	17	17	34
	% within Age	50.0%	50.0%	100.0%
	% within Gender	17.2%	11.3%	13.6%
	% of Total	6.8%	6.8%	13.6%
36 - 45	Count	19	25	44
	% within Age	43.2%	56.8%	100.0%
	% within Gender	19.2%	16.6%	17.6%
	% of Total	7.6%	10.0%	17.6%
46 - 55	Count	42	71	113
	% within Age	37.2%	62.8%	100.0%
	% within Gender	42.4%	47.0%	45.2%
	% of Total	16.8%	28.4%	45.2%
56 - 65	Count	19	37	56
	% within Age	33.9%	66.1%	100.0%
	% within Gender	19.2%	24.5%	22.4%
	% of Total	7.6%	14.8%	22.4%
> 65	Count	2	1	3
	% within Age	66.7%	33.3%	100.0%
	% within Gender	2.0%	0.7%	1.2%
	% of Total	0.8%	0.4%	1.2%
Total	Count	99	151	250
	% within Age	39.6%	60.4%	100.0%
	% within Gender	100.0%	100.0%	100.0%
	% of Total	39.6%	60.4%	100.0%

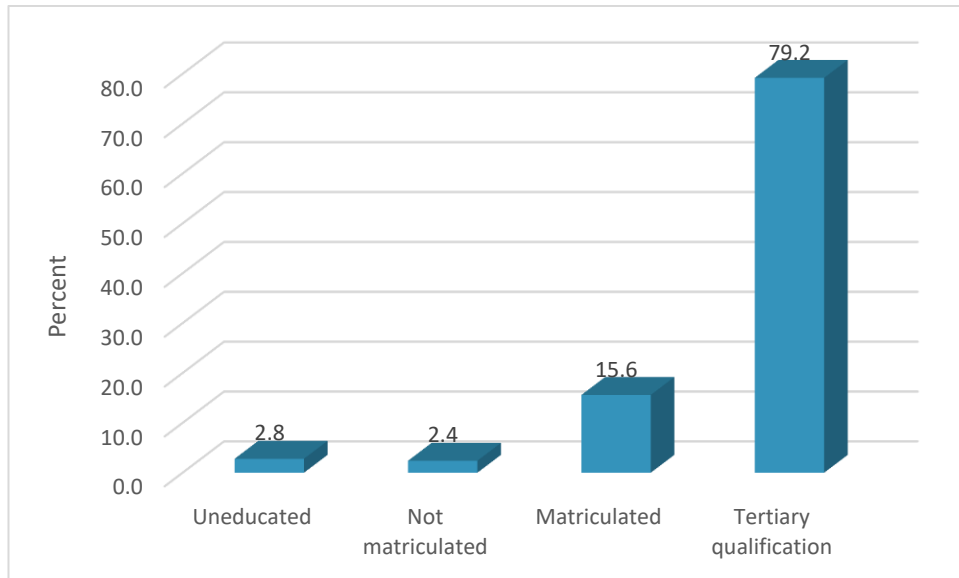
Overall, the ratio of males to females is approximately 2:3 (39.6%:60.4%) ($p = 0.001$).

Within the age category of 30 to 39 years; 37.2% were males. Within the category of males (only), 42.2% were between the ages of 30 to 39 years. The category of males between the ages of 30 to 39 years formed 16.8% of the total sample.

The age distributions are not similar, as there are more respondents younger than 40 years ($p < 0.001$).

The figure below indicates the education levels of the respondents.

Figure 14: EDUCATION LEVELS OF THE RESPONDENTS

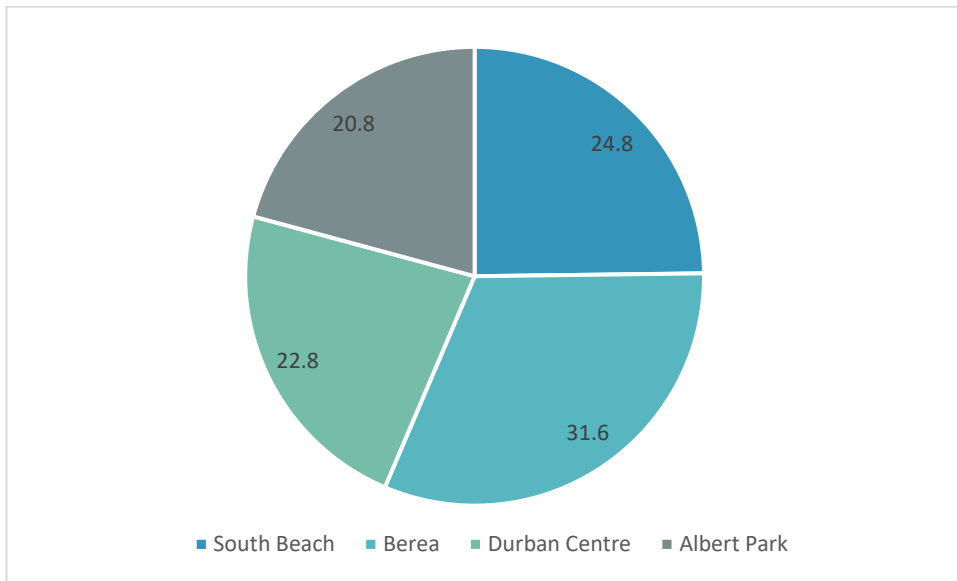


The majority of respondents (79.2%) had a post school (tertiary) qualification ($p < 0.001$).

This is a useful statistic as it indicates that a fair proportion of the respondents have a higher qualification. This indicates that the responses gathered would have been from an informed (learned) source.

All of the businesses were run on a full-time basis with the locations as specified in the figure below.

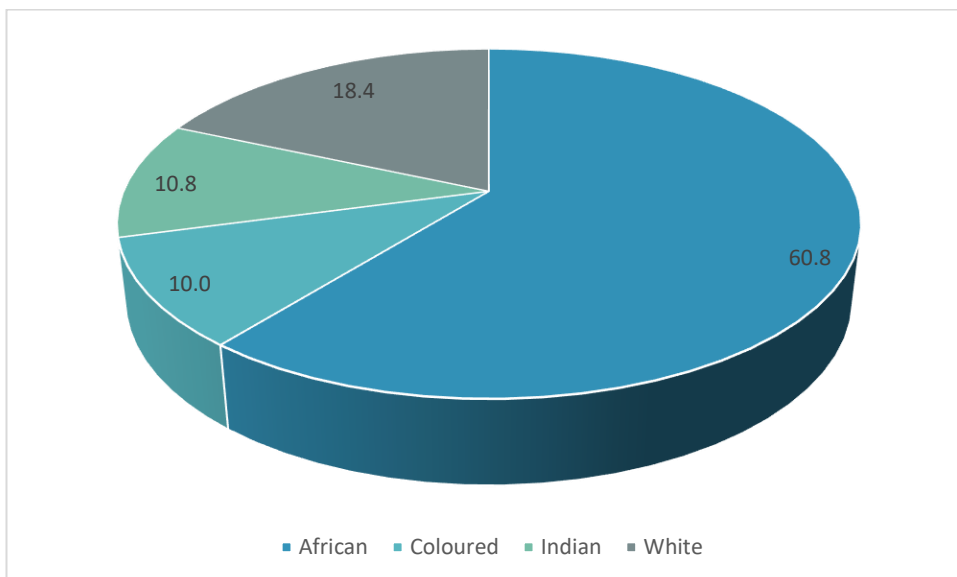
Figure 15: LOCATION OF BUSINESS RUNNING FULL TIME



There was no significant difference in the composition of the sample by location ($p = 0.085$).

