



**An assessment of the impact of quality standards on the business performance
of small, medium and micro-SIZED enterprises in KwaZulu-Natal: selected
cases in the Durban Metropolitan area**

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The decision to research this subject has been inspired by my own unenviable experience as a specialist working with Small, Medium and Micro-sized Enterprises (SMMEs) to promote the significance of compliance with standards and quality assurance.

The other source of inspiration has been the divergent strategies utilized by various organs of state in pursuit of SMME development.

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ABSTRACT

The aim of this research is to assess the impact of quality standards on the business performance of SMMEs in KwaZulu-Natal, with specific reference to selected cases in the Durban Metropolitan Area.

Over the years, organizations have been frequently criticised for failing to comply with the quality standards such as the SANS 9001 / ISO 9001 that are required for effective implementation of Quality Management Systems and SANS 342 which provides specifications for diesel fuel products. Quality standards are defined as a set of detailed specifications, requirements, various guidelines and characteristics to be adopted in order to provide assurance that the product, service or process is fit for purpose. The perception amongst organizations has often been that systems and products certification do not add value towards improved business processes, best practices and customer satisfaction. It is further argued that product certification is erroneously perceived by organizations as a marketing tool and strategy that is needed for business survival and larger market penetration.

The focus of this study is to critically evaluate the correlation between quality standards and organizational performance. Whilst looking at the impact of quality standards, the study critically assesses the holistic approach used in the adoption of quality standards. In order to meet the objectives of this study, the research adopts a mixed method approach. However, the quantitative approach is predominant since data will be collected using completed questionnaires, which can be quantified. This study was restricted to a targeted population and therefore the sample size was limited to twenty SMMEs, comprising ten non-certified SMMEs and ten certified SMMEs.

This study adopted a qualitative research approach to collect and analyse data. The research methodology involved the use of semi-structured interviews and questionnaires. The surveys used to collect data involved both certified and non-certified organizations regardless of the type and size of business. Hence the scope covered businesses that manufacture products as well as those rendering services.

The hypotheses to be tested and the results emanating from the survey formed an integral part of the research conclusions, recommendations for intervention and contemplated areas for further research. The study established that there is a positive relationship between the adoption of quality standards and business excellence of SMMEs. Based on the findings, several recommendations have been made including the significant role of government in the mitigation of the challenges and barriers associated with the acquisition of statutory quality management systems and compliance of quality standards as experienced by SMMEs.

DECLARATION BY CANDIDATE

I, Phindile Buyile Mkhize, declare that unless otherwise indicated, this thesis is my own work and that it has not been submitted for any degree at another Tertiary Institution.

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LIST OF ACRONYMS

AsgiSA	Accelerated and Shared Growth Initiative for South Africa
BBSDP	Black Business Supplier Development Programme
BDS	Business Development Services
BER	Bureau for Economic Research
CCP	Critical control point
CIPRO	Companies and Intellectual Property Registration Office
CSBP	Centre for Small Business Promotion
DEAT	Department of Economic, Environmental Affairs and Tourism
DFIs	Development Financing Institutions
DIEP	Durban's Informal Economy Policy
DMA	Durban Metropolitan Area
DPLG	Department of Provincial and Local Government
DPW	Department of Public Works
DSBD	Department of Small Business Development
DTI	Department of Trade and Industry
EPWP	Expanded Public Works Programme
GDP	Gross Domestic Product
GDS	Growth and Development Strategies
GEAR	Growth, Employment and Redistribution
GEM	Global Entrepreneurship Monitor
GEP	Gauteng Enterprise Propeller
HACCP	Hazard Analysis Critical Control Point
IDC	Industrial Development Corporation
IDP	Integrated Development Plan
ILDLP	International Leadership Development Programme
IMS	Integrated Management Systems
ISO	International Organization for Standardization
JIPSA	Joint Initiative on Priority Skills Acquisition
KZN	KwaZulu-Natal

LBSCs	Local Business Service Centres
LED	Local Economic Development
LGTAS	Local Government Turnaround Strategy
MACs	Manufacturing Advice Centres
MERSETA	Manufacturing, Engineering and Related Service
MoU	Memorandum of Understanding
NDA	National Development Agency
NEP	National Empowerment Corporation
NYDA	National Youth Development Agency
PDCA	Plan-Do-Check-Act Cycle
PGDS	Provincial Growth and Development Strategy
SABS	South African Bureau of Standards
SAIPA	South African Institute of Professional Accountants
SANS	South African National Standards
SARS	South African Revenue Services
SMMEs	Small, Medium, Micro-sized Enterprises
SDF	Spatial Development Frameworks
SEDA	Small Enterprise Development Agency
SEFA	Small Enterprise Finance Agency
SETA	Sector Education and Training Authority (South Africa)
STP	Seda Technology Programme
TACs	Tender Advice Centres
TPCPS	Top Performing Companies and Public Sector
TQM	Total Quality Management
UYF	Umsobomvu Youth Fund

GLOSSARY OF TERMS

1. **Business performance**

For the purpose of this study, business performance has the same meaning as organizational performance. “Organizational performance encompasses three specific areas of firm outcomes: (a) financial performance (profits, return on assets, return on investment, etc.); (b) product market performance (sales, market share, etc.); (c) shareholder return (total shareholder return, economic value added, etc.)” (Richard et.al 2009).

2. **Hazard Analysis Critical Control Point (HACCP)**

“It’s a management system in which food safety is addressed through the analysis and control of biological, chemical and physical hazards from raw material production, procurement and handling, to manufacturing, distribution and consumption of the finished product” (ISO 22000:2018).

3. **Integrated Management System**

An integrated management system (IMS) combines all related components of a business into one system for easier management and operations. Quality, Environmental, and Safety management systems are often combined and managed as an IMS. These systems are not separate systems that are later joined together, rather they are integrated with linkages so that similar processes are seamlessly managed and executed without duplication. Source: www.sciqua.com.au (2019).

4. **ISO 9001:2015**

This international standard provides guidelines on the requirements for quality management systems.

5. ISO 22000:2018

According to the scope of ISO 22000:2018, “this standard specifies requirements for a food safety management system where an organization in the food chain needs to demonstrate its ability to control food safety hazards in order to ensure that food is safe at the time of human consumption”.

6. Overtraded

This is an economic term which indicates that a certain sector has expanded too quickly/ aggressively, such that there is more business than can be supported by the market (particularly with regards to product supply) or that there are not enough funds or resources available to support the trade.

7. PDCA Cycle

Dr Deming’s Plan-Do-Check-Act Cycle is defined on the ISO standard as follows:

Plan: establish the objectives of the system and its processes and the resources needed to deliver results in accordance with customers’ requirements and the organization’s policies, and identify and address risks and opportunities.

Do: implement what was planned.

Check: monitor and (where applicable) measure processes and the resulting products and services against policies, objectives, requirements and planned activities, and report the results.

Act: take actions to improve performance as necessary” (ISO 9001:2015).

8. Quality standards

For a product and service to be deemed good quality, that means it conforms to defined minimum requirements and specifications and that its performance and function has been tested and validated. In process, during and final process inspections have to be ascertained during the entire manufacturing life cycle of the product in order to achieve acceptable uniformity. To meet the required needs of the specific product, the standard applied should conform to set specifications and functional features.

A quality standard can thus be defined as a set of detailed specifications, requirements, various guidelines and characteristics to be adopted in order to provide assurance that the product, service or process is fit for purpose. The majority of organizations have adopted ISO International standards as they have been accepted worldwide to have best outcomes when effectively implemented. Ultimately standards enhance customer satisfaction and retention as well as market expansion. Source: www.mbaskool.com

9. Small, Medium and Micro-sized Enterprises (SMMEs)

“SMMEs are organizations that are below R5 million turnover per annum, this is the standard for generic broad-based BEE scorecard purpose. SMMEs encompass a very broad range of firms, from established traditional family businesses employing over a hundred people (medium-sized enterprises), down to the survivalist self-employed from the poorest layers of the population (informal micro-enterprises)” Source: NDBS - 04 September 2012.

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CHAPTER 1

INTRODUCTORY EXPLANATION OF THE STUDY

1.1 INTRODUCTION

“Total Quality Management (TQM) is a set of opinions and ideas for improving the quality of products or services which is widely called management philosophy” (Neystane *et al.* 2017). Neystane argues that TQM should be initiated in order to ensure customer satisfaction and for better market survival. In a TQM effort, participation in products, services, processes and culture programme improvements is all members’ responsibility within an organization. TQM approach may be sustained through the adoption of a relevant quality standard which sets a framework for how a business manages its core processes. Any organization regardless of its size and complexity of processes can utilize these standards on its products and services. Many organizations have implemented a quality management system according to quality standards such as ISO 22000:2018 (requirements for food safety management system), ISO 17025 (technical requirements for testing and calibration laboratory) and ISO 9001 (requirements for a quality management system). Conformity to standards of reliability, safety and quality for products and services assures customer confidence.

This study explores the application of quality standards as a strategic tool for better performance. The literature reviewed as part of this study has affirmed that the application of quality standards leads to positive outcomes on business excellence. According to Al-Dhaafri *et al.*; Ibidunni *et al.*; Panuwatwanich *et al.*; Valmohammadi and Roshanzamir (2016; 2017; 2017; 2015 cited in Eniola *et al.* 2019), some empirical studies have revealed that TQM has a positive impact on organizational performance. According to Lukichev and Romanovich (2016) sustainable development of a company and its competitiveness are directly dependent on the proper functioning of the QMS. “Certification of QMS, according to ISO 9001, can help to maintain a long trusting relationship with consumers” (Lukichev and Romanovich, 2016). Similarly according to Inna (2016 cited in Eniola, 2019:3) research findings in a study conducted in Nigerian firms asserted that quality-

oriented firms where quality standards are maintained in all their organizational functions achieve a higher performance. Some literature asserts that achieving business excellence is possible to realize in two ways: by applying the concept of Total Quality Management and by applying Integrated Management Systems (Đorđević *et al.*, 2018:22).

The above mentioned assertions by numerous scholars affirmed a positive relationship between the effective application of quality standards and organizational performance. A relationship leading to improved business, financial, operational, quality, health, safety and environment, risk, as well as overall business strategic objectives. For product manufacturers it is always recommended that they obtain a product mark for their products to ascertain quality over and above their system certification. However, it is apparent that there are many companies, in particular, Small, Medium and Micro-sized Enterprises (SMMEs) who have not discerned the value that a quality management system certification adds to their businesses. This study, therefore, focuses on the evaluation of the impact of a quality management system on the business performance of selected SMMEs based in the Durban Metropolitan Area (DMA).

Based on the findings of the empirical studies by numerous scholars as mentioned above, it can be concluded that organizations that have effectively adopted quality tools and strategies in their business processes are more successful than their non-compliant counterparts.

1.2 CONTEXT OF THE STUDY

This study is approached from a TQM viewpoint. TQM is a management system that is grounded on the fundamentals that vouch high standards in every aspect of an organization's operations through every employee's commitment. In the context of this study, SMMEs are addressed as organizations where applicable. It has been argued by highly acclaimed quality management proponents like Deming (1986), Anderson *et al.* (1994a) and so many researchers such as Guasch *et al.* (2007:34) as well as Levine and Toffel (2010:978) affirmed that an effective quality management system in any

organization has an impact towards improved organizational performance. It is conclusive from previous studies that SMME development is crucial in the context of compliance with quality standards and industry related regulations. The South African government, under the leadership of the Department of Small Business Development (DSBD) is mandated to initiate SMME development programmes. These mandated programmes include assistance to SMMEs to improve their market advantage. In view of the correlation between TQM and market advantage for businesses, this study will explore the barriers and challenges facing SMMEs which ultimately compromises the chances of having their businesses obtaining quality management system certification.

This study is specifically limited to a sample taken from SMMEs in the KZN Province as mentioned under the research methodology section. Hence the study focuses on public sector development plans and intervention programmes initiated in KZN province only. The provincial plans, such as the Provincial Growth and Development Strategy (PGDS), of the (KZN) Province identifies job creation and the promotion of inclusive economic growth, and SMMEs as key for the realization of the objectives of the PGDS. Studies show that the KZN Province provides nearly a third of South Africa's plastic demands. Approximately 150 000 tons of polymer per year are used by the industry which consists predominantly of SMMEs. Cost effective products such as plastics remain essential material components in the packaging industry. "The chemical industry is well developed with numerous SMMEs along the value chain" (Adlam 2015). It is stated in the Durban's Informal Economy Policy (DIEP) that "the informal economy makes an important contribution to the economic and social life of Durban" (DIEP 2001:1). "A great deal of money flows through the informal economy, and between the formal and informal ends of the economy. In 1998, black householders in the DMA spent more than R500 million in informal sector outlets (street vendors, shebeens, spazas, tuck shops, and private persons). Of this amount about R340 million was spent on food" (DIEP 2001:3).