The racial composition of the sample is shown below.

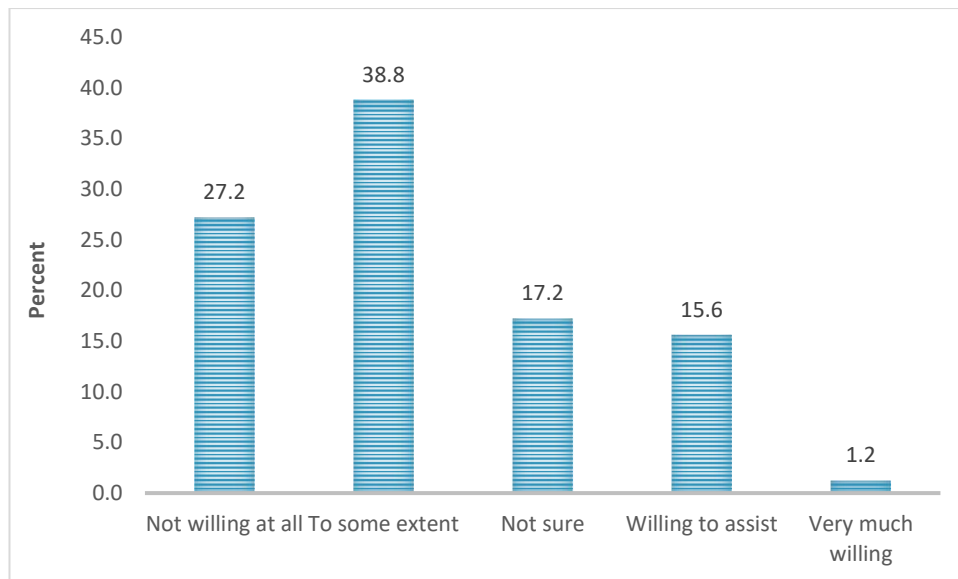
Figure 16: RACE



There were significantly more African respondents (60.8%) than any of the other race groups ($p < 0.001$).

The figure below indicates the perceptions of the respondents regarding the willingness of banks to assist.

Figure 17: WILLINESS OF BANKS TO ASSIST



There are significantly more responses in the negative (66%) ($p < 0.001$).

In the above diagram, the results show that banks are willing to assist SMMEs to some extent (38.8%), which is a positive result. However, there is still an outcry that banks are not willing to assist at all (27.2%). This basically means that both private sector and government need to join hands and be collateral between banks and the SMMEs sector; 17.2% of the SMMEs are not sure, which means that they have not tried to communicate with the banks in terms of funding; 15.6% of the banks are willing to assist and the remaining 1.2% of the SMMEs state that banks are very much willing to assist.

4.23 THE CORRELATION BETWEEN LOCATION OF THE BUSINESS SECTOR AND SUCCESS OF THE SMMEs SECTOR.

To establish the influence of certain business sector locations on the success of SMMEs, a series of Pearson chi-square tests were carried out. According to Wenger (2016), the p-value is the probability of statistics equal to or more than the outcome from sample data; however, a null hypothesis should be a

true reflection. In short, a p-value is 0.024. This shows that there is a significant relationship between the business sectors and the location of the business sector. The outcome of the research study clearly shows that the location of the business plays an important role with regards to the success of the SMMEs sector.

4.24 THE CORRELATION BETWEEN THE DEGREE QUALIFICATION OF OWNER/MANAGERS OF THE SMMEs AND BUSINESS ENTERPRISE'S PERFORMANCE

According to Muita (2012:91), an entrepreneur's level of education positively influences the success of his/her business. However, this finding has been shown to be inconsistent. One of the objectives of this study was to establish the challenges associated with improvement of SMMEs with financial management knowledge. This study aimed to establish how the level of education of SMMEs owners makes them reluctant to acquire more financial education. The results show that there is no statistically significant association between the level of education of SMMEs and the success of their business.

4.25 THE RELATIONSHIP BETWEEN THE SUCCESS OF BUSINESS ENTERPRISES, THE PERSONALITY OF THE OWNERS OF THE SMMEs AND THE CHALLENGES OF IMPLEMENTING FINANCIAL MANAGEMENT KNOWLEDGE.

Another important objective of the study was to ascertain whether there was a relationship between business enterprise and the personality of owners of SMMEs. An analysis of the Pearson chi-Square test results ($P=0.029$) revealed that statistically, there was a great positive relationship between the motivation, self-confidence, and desire to achieve more in the business sector of the SMMEs owners and the success of their businesses. According to Sola (2013:452), from Nigeria, successful entrepreneurs rely on positive self-image; good social skills and knowledge of the business sector.

4.26 THE CORRELATION BETWEEN THE NUMBER OF FULL TIME EMPLOYEES AND THE SMMEs SECTOR SUCCESS

Taking into account the relationship between the number of full time employees and the success of the business, an analysis of the Pearson Chi-Square test result ($P= 0.690$) revealed that statistically, there was no great relationship between the number of full-time employees and the success of the business.

4.27 CONCLUSION

The data collected using the questionnaire furnished the analysis, interpretation and discussion of the impact of business competencies on the SMMEs performance. The analysis of the data revealed that the majority of owners/managers of SMMEs have entrepreneurial competencies. All in all, it emerged that personal beliefs of SMMEs owners/managers had a significant influence on the success of their business.

CHAPTER 5

5.0 REVIEW, CONCLUSIONS AND RECOMMENDATIONS

5.1 INTRODUCTION

Chapter 5 provides findings from the research study that was conducted. Conclusions based on the findings are subsequently presented. Thereafter plausible recommendations are offered for the challenges of enriching SMMEs with financial management knowledge in KwaZulu-Natal eThekweni Metro. The questionnaire was used as a primary tool to gauge information and data from participants. SPSS version 26.0 was utilised to examine and investigate the data that was collected from the respondents. The outcomes were presented using the descriptive statistics in the form of graphs, cross-tabulations and other figures for the quantitative data that was collected. Inferential techniques include the use of correlations and chi-square test values; which are interpreted using the p-values. The limitations of the study are outlined as suggestions for a way forward.