Although KZN's contribution to GDP statistics seems to be flourishing, the fact remains that most SMMEs are not certified according to national standards. South Africa has adopted the international standards as South African National Standards (SANS) with the

permission of the International Organization for Standardization (ISO). The application of SANS puts certified organizations in South Africa in a more competitive advantage. According to Joiner (2007 cited in Sweis 2019:65) firms that implement TQM might have a competitive advantage over those that do not implement TQM. Another article confirmed that TQM is perceived as a strategy since it is at the enterprise level where competitive advantage happens (Eniola et al. 2019:2). Cited literature according to Ramlawati and Putra (2018:68) revealed that better application of TQM practices will increase the competitiveness of the company and the consumers' satisfaction. Furthermore it affirmed that better business performance can be accomplished through the effective implementation of the marketing strategy that focuses on quality, the cost, and the speed.

Having worked with a number of SMMEs in different provinces and in the KZN Province in particular, the reality is that the majority of SMMEs are not certified to international standards. They perceive quality management system as cumbersome and costly to implement. The 2016 report by the South African Institute of Professional Accountants (SAIPA) suggests that it has long been recognized that SMMEs are responsible for a significant portion of business across the world and contribute immensely to private sector Gross Domestic Product (GDP), employment and economic growth. Hence this study seeks to assess the impact of quality standards on the business performance of SMMEs, based on selected cases in the specific context of the DMA.

1.3 BACKGROUND OF THE STUDY

Over the years, some researchers Barrett (2017), Aliyu and Sweis *et al.* (2016 cited in Sweis *et al.* 2019:66) and have argued that quality driven organizations are the most successful. However, based on observations by researchers who work closely with SMMEs, it has become apparent that most SMMEs are not at a par with the significance of an effective quality management system towards improved business objectives. "Many researchers and decision makers are aware that standards actually support innovation. This happens in a number of ways, which are well documented in the literature dedicated to this subject. Standards can help to reduce wasteful, redundant product development,

allowing to free up resources that can instead be dedicated to fresh, inventive work" (Gerundino 2014:2). In the same paper it is further argued that "ISO standards promote innovation and provide solutions to address global challenges" (Gerundino 2014:3).

The QMS implementation process is perceived by SMMEs to be cumbersome hence the non-application of quality standards. This study is thus intended to contribute to academic discourse and new knowledge on this subject matter. Specifically, the purpose of the study is to evaluate the impact of quality standards for SMMEs in the KwaZulu-Natal (KZN) Province, focusing on selected cases in the DMA, their implications and the extent to which these contribute to business performance.

This chapter provides a brief synopsis of the entire study and encompasses the rationale for the study and background information relevant to the research. Furthermore it outlines the research plan, research hypothesis, and assumptions. This is followed by the scope of the study and the delimitations. Additionally, the abbreviations are listed, followed by a brief explanation of the terms that are used throughout the study. It concludes with a brief description of the contents of the ensuing chapters.

It is envisaged that the findings from this study will contribute to the development of further theory and approach on the interventions required to assist both SMMEs and interested stakeholders on actions to promote an efficient and manageable quality management system certification process in order for them to realize their business objectives. This will subsequently mitigate challenges they are facing with regard to services and products which are non-compliant to relevant industry regulations and quality standards, including difficulties in market penetration.

1.4 RESEARCH PROBLEM

Like most big cities, Durban has a strong combination and existence of the formal and informal economies, and has a responsibility to ensure they all thrive. It is stated in the DIEP that the "informal economy makes an important contribution to the economic and social life of Durban" (DIEP 2001:1). Most traders in the informal economy sector, in

particular those in the food industry, do not have the necessary permits to trade in foodstuff. The policy also mentions the challenges around the procedures surrounding licensing and provision of permits for street vendors, which are said to be costly, complex, and cumbersome. Despite such challenges, the fact remains that people wishing to trade in foodstuffs have to apply to the Licensing Department for a license to trade. In terms of the new Health Act, City Health is now required to issue a certificate of acceptability to a vendor trading in foodstuff. This certificate also serves as a minimum requirement for compliance with a Hazard Analysis Critical Control Point (HACCP) food safety quality standard.

The annual report (SEDA 2017/18:28) suggested challenges faced by SMMEs in South Africa. These among others include the heightened rate of informal business in the SMME sector due to higher unemployment. Some of these challenges need to be addressed through focusing on reducing barriers to market entry, the regulatory burdens, easing labor relations and stepping up labor skills initiatives. Findings of van Scheers (2011 cited in Chimucheka and Mandipaka 2015) found that SMMEs face market-related challenges. Based on the findings related to market access challenge, it can be concluded that these barriers are fueled by trading of products and services that do not meet set quality standards as well as regulatory and statutory requirements to put them at a better competitive advantage. Studying SMMEs in supplier development programs initiated by the DSBE, it is apparent that a certification gap exists regarding the need for SMMEs to have a certified quality management system. Most SMMEs are continuously supplying products and services that do not comply with ISO international standards as adopted by South Africa as South African National Standards (SANS) and as such are faced with challenges that render them less competitive. This supposition supports the rationale for this study which is outlined in the subsequent subsection.

1.5 RATIONALE OF THE STUDY

Most SMMEs perceive a quality management system as a cumbersome paper generating process rather than a system that would enhance customer satisfaction and improved business processes if implemented with a commitment to enhance quality. Numerous

authors, including Chimucheka and Mandipaka (2015) as well as Agwa-Ejon and Mbohwa (2015) have conducted studies on challenges experienced by SMMEs in South Africa. Among other challenges is the “difficulty accessing markets due, in part, to products and services that do not meet the required industry regulations and standards” (SEDA Annual report 2017/18). Thus SMMEs are confronted by a dilemma of having to endure business stagnation, or to remain in a creeping state. As a consequence, they are likely to despair and subsequently be unable to achieve their business goals. It is therefore significant and imperative to conduct a research further into the role that quality standards play in the realization of organizational objectives and goals.

1.5.1 Study aim

Firstly, this study aims to examine the impact to which quality standards affect business performance and ultimately increased customer satisfaction. Based on the rationale outlined above, the following is the main research question that emerges:

Is the adoption of relevant quality standards positively related to the success of any business?

The subsequent research questions arising are as follows:

1.5.2 Research questions

1.5.2.1. What are the SMMEs’ perceptions of a quality management system on the performance of their businesses?

1.5.2.2. What are the incentives and the intended outcomes of quality standards on the business performance of SMMEs?

1.5.2.3. What are the barriers and challenges contributing to the stagnant business growth of SMMEs?

1.5.2.4. What are the factors influencing the sub-standard performance of SMMEs which do not have QMS certification?

1.5.2.5. What are the strategies that can be recommended to improve the application of quality standards on the business performance of SMMEs?

1.6 RESEARCH OBJECTIVES

Firstly, the objectives of the study are to:

- 1.6.1** Determine the current state of SMMEs' perceptions on a quality management system;
- 1.6.2** Determine the incentives and intended outcomes of quality standards on the business performance of SMMEs;
- 1.6.3** Identify the barriers and challenges contributing to the stagnant business growth of SMMEs; and
- 1.6.4** Determine the factors influencing sub-standard performance by non-certified quality management system SMMEs.

Secondly, the study will formulate interventions and recommendations to facilitate strategies to improve the current state of certification for Durban SMMEs.

The hypotheses formulated for this study are presented below.

1.7 RESEARCH HYPOTHESES

Research hypothesis is an affirmative expression or statement predicting a research outcome in relation to a problem question. Another scholar defines research hypothesis as “a predictive statement, capable of being tested by scientific methods, that relates to an independent variable to some dependent variable” (Kothari 2004:184). “By testing the hypotheses and confirming the conjectured relationships, it is expected that solutions can be found to correct the problem encountered” (Sekaran and Bougie 2016). In conclusion a hypothesis states what we are looking for and it is a proposition which can be put to a test to determine its validity.

1.7.1 The main hypothesis is that an application of quality standards in SMMEs is positively related to business performance.

This hypothesis suggests that a correlation exists between quality standards orientation and improved business performance. Thus, the aim of this research is to specifically prove the stated hypothesis as being true or false.

1.7.2 The first sub-hypothesis is that the incentives and intended outcomes of quality standards are positively related to business performance of SMMEs.

1.7.3 The second sub-hypothesis is that government's support and intervention mitigate the barriers and challenges hampering the growth of SMMEs businesses.

1.7.4 The third sub-hypothesis is that there is a direct correlation between sub-standard business performance of SMMEs and the use of non-certified quality management systems.

1.8 RESEARCH METHOD

This study will use both, qualitative and quantitative methods. The quantitative approach will however dominate as a statistical analysis of data on the responses from participants will be used.

1.9 ASSUMPTIONS OF THE STUDY

This study will be based on the inputs gathered from both certified and non-certified organizations.

The assumptions are as follows:

- The first assumption is that the participants would provide honest and truthful responses regarding their knowledge and impact of a quality management system.
- The second assumption is that ethical considerations would have been exercised prior to scheduled interviews to ensure a conducive environment and voluntary information sharing sessions.
- SMMEs will always constitute a significant percentage of the economy and therefore the need for the continuous application of TQM in the public and private sectors.
- The reluctance by SMMEs to obtain certification for a quality management system is a paradigm that government can change easily.

1.10 SCOPE OF THE STUDY

This study will be conducted on SMMEs located in the DMA in the KZN Province. “Research ethics involve requirements on daily work, the protection of dignity of subjects and the publication of the information in the research” (Fouka and Mantzourou 2011:3). For the purpose of ethical considerations therefore, no names of SMMEs would be mentioned. However, a letter of informed consent will be issued to the selected SMMEs.

1.11 DELIMITATIONS OF THE STUDY

The delimitations of this study are enumerated as follows:

- The study will only focus on the selected groups who will be interviewed as such the information gathered will not represent the opinions of all SMMEs in Durban.
- The study will not consider SMMEs with a turnover under R300K per annum.
- The study will only focus on SMMEs that have been operating for a minimum of one year.
- The study will only consider SMMEs in good standing and that have the appropriate South African Revenue Services (SARS) documentation.
- The study will be limited to SMMEs operating in the industrial sector.

1.12 THE STRUCTURE AND OUTLINE OF THE STUDY

The synopsis of the entire study is provided in this chapter. The structure of this research is presented below:

Chapter 1: Introductory explanation of the study.

Chapter 2: Literature review. This chapter considers, in detail, the theoretical as well as the empirical aspects of the impact of quality standards on SMMEs. It also supports the study with current theories in the discipline of quality and business management studies.

Chapter 3: Research design and methodology. This defines and defends the research design and strategy, techniques for data collection, presentation and analysis.

Chapter 4: Results and Discussion. This analyses the results in relation to the literature review and simultaneously addresses the research problem. The chapter also presents the results of the study in a tabular format, verbatim and narrative statements relative to the findings.

Chapter 5: Recommendations and Conclusions. This chapter gives summary, recommendations, conclusions, and limitations of this study and suggests areas for future research.

1.13 CONCLUSION

In conclusion, this chapter outlines the background of the study and its context. It also covers the problem statement of this study and its rationale, research objectives and envisaged outcomes of the study. Thereafter, the scope, delimitations of the research study as well as the hypotheses are covered. Chapter two provides a review of the applicable literature and the alignment between the theoretical and empirical considerations in relation to the impact of quality standards on SMMEs. To conclude, this chapter will also reinforce the essence of this study using current theories in the discipline of quality and business management studies.

CHAPTER 2

REVIEW OF RELATED LITERATURE

2.1 Introduction

The aim of this chapter is to review literature on the global and local application and compliance of quality standards and organizational performance with a focus on Small, Medium, and Micro-sized Enterprises. This section intends to review literature in exploration of the objectives of the study. Whilst looking at the impact of quality standards, the study critically assesses the holistic approach used in the adoption of quality standards by SMMEs, since quality can be both a problem and an opportunity for organizations. In this regard, it becomes critical to examine events from the past and current circumstances that determine the need for the imposition of quality standards. In order to achieve the objectives of this study, it was imperative to review existing literature relating to the subject matter.

To understand the pertinent issues relating to the theoretical background within which this study is conducted, a comprehensive overview of existing TQM theories was essential. Existing theories were reviewed to test the hypotheses emerging from the objectives of this study. For the purpose of this study, a conceptual analysis was also done and the relationship between the three quality concepts which underpin this study was established. This relationship is outlined below.

2.2 Conceptual analysis of the study

2.2.1 Relationship between the three concepts: Quality Standard, TQM and QMS

A **quality standard** is defined as a set of detailed specifications, requirements, various guidelines and characteristics to be adopted in order to provide assurance that the product, service or process is fit for purpose. The majority of organizations have adopted ISO benchmark as they have been accepted worldwide to have best outcomes when effectively implemented. Ultimately standards enhance customer satisfaction and retention as well as market expansion. Source: www.mbaskool.com

TQM is defined as “an integrative firm- wide spread management philosophy aimed at continuously improving the quality of the processes, products and services by focusing on meeting or exceeding customer expectation to enhance customer satisfaction and organisational performance”. Baird *et al.*; García-Bernal and Remírez-Alesón, Sadikoglu and Olcay (2011, 2015, 2014 cited in Eniola *et al.* 2019).

“A **QMS** comprises activities by which the organization identifies its objectives and determine the processes and resources required to achieve desired results” ISO 9000:2015. In simple terms QMS is a management system which directs and controls an organization with respect to quality.