5.2 REVIEW OF THE FINDINGS OF THE STUDY

The main aim of this study was to examine and describe the challenges associated with improvement of SMMEs with financial management knowledge. Based on the study that was conducted, the following conclusions and recommendations were drawn:

- The respondents divulged that they fully agree with the notion that SMMEs can be used as a vehicle to eradicate poverty.
- The study further revealed the SMME sector as one of the options that can be utilised to create employment, economic development and alleviate poverty.
- The research study revealed that SMMEs/managers require financial management knowledge and other financial expertise to avoid failure in the infancy stages of their business.

- The research study also indicated that the majority of business people venture into business with start-up capital, however they use their funding, pension funds, borrowing from relatives and moreover their financial management knowledge and expertise.
- Most of the respondents indicated that the SMME sector has grown to the extent that it has become one of the mechanisms one can utilise to stabilise the economy and create employment.
- The study also concluded that political factors and political interference impinge upon the economic growth of the business enterprise.
- The research study indicated that educational factors like knowing how to handle the cash flow of the business enterprise and other financial expertise also affects the growth of the business.
- Lack of good infrastructure is one of the devastating factors in any business enterprise. So too are basic necessities such as trading spaces, water, electricity and storage room facilities, which is vital to the improvement of the business enterprise.
- The results indicated that there are interventions from the government; however, there is more that needs to be done to equip SMMEs with financial management knowledge.
- The study also found that respondents believe that it is necessary for the government to intervene, not only financially but also in terms of mentorship and financial training.
- According to the study conducted, it is difficult to empower SMMEs with financial management knowledge. The personnel are reluctant as they are funding their businesses, and sometimes they are not taxed compliant.
- The study also revealed that management competencies and financial management knowledge might influence the SMMEs sector in a good manner.
- The study suggested that trading spaces and bureaucratic red tape is one of the factors that affect SMMEs negatively.

- Other studies conducted revealed that SMMEs owners/managers do not bother to acquire financial management knowledge due to the fact that some SMMEs do it only for survival.
- The study also concluded that SMMEs encounter challenges in trying to implement sound financial systems and that it is a daunting task for the SMMEs sector.
- Crime and corruption were also revealed as one of the egregious factors seriously destabilising the SMMEs sector and destabilising the economy, simply because the monies that is meant to empower the SMMEs sector is being misused.
- The study revealed that SMMEs are the most vulnerable sector and as a result, SMMEs demonstrate a low survival rate predominantly 4-5 years of trade or service.
- The respondents agreed (35.6%) and strongly agreed (11.2%) that the years of existence of their businesses affect their ability to hire experts to assist them in the SMMEs sector.
- The majority (67.2%) of the respondents (20.4%) strongly agreed or disagreed (46.8%) that the years of existence affect their success in the business sector. The statement clearly shows that their businesses struggle in the infant stages, and as a result, they collapse eventually.
- A study revealed that 65% of SMMEs fail in their early stages as a result of a deficiency in financial management expertise. The study also revealed that financial management knowledge is a crucial aspect of the business sector, and there is a dire need for SMMEs to be furnished with financial management expertise.

5.3 FINDINGS RELATING TO THE LITERATURE REVIEW

The research study has indicated that owners/managers of SMMEs lack organisational knowledge and financial management knowledge. However, this great business sector provides almost 97.5% of business in the country and most importantly contributes about 35.8% of the Gross National Product. It also contributes 54.4% to all formal sectors: in essence, it provides more than 40% of all wages and salaries paid per year (Diederichs, 2015:64). Furthermore, the literature review indicates that the SMMEs sector is not likely to be a remedy for a South Africa's economic growth, poverty alleviation, unemployment and equality if SMMEs are not provided with proper education and the required financial management knowledge to make informed decisions for the near future (Berry et al. 2012). Berry further asserted that despite the substantial effort by South African Government, new SMMEs had achieved limited growth due to factors like; lack of proper education; financial management knowledge in particular.

A previous literature review indicated that financial management knowledge facilitates skills development and boosts trust in the owners/managers of the SMMEs, enabling them to make informed decisions. However, that cannot be achieved if SMMEs are not provided with necessary management knowledge to avoid the SMMEs sector failing in their infant stages (Robb, 2012:10). In addition, Kotze and Smit, (2008:170) echoed the sentiment that financial education and financial management knowledge is of utmost importance since it is perceived as one of the tools to be used to afford financial management knowledge to individuals and to the SMMEs sector as a whole, which in turn could assist the SMMEs sector to grow and to make sound financial management decisions and most of all to avoid failure in their early stages. According to Stein, Ardic and Hommes (2013:11), every business enterprise requires financial muscle to grow and ensure financial stability in its daily operation.

5.4 PRACTICAL IMPLICATIONS OF THIS STUDY

The results and findings of this research study will assist the South African Government and all government agencies to come up with new innovative ways to furnish the SMMEs sector with necessary financial management knowledge.

5.5 RECOMMENDATIONS

Taking into account the findings of the research study, the recommendations offered are made with the intention of enhancing the growth rate of the SMMEs in KwaZulu-Natal Metropolitan Area.

- Financial management knowledge should be included in the curriculum of the lower level education, secondary level and also in all curriculums of higher education institutions. Moreover, the government should be collateral between big businesses and small enterprises in terms of training.
- Frequent free seminars, expos and workshops to furnish SMMEs with financial management knowledge, should be provided by relevant agencies like SEDA, NYDA and private sectors should also play their part. the local government.
- The Durban Chamber of Commerce and Industry (DCCI) should create a platform whereby SMMEs in the eThekweni municipality will be able to network with big enterprises.
- Stakeholders like the South African Banking Association and the Small Enterprise Development Agency (SEDA) should offer financial management knowledge and other relevant managerial skills to ensure the growth in the SMMEs sector.

- The government and the private sector need to ensure that strategic coordination in policies and designed programmes in the eThekweni area is fully functional.
- All the stakeholders and other government agencies that are being tasked to improve skills and the knowledge of the SMMEs sector should report back to the government regarding their progress, or any difficulties they are facing.
- The government should provide the necessary resources to the state agencies that will champion the process of educating and training the SMMEs.
- Constructive and sustainable infrastructures should be built for the SMMEs sector.
- The government should be the collateral between financial institutions and SMMEs so that it becomes much easier for small enterprises to land money.
- The government should build better and more secure trading places for SMMEs, in consultation with the SMMEs sector.
- Local government should re-invest the money that it charges for trading certificates.
- The government should be at the centre of SMMEs development and growth as they are considered as a vehicle that can be used to alleviate poverty and stabilise the South African economy.
- The government should encourage SMMEs to attend financial training by giving SMMEs certificates and giving them incentives.
- The government should form a steering agency to oversee and champion skills training, skills capacity and skills development. The duties and responsibilities of this body should include:
 - The orchestration of a relationship between the key stakeholders and the SMMEs sector to provide training and education.
 - To be able to oversee the achievement of goals and priorities set by government stakeholders and other parties.