As previously stated, for a better understanding of the study area, a conceptual analysis has been done in order to define the three concepts namely, quality standard, QMS and TQM as used throughout the entire study. Figure 1 below depicts the input-process-output model explaining the relationship between the three concepts.

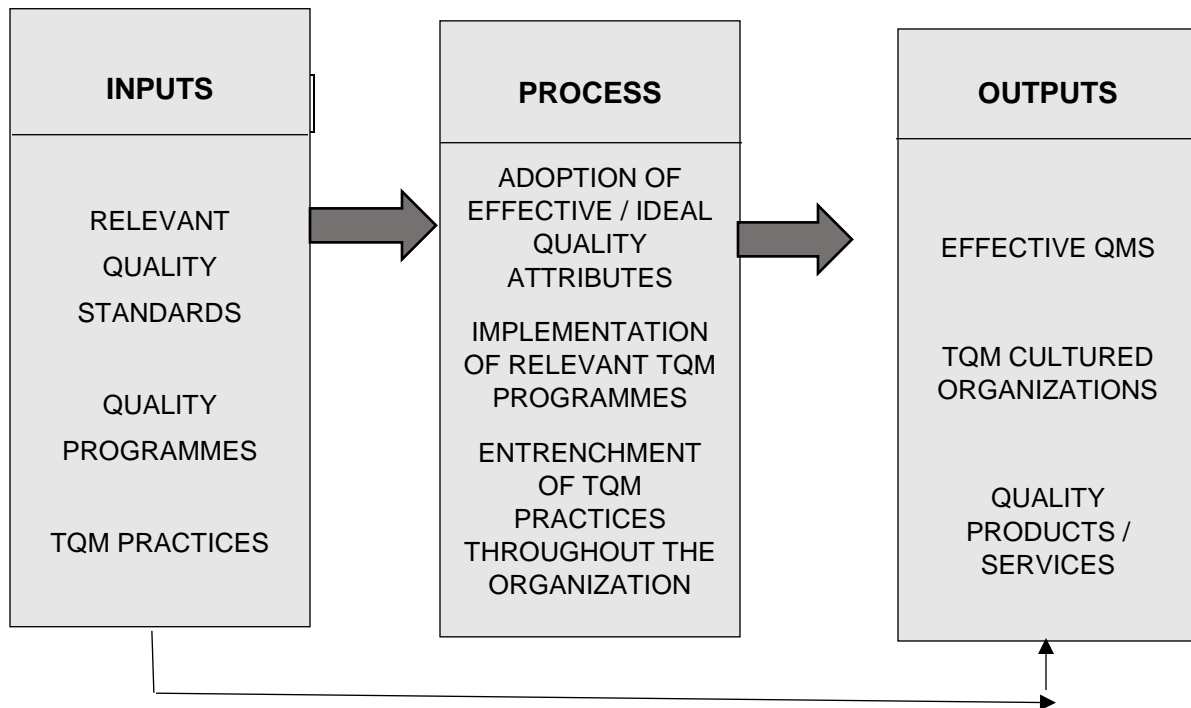


Figure 1: Input-process-output model

2.2.2 Why the need for QMS?

As this study intends to evaluate and examine the impact quality standards have on organizational performance, it is imperative to analyse perceptions around QMS, administrative barriers and the impact of non-accredited products on the market as related to SMMEs. It has been observed that most SMMEs perceive a quality management system as a cumbersome exercise with little benefits as they fail to envision the bigger picture and the associated positive outcomes. On the contrary, it has been observed that quality driven organizations are the most successful in the business environment. Using a quality management system, such organizations are able to plan for quality through the setting and planning of business objectives and strategies for optimal performance. In addition, such organizations strive to embed total quality management programmes from the input stage to ensure that good quality outputs are achieved throughout the value chain. This reinforces the dictum that garbage in inevitably results in garbage out in the absence of a total quality management system. Below are quality precepts to be entrenched in an organization striving for quality improvement, which are in alignment with the theories of TQM according to Deming (1959), Crosby (1979) and Juran (1998).

2.2.3 Quality precepts which are adopted from ISO 9000:2015 standard

For organizations to appreciate the benefits of an effective QMS, a paradigm shift in their culture is essential. This shift should be based on the following precepts which are adopted from ISO 9000 (2015).

- Client focus: A commitment from everyone within the enterprise to exceed the expectations of clients based on their current and future needs.
- Leadership: The leadership of the organization is committed to a participatory management style from the realization of organizational objectives.
- Process approach: In order to effectively accomplish a desired output, all activities and related resources must be managed as a process.
- Improvement: All features of the quality management system of the organization should achieve continual improvement.

- Evidence-based decision making: There should be an all-inclusive decision making process on the quality system of the organization which is based on examination of pertinent information.

The above precepts are in line with ISO 9000 (2015) standard requirements as such the researcher used them to develop a model for the implementation of an effective QMS as depicted in figure 2 below.

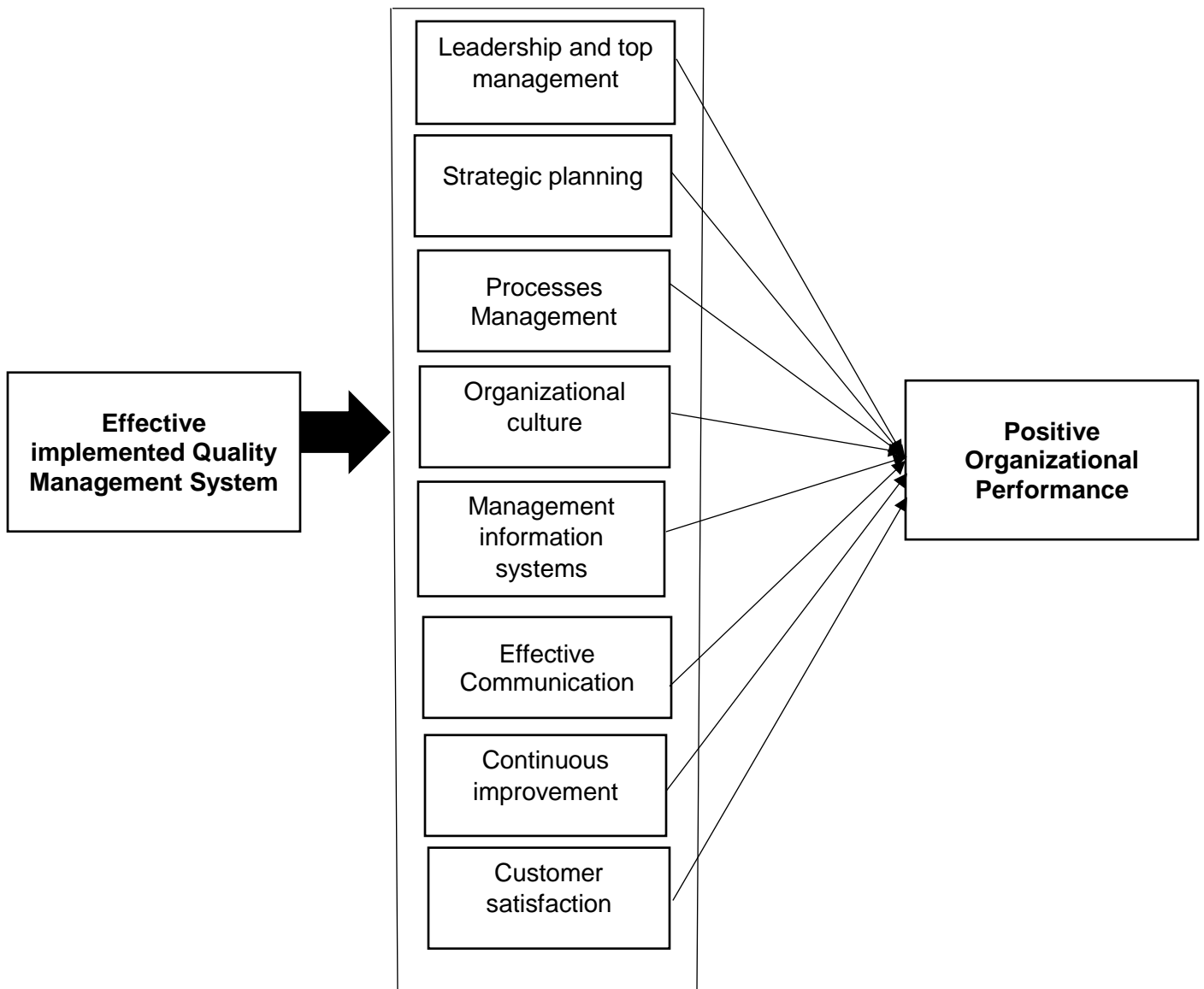


Figure 2: The model for the implementation of an effective QMS

In general, “if a company implements an effective QMS in their respective fields, this will improve in internal quality impact of customer satisfaction and the business will grow ultimately. Customer satisfaction is an output and if the business results in better output” (Sadik 2018:32).

2.2.4 Customer satisfaction

For organizations to realize an effective QMS, it is critical that their strategic direction focuses on key performance indicators that would promote customer satisfaction. In this regard, all employees should have a commitment to exceed the expectations of customers based on their current and future needs. Quality management focuses primarily on meeting customer requirements and endeavors to surpass the expectations of customers. Companies in the economy have long realized the benefits of providing good customer service. According to Ribbink *et al.* (2009 cited in Tarabieh and Ahmadm 2015:54) customer service has been considered as one of the highest determining factors of competitive benefit.

An organization is deemed to be successful when it is able to attract and retain customers’ confidence as well as other parties. To provide more value for the customer, attention shall be given to every aspect of customer interaction. “Sustained success requires that the organization understands the current and future needs of customers” (ISO 9000:2015). Additionally, it is important that organizations put systems in place for monitoring customer feedback to determine whether requirements and expectations have been met. According to International Organization for Standardization (9001:2015) requirements of QMS, monitoring of customers’ perceptions by organizations on the fulfillment of their needs and expectations should be mandatory. Also organizations are expected to work out the process for collating, studying and evaluating this information since such information and trends can be analyzed and used as a measure for their business performance.

2.2.5 Benefits of a certified quality management system

According to Marivoet (2018) the benefits for obtaining a certified QMS are as follows:

2.2.5.1. The first benefit is that “the objective evidence demonstrated by your organization that it is audited by an independent party increases your customers level of confidence to your organization”. Another school of thought argues that due to the evolving range of technical regulations and international standards it becomes vital that organizations constantly demonstrate compliance in order to retain trust of partners regardless of them having more business opportunities in the new competitive context. However, it is conclusive that certified organizations are at a more competitive advantage than their counterparts who lack certification. A positive impact on the business performance may ultimately result from the use of a certified QMS.

2.2.5.2. The second benefit is that “a certified QMS usually achieve better operating efficiency”. This assertion is confirmed by the survey results of the annual revenue of certified SMMEs and the researcher’s own experience from the auditing of certified organizations. Similarly, Merivoet’s assertion is supported by Sweis *et al.* (2016) who argued in their findings that TQM practices correlate positively with organizational performance, with a significant positive value for continuous improvement practice.

2.2.5.3. The third benefit is that “the level of quality services increase as staff becomes more quality orientated”. The researcher is of the opinion that for organizations to realize the benefits of an effective QMS, they should involve all employees as a people - centered organization harnesses the abilities of all its employees for the maximum benefit of the organization. Employees should therefore be encouraged to know the needs of their customers as it is critical for an organization to fulfil the requirements of its customers.

2.2.5.4. The fourth benefit is that “a certified QMS gives you a positive company image, raising you up to the level of your competitors or perhaps even a level higher”. The researcher concurs with Mervoet’s assertion in relation to this benefit. Investors are known to gravitate towards organizations with a positive reputation. In general, there is a

tendency for prospective investors to avoid organizations with a poor company image and do not show any signs of viability.

2.2.5.5. The fifth benefit is that “a certified QMS promotes customer focus throughout the organization”. According to Sadik (2018:32) TQM is realized in organizations where all employees constantly participate in continuous improvement programs with an intent to increase the customer satisfaction. In view of Haar and Spell (2008 cited in Sweis *et al.* 2019) the effective implementation of TQM leads to market share expansion and customer retention. In support of the literature according to the scholars mentioned above, the researcher concluded that quality begins with comprehending the needs and requirements of the customer as the inputs to the value chain of the company. The inputs get translated into a series of processes that ultimately results in outputs (final products / deliverables) which are customer centered or driven. Customer satisfaction should therefore be every organization’s high priority and drive to the overall strategy of the business. A customer focused organization is very determined to retain its customers and always strives for customer feedback so as to improve its service and products in an effort to meet and exceed customer expectations. Customers’ needs are the organization’s primary focus and your resources should be organized to satisfy those needs.

The literature review, Merivoet’s assertions on the benefits of implementing an effective QMS and the survey results of this study affirm the main research question which is: **“is the adoption of relevant quality standards positively related to the success of any business?”** The objective evidence from the research findings and existing literature all confirm that a correlation exists between the effective implementation of a QMS and a positive business performance.

2.3 Theoretical framework of the study

The dominant theory that constitutes the framework of this study is the Theory of Total Quality Management (TQM). TQM practices in the work environment are guided by different theories. However, for the purpose of this study, the theoretical framework is limited to the three TQM theories by Deming, Crosby and Juran.