5.6 LIMITATIONS OF THE STUDY

The study examines the challenges of enriching SMMEs with financial management knowledge in KwaZulu-Natal. Metropolitan Area only. Consequently, the findings cannot be utilised in other Metropolitan Areas, other than KwaZulu-Natal. Metropolitan Area. The study was conducted in the Durban Central Area (CBD), and the focus was on SMMEs sector. The questionnaires were personally administered; the participants responded well to the questionnaire.

5.7 RECOMMENDATIONS FOR FURTHER RESEARCH

- To evaluate the way the country's educational policies work, it should be improved by way of including training and development from lower grades. This will, in turn, assist SMMEs with necessary financial management knowledge and other expertise. This also helps sector to acquire more financial management knowledge that is required by business enterprises to survive and grow. In the study that was conducted, it was found that many respondents do not possess financial management knowledge and other expertise to improve their businesses
- To evaluate the role played by government agencies, for instance, the Department of Small Businesses, National Youth Development Agency and other institutions in contributing to the growth and development of the SMMEs, This will assist in terms of re-visiting the policies whether the mentioned agencies are still playing any role in assisting with developing and the survival of SMMEs as part of poverty alleviation strategies, provided mostly by these agencies. Providing financial support and financial management knowledge for new business enterprise and monitor them.
- The use of technology as another way to improve Small business enterprises. This will expand the capacity size of the SMMEs by getting exposed to many customers. The use of modern technologies will

ensure that poor infrastructural short-comings, such as roads, water and electricity supply, are being overcome.

- The same study could be conducted in other municipalities any part of South Africa.

5.8 CONCLUSION

SMMEs play a crucial role, regarding job creation, poverty alleviation and of course, their economic input in the country's GDP is immensely important. It is conceded that SMMEs can be a great vehicle for South African economic emancipation. However, one cannot shy away from the fact there are challenges that cause failure in the SMMEs sector. SMMEs have a prominent part to contribute to the South African economy, sub-contracting links to large business enterprises, thus ensuring that they contribute immensely to the country's economy. Thus, the development of business enterprises should begin in the early stages, proper education and training should be afforded at lower grades, and tertiary institutions should be such that they create a prominent culture of entrepreneurs among youth.

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7. ANNEXURES

ANNEXURE A: LETTER OF INFORMATION



INFORMATION LETTER

The title of the Research Study: The challenges associated with improvement of SMMEs with financial management knowledge.

Principal Investigator/researcher: Mr WS Mazibuko

Supervisor: Dr Alpha Mugari

Short Introduction and Purpose of the study

SMMEs sector has been widely recognised as an engine of South African economic growth; however, their failure in infancy stage remains a huge challenge. In South Africa, approximately more than 42% of gross domestic product and accounts for more than 60% of employment is provided by SMMEs, moreover, provide an incubator and breeding ground for entrepreneurship and innovation. Therefore, there is a dire need for supporting SMMEs, to have a better insight of their challenges that cause them to fail in early stages of operation, and the challenges associated with empowering them with financial management knowledge and the Mechanisms which can be utilised to enhance the SMMEs sector. Taking into account the socio-economic role played by SMMEs in South Africa, it is crucial that they flourish. However, the failure rate of SMMEs in South Africa leave a lot to be desired. The purpose of this study is to determine the challenges associated with improvement of SMMEs with financial management knowledge.

Participant's responsibilities

Immediately after the owners/managers of SMMEs have assented to take part in the survey study, they will be requested to complete the questionnaire which should take 15 minutes of their time to complete.

Risk and discomforts to the participants

The participants will not be requested to perform any play, acts or make statements which could cause discomfort, expose them in any way, reduce their self-esteem or could make them experience unease or embarrassment and there are no expected unfavourable reactions.

The benefit of the study

- The findings of the study have the prospect of benefiting the SMMEs sector in any part of country in identifying the challenges encountered by SMMEs in improving the sector and the ways to resolve those challenges.
- It is anticipated that study results will be available on the eThekwini website and can be made available for everyone to view the research results.

Motives why participants may be withdrawn from the study.

Participation in the study is voluntary; moreover, participants may withdraw at any time from taking part in the study, and they are not required to mention the reasons from withdrawing from the study. Should the participants withdraw from partaking in the study, they won't be any adverse consequence hence taking part in the study is voluntary.

Remuneration

The participants will not receive any compensation or any other kind of earnings from taking part in the study.

Study costs

The participants are not expected to pay for any cost by participating in the study.

Confidentiality

The participants will not disclose their personal information during the data collection process. Anonymity and confidentiality are assured to the participants of their responses to the study. The completed questionnaire, which excludes the name of the participants or the participant's business enterprise, will be kept in a safe place for a period of 6 years and will be destroyed thereafter.

ANNEXURE B: LETTER OF INFORMED CONSENT



Agreement statement to take part in the research study:

- I herewith would like to confirm that I have been informed by the investigator, Wiseman Sinethemba Mazibuko.
- I have also received, perused and understood the written information (participant's letter of information) with regards to the study.
- I am fully aware that the results of the study, as well as my personal details in terms of age, date of birth, and any diagnosis will be included in the study report.
- In light of the research requirements, I concur that the data gathered during this study can be processed in a computerised system by the researcher.
- I am fully aware that, at any stage, I can without detriment, withdraw from participating in the study.
- I was afforded adequate opportunity to ask questions and I can articulate myself prepared to partake in the study.
- I understand that noteworthy findings/results that were collected during the course of this study which may relate to my participation will be made available to me.

.....
Full name of participant
Signature

.....
Date

ANNEXURE C: COVERING LETTER ACCOMPANYING QUESTIONNAIRE

Faculty of Management Sciences

Department of Entrepreneurial Studies and Management

Date: 25 March 2018

Dear Participant

I am currently undertaking a Master's degree in Management Sciences (Business Administration) in the Department of Entrepreneurial Studies and Management at the Durban University of Technology. The study aims at determining the challenges associated with improvement of Small Medium and Micro Enterprises with financial management knowledge.

I would sincerely like you to participate in this study, which will take approximately 15 minutes to complete. Participation in this study is voluntary, and all information gathered will be treated as confidential. Upon your request, the results/findings of the study will be made available to you once they have been completed. No personal details will be made available to the public or third party. Your participation in this regard will make a great contribution to this project.