2.3.1 Deming's theory of quality

Dr William Edwards Deming was born on 14 October, 1900 and died on 20 December, 1993. He was a quality guru behind quality insurrection, a professor, lecturer, and a management consultant. Deming's theory of TQM focused on fourteen points of management, the system of profound knowledge, and the PDCA Cycle (Plan-Do-Check-Act). However, the researcher focuses only on the PDCA cycle in view of its direct relevance to this study. PDCA is popularly referred to as the beginning of continuous process improvement and is used to solve problems and to maximize business.

The cycle starts with a Plan which involves planning of objectives, such as putting together initiatives, goal setting and improving customer satisfaction. The next step that follows is the Do step, in which the planned activities are implemented, for example, implementing methods to improve customer satisfaction. The next step is a Check step, which is the checking of the results of the methods implemented to improve customer satisfaction and to check if they were effective or not and lastly to check if the goals set during the planning phase have been achieved. The final step is the Act step which completes the cycle. This step involves acting upon what has been found during the checking process, in order to determine if the goals were not achieved due to an unjustifiable plan or poor implementation. After this process a corrective action is to be implemented by going back to the Plan. The cycle goes back over and over to ensure a continuous improvement process based on the cycle. Deming's PDCA cycle is depicted in figure 3 below.

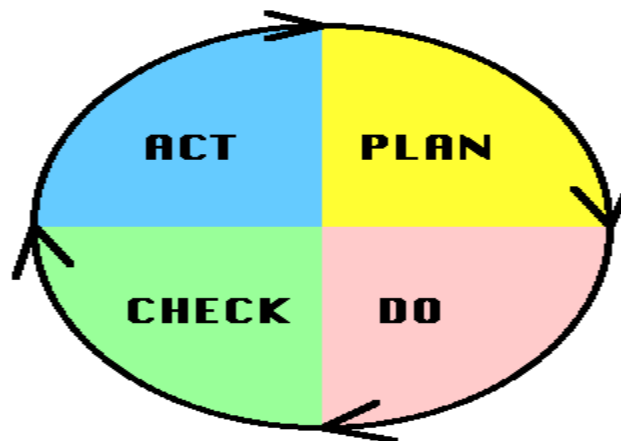


Figure 3: Deming's PDCA cycle – Source: Moen and Norman (2016)

In concurrence with Deming's PDCA cycle which was conceptualized in 1959, one scholar argued "that PDCA guarantees improvements for the activity it has been applied to" (Kaiser 2011). Another scholar inferred that "PDCA is based on the idea of continuous improvement, this idea of continuous improvement is actually more important than the exact steps of PDCA. The PDCA model was developed to aid improvement in production processes" (Otterloo 2017).

2.3.2 Crosby's theory

Dr Phillip Crosby was born 18 June, 1926 and died 18 August, 2001. He was among the great brains behind quality insurrection, a quality guru, an author and a businessman who established a theory of TQM which focuses on a 14-step approach to quality as follows:

"Step 1: Management commitment" Crosby (1979)

Based on the researcher's experience as a quality professional, it can be deduced from this approach, that it is crucial for the top management to demonstrate a commitment to quality improvement within the organization. The top management needs to prepare a quality policy document as a commitment statement which sets up a framework for setting organizational objectives. "As thought leaders, they should be committed to take accountability for the effectiveness of the quality management system by ensuring the establishment of the quality policy and quality objectives" (ISO 9001:2015:3).

"Step 2: Quality improvement team" Crosby (1979)

On the issue of the quality improvement team, Crosby realized the importance of bringing together all personnel and functions within an organization to participate in what he termed a quality improvement team. Together these functions were represented by people who could be the spokespersons of the day- to- day operational issues which were taking place in their respective areas. This is in concurrence with one of the main precepts of quality which states that "all employees of the organization are committed to exceed the expectations of clients based on their current and future needs" (ISO 9001:2015). Based on the experience gained in facilitating the implementation of QMS processes in various SMMEs, the researcher concurs with Crosby's assertion. From experience, is

apparent that the involvement of every employee towards quality improvement in the operation of the business results in positive outcomes for the business as a whole.

“Step 3: Quality measurement” Crosby (1979)

On quality measurement, Crosby argued that it is significant to measure and analyze the organizational quality status. “The organization shall determine what needs to be monitored and measured; the methods for monitoring, measurement, analysis and evaluation needed to ensure valid results; when the monitoring and measuring shall be performed and lastly when the results from monitoring and measurement shall be analyzed and evaluated” (ISO 9001 2015:19). The researcher concurs with Crosby’s quality measurement approach and the ISO requirement for monitoring, measurement, analysis and evaluation. In conclusion, it can be deduced that quality measurement can be achieved within the organization through quality programs such as management reviews, self-assessments and customer satisfaction feedback.

“Step 4: Cost of quality evaluation” Crosby (1979)

In respect of this activity, Crosby argued that the cost of quality should be evaluated and even though it would not represent the full performance measurement, it would indicate areas where more focus should be capitalized to assure a significant return on investment. According to Slack *et al.* (2001) all costs relating to quality management are to be considered. The costs of monitoring quality are not minimal irrespective of how it is implemented in an organization. It is therefore essential that all the costs and benefits associated with quality are critically ascertained. Such costs may be categorized as prevention costs, appraisal costs, internal failure costs and external failure costs.

“Step 5: Quality awareness” Crosby (1979)

Crosby argued that quality awareness formed an integral part of business towards continual improvement. In this regard, he was of the opinion that the results of measurements in relation to QMS should always be communicated to all employees within the organization. ISO affirms Crosby’s assertion that “the organization shall ensure that all personnel are aware of their contribution to the effectiveness of the quality

management system, including the benefits of improved performance” (ISO 9001 2015:8).

“Step 6: Corrective action” Crosby (1979)

In his argument on the corrective action approach, Crosby affirms the importance of effecting corrective actions once discrepancies have been detected in the business processes of an organization. These discrepancies can be identified through quality improvement programs such as self-assessments, performance reviews, production inspections and analyses of customer feedback. Every discrepancy identified should be brought to the attention of management. This is followed by a root cause analysis and implementation of effective corrective actions by an investigation team. This approach is in alignment with the ISO standard which states that “when deviation occurs, including complaints from internal and external customers, results from audits, it is vital that the organization shall react and implement necessary corrective actions to close the room for recurrence” (ISO 9001 2015:19).

“Step 7: Establish an ad hoc committee for the zero defects” Crosby (1979)

In Crosby’s view, it is imperative for an organization to constitute a team of selected members to form an ad-hoc-committee for zero defects. The main function of this team would be to investigate the zero defects concept as well as the strategies for implementation of the related program. The ultimate communication to all employees would be the promotion of a zero - defects culture and doing things right the first time.