Thanking you in advance for your participation

Yours faithfully'

Master's Student: Wiseman Sinethemba Mazibuko

Student number: 20614961

ANNEXURE D: RESEARCH QUESTIONNAIRE

THE CHALLENGES OF ENRICHING SMALL, MEDIUM, MICRO ENTERPRISES WITH FINANCIAL MANAGEMENT KNOWLEDGE IN KWAZULU-NATAL METROPOLITAN AREA

QUESTIONNAIRE

The challenges of enriching SMMEs with financial Management knowledge in KwaZulu-Natal. Metropolitan Area

REQUIRED: IN EACH QUESTIONNAIRE YOU ARE REQUIRED TO MARK WITH X

Biography Questions

1. Gender

- Male
- Female

2. Age

- 25 – 35
- 36 – 45
- 46 – 55
- 56 – 65
- 66 - Above

3. Education

- Uneducated
- Not matriculated
- Matriculated
- Tertiary qualification

4. Location of the Business

- South Beach
- Berea
- Durban Central
- Albert Park

5. Duration of the Business

- Part Time
- Full Time

6. Race

- African
- Coloured
- Indian
- Whites

7. Sources of finance

7. To what extent are banks willing to support SMMEs with funding?	Not willing at all	To some extent	Not sure	Willing to assist	Very much willing
Mark with an X your preferred option	1	2	3	4	5

8. Does the years of existence of your business affect your ability to hire experts?	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
Mark with an X your preferred option.	1	2	3	4	5

9. Does the years of existence affect your success in the business sector?	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
Mark with an X your preferred option	1	2	3	4	5

10. Do you agree that government is providing SMMEs with financial management knowledge?	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
Mark with an X your preferred option	1	2	3	4	5

11. Challenges encountered by SMMEs which results in their failure at infant stage

11.1 Do you agree that lack of adequate financial management knowledge has a bad impact on the success of the SMME's sector?	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
Mark with an X your preferred option	1	2	3	4	5
11.2 Do you agree that neglecting financial records as one of the pillars of a successful business badly impact the sector?	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
Mark with an X your preferred option	1	2	3	4	5
11.3 Does unavailability of funds from banks and government affect the business negatively?	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
Mark with an X your preferred option	1	2	3	4	5

12. Book keeping

Do you agree that book keeping impacts negatively in the success of the SMME's sector?	Extremely Satisfied	Very Satisfied	Moderately Satisfied	Slightly Satisfied	Not satisfied
Mark with an X your preferred option	1	2	3	4	5

13. Government role in enriching SMMEs with financial management knowledge

13.1 Are you satisfied with government interventions in the SMMEs sector?	Extremely Satisfied	Very Satisfied	Moderately Satisfied	Slightly Satisfied	Not satisfied
Mark with an X your preferred option	1	2	3	4	5

13.2 Are you satisfied with the mechanisms used by government to enrich SMMEs with financial management knowledge?	Extremely Satisfied	Very Satisfied	Moderately Satisfied	Slightly Satisfied	Not satisfied
Mark with an X your preferred option	1	2	3	4	5

13.3 Are you satisfied with the seminars organised by the government aimed at enriching SMMEs with financial management knowledge?	Extremely Satisfied	Very Satisfied	Moderately Satisfied	Slightly Satisfied	Not satisfied
Mark with an X your preferred option	1	2	3	4	5

13.4 will you be satisfied if the government make adverts on social media to enrich SMMEs with financial management knowledge	Extremely Satisfied	Very Satisfied	Moderately Satisfied	Slightly Satisfied	Not satisfied
Mark with an X your preferred option	1	2	3	4	5

13.5 Will you be satisfied if the government dedicate a certain column in both IsiZulu and English that has all the information on financial management knowledge and skills development in the metro newspaper?	Extremely Satisfied	Very Satisfied	Moderately Satisfied	Slightly Satisfied	Not satisfied
Mark with an X your preferred option	1	2	3	4	5

Thank you so much for your co-operation.

ANNEXURE E: STATEMENTS

- Q1 Gender
- Q2 Age
- Q3 Education
- Q4 Location of the Business
- Q5 Duration of the Business
- Q6 Race
- Q7 To what extent are banks willing to support SMMEs with funding?
- Q8 Do the years of existence of your business affect your ability to hire experts?
- Q9 Do the years of existence affect your success in the business sector?
- Q10 Do you agree that the government is providing SMMEs with financial management knowledge?
- Q11.1 Do you agree that the lack of adequate financial management knowledge has a bad impact on the success of SMME's sector
- Q11.2 Do you agree that neglecting financial records as one of the pillars of a successful business badly impact the sector?
- Q11.3 Does the unavailability of funds from banks and government affect the business negatively?
- Q12 Do you agree that bookkeeping impact negatively on the in the success of the SMMEs sector?
- Q13.1 Are you satisfied with government interventions in the SMMEs sector?
- Q13.2 Are you satisfied with the mechanisms used by the government to empower SMMEs with financial management knowledge?
- Q13.3 Are you satisfied with the seminars organised by the government aimed at improving the SMMEs sector with financial management knowledge?
- Q13.4 Will you be satisfied if the government make adverts on social media to enrich SMMEs with financial management knowledge?
- Q13.5 Will you be satisfied if the government dedicate a certain column in both IsiZulu and English that has the information on financial management knowledge and skills development in the metro newspaper?

ANNEXURE F: STATISTICAL ANALYSIS OF DATA
DESCRIPTIVE STATISTICS

Table 14:

Gender				
	Frequency	Percent	Valid Percent	Cumulative Percent
Male	99	39,6	39,6	39,6
Female	151	60,4	60,4	100,0
Total	250	100,0	100,0	

Table 15:

Age				
	Frequency	Percent	Valid Percent	Cumulative Percent
25 - 35	34	13,6	13,6	13,6
36 - 45	44	17,6	17,6	31,2
46 - 55	113	45,2	45,2	76,4
56 - 65	56	22,4	22,4	98,8
> 65	3	1,2	1,2	100,0
Total	250	100,0	100,0	

Table 16:**Age * Gender Crosstabulation**

Age		Gender		Total
		Male	Female	
	Count	17	17	34
25 - 35	% within Age	50,0%	50,0%	100,0%
	% within Gender	17,2%	11,3%	13,6%
	% of Total	6,8%	6,8%	13,6%
	Count	19	25	44
36 - 45	% within Age	43,2%	56,8%	100,0%
	% within Gender	19,2%	16,6%	17,6%
	% of Total	7,6%	10,0%	17,6%
	Count	42	71	113
46 - 55	% within Age	37,2%	62,8%	100,0%
	% within Gender	42,4%	47,0%	45,2%
	% of Total	16,8%	28,4%	45,2%
	Count	19	37	56
56 - 65	% within Age	33,9%	66,1%	100,0%
	% within Gender	19,2%	24,5%	22,4%
	% of Total	7,6%	14,8%	22,4%
	Count	2	1	3
> 65	% within Age	66,7%	33,3%	100,0%
	% within Gender	2,0%	0,7%	1,2%
	% of Total	0,8%	0,4%	1,2%
Total	Count	99	151	250
	% within Age	39,6%	60,4%	100,0%

% within Gender	100,0%	100,0%	100,0%
% of Total	39,6%	60,4%	100,0%

Table 17:

Education	Frequency	Percent	Valid Percent	Cumulative Percent
Uneducated	7	2,8	2,8	2,8
Not matriculated	6	2,4	2,4	5,2
Matriculated	39	15,6	15,6	20,8
Tertiary qualification	198	79,2	79,2	100,0
Total	250	100,0	100,0	

Figure 18:

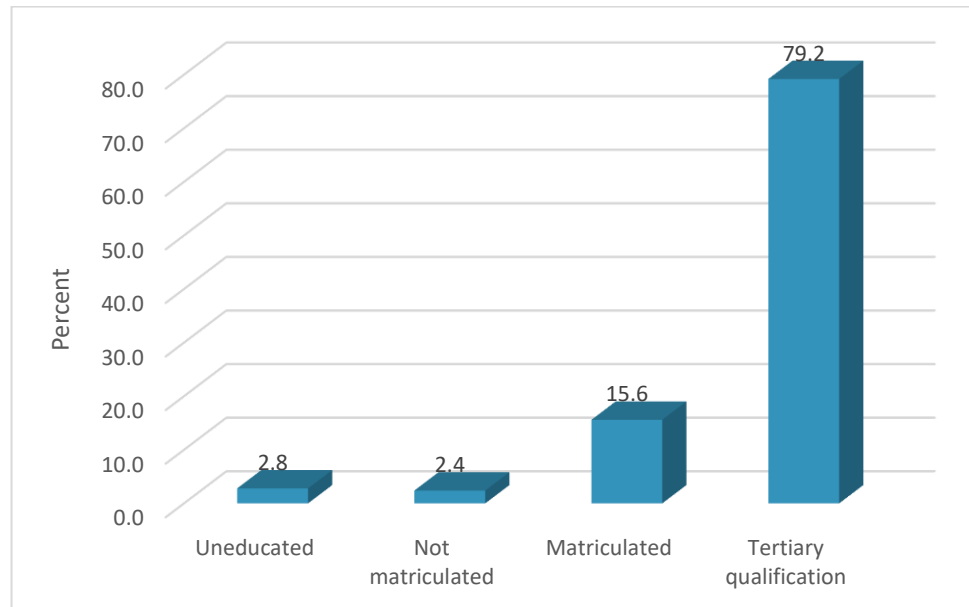


Table 18:

Location	Frequency	Percent	Valid Percent	Cumulative Percent
South Beach	62	24,8	24,8	24,8
Berea	79	31,6	31,6	56,4
Durban Centre	57	22,8	22,8	79,2
Albert Park	52	20,8	20,8	100,0

Total	250	100,0	100,0	
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Figure 18:

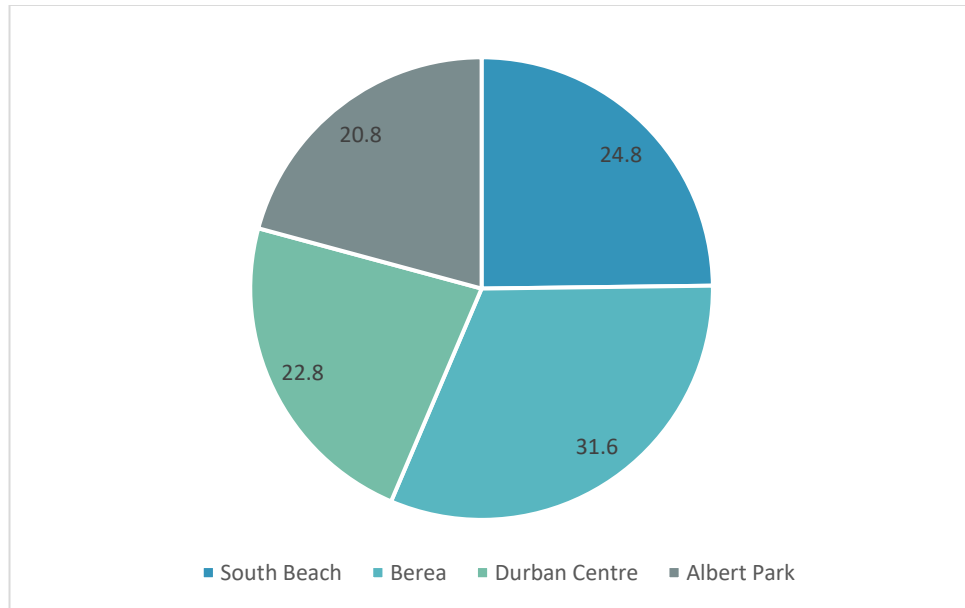


Table 19:

Duration of the business	Frequency	Percent	Valid Percent	Cumulative Percent
Full Time	250	100,0	100,0	100,0

Table 20:

Race	Frequency	Percent	Valid Percent	Cumulative Percent
African	152	60,8	60,8	60,8
Coloured	25	10,0	10,0	70,8
Indian	27	10,8	10,8	81,6
White	46	18,4	18,4	100,0
Total	250	100,0	100,0	

Figure 19:

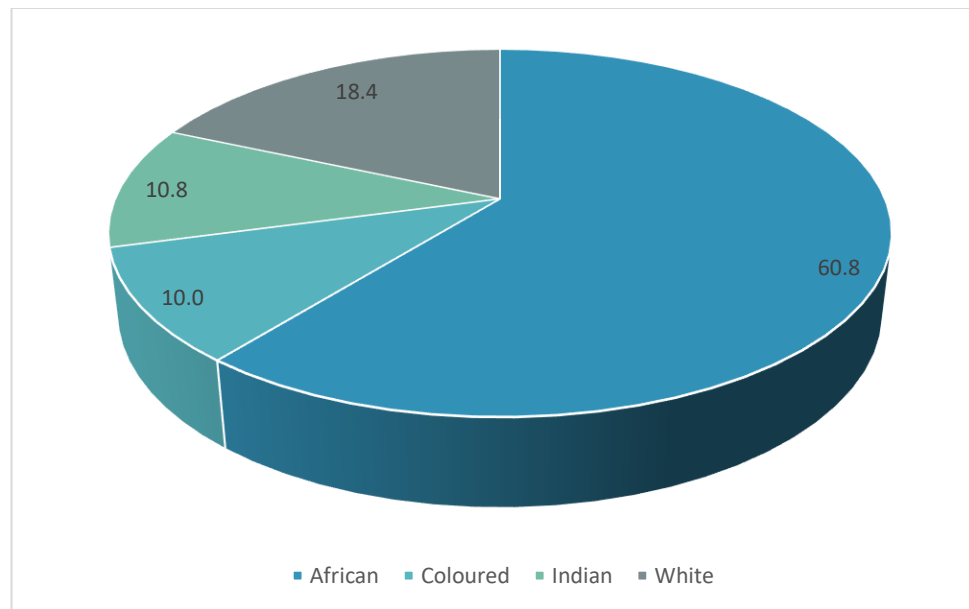


Table 21:**To what extent are banks willing to support SMMEs with funding?**

	Frequency	Percent	Valid Percent	Cumulative Percent
Not willing at all	68	27,2	27,2	27,2
To some extent	97	38,8	38,8	66,0
Not sure	43	17,2	17,2	83,2
Willing to assist	39	15,6	15,6	98,8
Very much willing	3	1,2	1,2	100,0
Total	250	100,0	100,0	

Figure 22:

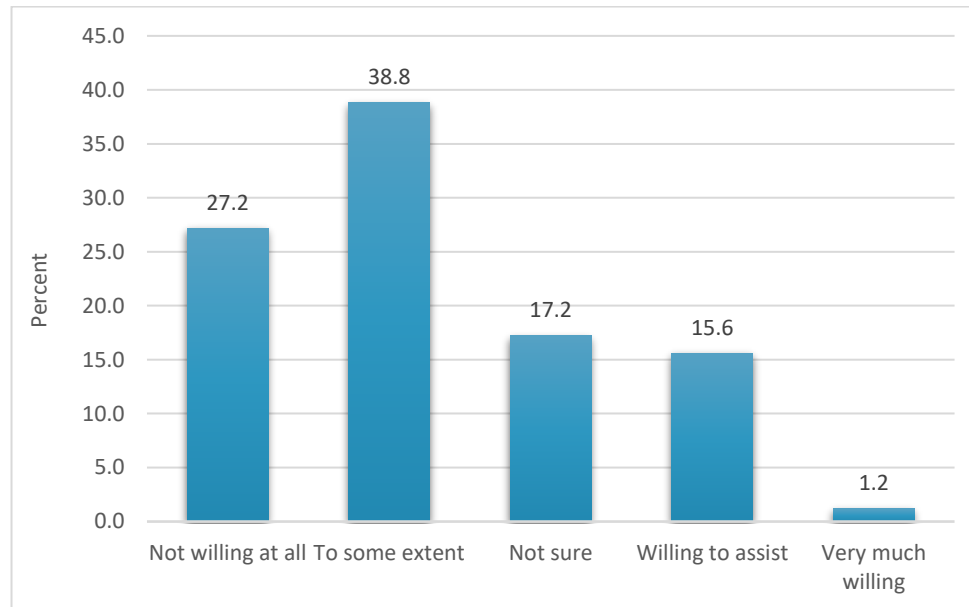


Table 23:

Does the years of existence of your business affect your ability to hire experts?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	12	4,8	4,8	4,8
	Disagree	53	21,2	21,2	26,0
	Neutral	68	27,2	27,2	53,2
	Agree	89	35,6	35,6	88,8
	Strongly Agree	28	11,2	11,2	100,0
	Total	250	100,0	100,0	

Table 24:**Does the years of existence affect your success in the business sector?**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	10	4,0	4,0	4,0
	Disagree	31	12,4	12,4	16,4
	Neutral	41	16,4	16,4	32,8
	Agree	117	46,8	46,8	79,6
	Strongly Agree	51	20,4	20,4	100,0
	Total	250	100,0	100,0	

Table 25:**Do you agree that government is providing SMMEs with financial management knowledge?**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	46	18,4	18,4	18,4
	Disagree	85	34,0	34,0	52,4
	Neutral	56	22,4	22,4	74,8
	Agree	40	16,0	16,0	90,8
	Strongly Agree	23	9,2	9,2	100,0
	Total	250	100,0	100,0	

Table 26:**Do you agree that the lack of adequate financial management knowledge has a bad impact on the success of SMME's sector**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	5	2,0	2,0	2,0
	Disagree	44	17,6	17,6	19,6
	Neutral	49	19,6	19,6	39,2
	Agree	118	47,2	47,2	86,4
	Strongly Agree	34	13,6	13,6	100,0
	Total	250	100,0	100,0	

Table 27:**Do you agree that neglecting financial records as one of the pillars of a successful business badly impact the sector?**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	6	2,4	2,4	2,4
	Disagree	36	14,4	14,4	16,8
	Neutral	45	18,0	18,0	34,8
	Agree	121	48,4	48,4	83,2
	Strongly Agree	42	16,8	16,8	100,0
	Total	250	100,0	100,0	

Table 28:**Does unavailability of funds from banks and government affect the business negatively?**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	2	0,8	0,8	0,8
	Disagree	32	12,8	12,8	13,6
	Neutral	19	7,6	7,6	21,2
	Agree	115	46,0	46,0	67,2
	Strongly Agree	82	32,8	32,8	100,0
	Total	250	100,0	100,0	

Table 29:**Do you agree that book keeping impact negatively on the in the success of the SMMEs sector?**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	2	0,8	0,8	0,8
	Disagree	34	13,6	13,6	14,4
	Neutral	69	27,6	27,6	42,0
	Agree	106	42,4	42,4	84,4
	Strongly Agree	39	15,6	15,6	100,0
	Total	250	100,0	100,0	

Table 30:**Are you satisfied with government interventions in the in the SMMEs sector?**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Not satisfied	90	36,0	36,0	36,0
Slightly Satisfied	56	22,4	22,4	58,4
Moderately Satisfied	72	28,8	28,8	87,2
Very Satisfied	30	12,0	12,0	99,2
Extremely Satisfied	2	0,8	0,8	100,0
Total	250	100,0	100,0	

Table 31:**Are you satisfied with the mechanisms used by government to enrich SMMEs with financial management knowledge?**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Not satisfied	94	37,6	37,6	37,6
Slightly Satisfied	73	29,2	29,2	66,8
Moderately Satisfied	70	28,0	28,0	94,8
Very Satisfied	12	4,8	4,8	99,6
Extremely Satisfied	1	0,4	0,4	100,0
Total	250	100,0	100,0	

Table 32:

Are you satisfied with the seminars organised by the government aimed at improving and empering the SMMEs sector with financial management knowledge?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Not satisfied	98	39,2	39,2	39,2
	Slightly Satisfied	49	19,6	19,6	58,8
	Moderately Satisfied	85	34,0	34,0	92,8
	Very Satisfied	18	7,2	7,2	100,0
	Total	250	100,0	100,0	

Table 33:

Will you be satisfied if the government make adverts on social media to empower SMMEs with financial management knowledge?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Not satisfied	24	9,6	9,6	9,6
	Slightly Satisfied	82	32,8	32,8	42,4
	Moderately Satisfied	99	39,6	39,6	82,0
	Very Satisfied	38	15,2	15,2	97,2
	Extremely Satisfied	7	2,8	2,8	100,0
	Total	250	100,0	100,0	

Table 34:

Will you be satisfied if the government dedicate a certain column in both IsiZulu and English that has the information on financial management knowledge and skills development in the metro newspaper?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Not satisfied	7	2,8	2,8	2,8
	Slightly Satisfied	48	19,2	19,2	22,0
	Moderately Satisfied	53	21,2	21,2	43,2
	Very Satisfied	85	34,0	34,0	77,2
	Extremely Satisfied	57	22,8	22,8	100,0
	Total	250	100,0	100,0	

TINFERENTIAL STATISTICS

Correlation coefficient analysis

Table 35:

To what extend are banks willing to support SMMEs with funding?	Does the years of existence of your business affect your ability to hire experts?	Does the years of existence affect your success in the business sector?	Do you agree that government is providing SMMEs with financial management knowledge?	Do you agree that lack of adequate financial management knowledge has a bad impact on a success of SMME's sector	Do you agree that neglecting financial records as one of the pillars of a successful business badly impact the sector?	Does unavailability of funds from banks and government affect the business negatively?	Do you agree that book keeping impact negatively on the in the success of the SMMEs sector?	Are you satisfied with government interventions in the in the SMMEs sector?	Are you satisfied with the mechanisms used by government to enrich SMMEs with financial management knowledge?	Are you satisfied with the seminars organised by the government aimed at enriching SMMEs with financial management knowledge?	Will you be satisfied if the government make adverts on social media to enrich SMMEs with financial management knowledge?	Will you be satisfied if the government dedicate a certain column in both IsiZulu and English that has the information on financial management knowledge and skills development in the metro newspaper?
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Table 36:

To what extent are banks willing to support SMMEs with funding?	Correlation Coefficient	1,000											
	Sig. (2-tailed)												
	N	250											
Does the years of existence of your business affect your ability to hire experts?	Correlation Coefficient	0,058	1,000										
	Sig. (2-tailed)	0,362											
	N	250	250										
Does the years of existence affect your success in the business sector?	Correlation Coefficient	.199**	.598**	1,000									
	Sig. (2-tailed)	0,002	0,000										
	N	250	250	250									
Do you agree that government is providing SMMEs with financial management knowledge?	Correlation Coefficient	.202**	-0,070	.128*	1,000								
	Sig. (2-tailed)	0,001	0,273	0,043									
	N	250	250	250	250								
Do you agree that lack of adequate financial management knowledge has a bad impact on a success of SMME's sector	Correlation Coefficient	.165**	.212**	.395**	0,101	1,000							
	Sig. (2-tailed)	0,009	0,001	0,000	0,113								
	N	250	250	250	250	250							
Do you agree that neglecting financial records as one of the pillars of a successful business badly impact the sector?	Correlation Coefficient	0,059	.265**	.403**	0,043	.673**	1,000						
	Sig. (2-tailed)	0,351	0,000	0,000	0,503	0,000							
	N	250	250	250	250	250	250						
Does unavailability of funds from banks and government affect the business negatively?	Correlation Coefficient	0,028	.219**	.267**	0,021	.222**	.277**	1,000					
	Sig. (2-tailed)	0,654	0,000	0,000	0,737	0,000	0,000						
	N	250	250	250	250	250	250	250					
Do you agree that book keeping impact negatively on the in the success of the SMMEs sector?	Correlation Coefficient	.129*	.278**	.325**	-0,044	.508**	.560**	.208**	1,000				
	Sig. (2-tailed)	0,042	0,000	0,000	0,490	0,000	0,000	0,001					
	N	250	250	250	250	250	250	250	250				
Are you satisfied with government interventions in the in the SMMEs sector?	Correlation Coefficient	.181**	-.166**	0,072	.304**	0,022	-0,071	-0,051	-.130*	1,000			
	Sig. (2-tailed)	0,004	0,008	0,259	0,000	0,732	0,266	0,423	0,040				
	N	250	250	250	250	250	250	250	250	250			
	Correlation Coefficient	0,041	0,063	0,048	0,045	-0,022	0,053	0,016	-0,034	.305**	1,000		

Are you satisfied with the mechanisms used by government to enrich SMMEs with financial management knowledge?	Sig. (2-tailed)	0,520	0,321	0,452	0,482	0,726	0,405	0,802	0,591	0,000				
	N	250	250	250	250	250	250	250	250	250	250			
Are you satisfied with the seminars organised by the government aimed at enriching SMMEs with financial management knowledge?	Correlation Coefficient	0,052	0,007	0,047	.180**	-0,030	0,052	-0,010	0,003	.204**	.494**	1,000		
	Sig. (2-tailed)	0,416	0,911	0,460	0,004	0,642	0,410	0,874	0,968	0,001	0,000			
Will you be satisfied if the government make adverts on social media to enrich SMMEs with financial management knowledge?	N	250	250	250	250	250	250	250	250	250	250	250		
	Correlation Coefficient	.186**	0,039	0,080	.141*	0,015	-0,038	-0,099	-0,072	0,111	.288**	.323**	1,000	
Will you be satisfied if the government dedicate a certain column in both IsiZulu and English that has the information on financial management knowledge and skills development in the metro newspaper?	Sig. (2-tailed)	0,003	0,541	0,208	0,025	0,817	0,553	0,118	0,254	0,079	0,000	0,000		
	N	250	250	250	250	250	250	250	250	250	250	250	250	
Will you be satisfied if the government dedicate a certain column in both IsiZulu and English that has the information on financial management knowledge and skills development in the metro newspaper?	Correlation Coefficient	0,028	-0,006	0,015	0,108	0,010	-0,007	-0,081	-0,027	0,118	.125*	.137*	.483**	1,000
	Sig. (2-tailed)	0,663	0,923	0,810	0,088	0,874	0,910	0,203	0,670	0,062	0,048	0,030	0,000	
Will you be satisfied if the government dedicate a certain column in both IsiZulu and English that has the information on financial management knowledge and skills development in the metro newspaper?	N	250	250	250	250	250	250	250	250	250	250	250	250	250

Table 37:
Chi-Square test

	Gender	Age	Education	Location of the Business	Race	To what extent are banks willing to support SMMEs with funding?	Does the years of existence of your business affect your ability to hire experts?	Does the years of existence affect your success in the business sector?	Do you agree that government is providing SMMEs with financial management knowledge?	Do you agree that lack of adequate financial management knowledge has a bad impact on a success of SMME's sector?	Do you agree that neglecting financial records as one of the pillars of a successful business badly impact the sector?	Does unavailability of funds from banks and government affect the business negatively?	Do you agree that bookkeeping negatively impact on the success of the SMMEs sector?	Are you satisfied with government interventions in the SMMEs sector?	Are you satisfied with the mechanisms used by government to enrich SMMEs with financial management knowledge?	Are you satisfied with the seminars organised by the government aimed at enriching SMMEs with financial management knowledge?	Will you be satisfied if the government make adverts on social media to enrich SMMEs with financial management knowledge?	Will you be satisfied if the government dedicate a certain column in both IsiZulu and English that has the information on financial management knowledge and skills development in the metro newspaper?
Chi-Square	10.816 ^a	130.120 ^b	402.960 ^c	6.608 ^c	175.184 ^c	98.240 ^b	75.640 ^b	130.640 ^b	42.120 ^b	138.840 ^b	145.240 ^b	176.760 ^b	123.560 ^b	96.480 ^b	134.200 ^b	62.864 ^c	121.880 ^b	62.720 ^b
df	1	4	3	3	3	4	4	4	4	4	4	4	4	4	4	3	4	4
Asymp. Sig.	0,001	0,000	0,000	0,085	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000

- a. 0 cells (0.0%) have expected frequencies less than 5. The minimum expected cell frequency is 125.0.
- b. 0 cells (0.0%) have expected frequencies less than 5. The minimum expected cell frequency is 50.0.
- c. 0 cells (0.0%) have expected frequencies less than 5. The minimum expected cell frequency is 62.5.