“Step 8: Supervisor training” Crosby (1979)

The supervisor training approach is intended to emphasize the significance of ensuring that all levels of management are familiar with all the quality improvement programs of the organization prior to the implementation of the required steps. Ultimately, all supervisors will be required to have a full understanding of the quality programs and should be in a position to interpret them with conviction. It is presumed that eventually all supervisors would realize the value of the quality programs and hence ensuring their successful implementation.

“Step 9: Zero defects day” Crosby (1979)

As part of the organizational process to attain TQM, Crosby argued that organizations should establish a performance standard in the form of zero defects on one specifically designated day. This can be achieved through the promotion of a zero defects day where all employees would showcase their accomplishments with a view to attaining a no defects oriented environment within the entire organization.

“Step 10: Goal setting” Crosby (1979)

Crosby inferred that goal setting should be established by organizations whereby measurable and specific goals for the long and short term are set by departments. The setting of goals assists employees within the quality chain to focus on meeting set goals and taking appropriate actions to accomplish them.

“Step 11: Error cause removal” Crosby (1979)

Crosby encouraged an error cause removal cultured organization to promote quality improvement. This can be achieved by encouraging proactive actions like brainstorming sessions with employees on the challenges encountered from their respective tasks. For example, an operator from the production department may make suggestions on how to combat a challenge a workshop tool which is not long enough for the intended tasks. This input would be recognized as a significant error cause removal suggestion. When employees are recognized for their acknowledged of their valuable inputs to the management system, they would voluntarily become part of the continual improvement programs.

“Step 12: Recognition” Crosby (1979)

In recognition of excellence and as a performance incentive, Crosby argued that organizations should award programs in recognition of top performance and excellence. Such awards should not be in monetary terms as such non-monetary recognition would make employees feel more valued and appreciated for their excellent services.

"Step 13: Quality councils" Crosby (1979)

In Crosby's opinion, every organization has employees with different capabilities and abilities to take the business to greater heights. Based on this, Crosby proposed the bringing together of the technical and quality professionals as one team on regular basis for brainstorming sessions on quality initiatives which would promote continuous improvement.

"Step 14: Do it over again action" Crosby (1979)

This approach explained the importance of doing it over again action and by doing so repetitively would become entrenched in the organization. However, he further explained that even after the promotion of repetition, if quality is still not deep-seated in the organization, then the probability exists that TQM would never get embedded in the organization's culture.

2.3.3 Juran's theory of TQM

Juran (December 24, 1904 - February 28, 2008) was a quality guru, author, engineer and a management consultant. Juran (1998) emphasized the significance of a broad, organizational-level approach to quality, declaring that TQM starts from the top management, cascading all the way down to the bottom echelons of the organization. His theory of TQM was based on what he termed Juran's Quality Trilogy. According to Juran (1998), organizations taking up a journey in Quality Management will have to have three processes in place, namely "Quality Planning, Quality Control and Quality Improvement". In an article on customer satisfaction, Sadik concurred with Juran's quality trilogy by inferring that in order for firms to gain competitive advantage, they should implement a quality management system. According to Sadik (2018:31) there are three quality assurance tools that need to be effectively implemented such as quality planning, quality control and quality improvement.

2.3.3.1. Quality planning

According to (Juran 1998:45) quality planning is defined as "a structured process for developing products (both goods and services) that ensures that customer needs are met

by the final result. The tools and methods of quality planning are incorporated along with the technological tools for the particular product being developed and delivered”.

Juran argued that in the quality planning stage it is crucial that organizations define their customers and understand their needs. Having established the customer needs, they would then be able to define the requirements of the products / services / processes and systems to be developed. He further stressed that planning actions should involve all relevant stakeholders affected by the final output.

2.3.3.2. Quality control (QC)

QC is defined as “a universal managerial process for conducting operations so as to provide stability to prevent adverse change and to maintain the status quo” (Juran 1998:95). To retain permanency, the quality control process evaluates the actual performance, compares actual performance to goals, and takes action on the difference. Jurán argued that during the quality control stage measurements and data analysis play a vital role in order to ascertain quality improvement. It is critical to set a performance goal, and to use the feedback assessment obtained by measuring actual performance. Thereafter the gaps established between the set goal and performance can be acted upon.

2.3.3.3. Quality improvement

According to Juran (1998:126) improvement means “the organized creation of beneficial change; the attainment of unprecedented levels of performance”. This improvement starts by setting new goals, such as new product features, shorter cycle times, and one-stop shopping. Meeting such new goals requires several kinds of planning, including quality planning and the end result is quality improvement in the value chain.

Juran identified four different “strategies” to improvement that could be applied during the quality improvement stage as “4 R’s”:

- i. Repair: a reactive approach of repairing what has broken.
- ii. Refinement: a proactive approach of continually improving a process without waiting for it to break.

- iii. Renovation: this approach entails enhancement through innovation or technological advancement
- iv. Reinvention: this approach entails doing it over on a fresh start.

2.4 Review of literature

2.4.1 The current state of SMMEs' perceptions on a quality management system

2.4.1.1. Global Context

It has become apparent that in the current market economy, most SMMEs continuously struggle to sustain their businesses hence their inability to improve their performance. This struggle is due to their businesses lacking a competitive advantage among other performance- inhibiting issues. For organizations to be at a better competitive advantage means that they have to perceive quality as a critical aspect throughout their product or service value chain. This approach will enable them to penetrate a wider market, recent research affirmed that “about 90% of buyers in the international market consider quality as having at least equal importance with price in making the decision to purchase” (Cătălin *et al.* 2014:1234).

In another study conducted in the United Arab Emirates by Sweis *et al.* (2019:57) the findings showed that numerous organizations have implemented TQM strategies in order to meet customer satisfaction and to overcome challenges relating to global competition. Furthermore TQM has been treated as an international panacea to quality enhancement, customer satisfaction, increased revenue and performance improvement. This study further affirmed the role of TQM as a basic determinant for success and sustainability of manufacturing and service organizations in the competitive environment. Additionally, TQM if effectively implemented, results in increased market share and customer retention, thereby rendering certified organizations more competitive advantage than their non-certified counterparts.

According to Sadik (2018:33) organizations apply TQM practices as a business improvement tool to develop their service and productivity quality with expectations of business excellence in various aspects such as better market share, increased profits

and reduced costs. This assertion by Sadik affirms the role played by the application of relevant quality standards and the entrenchment of TQM practices to foster quality enhancement, customer satisfaction, increased revenue and improved performance.

2.4.1.2. Local Context

According to Smit *et al.* (1999 cited in SEDA Research Note 2016), firms that are innovation orientated are at a better advantage to grow faster than their traditional counterparts. They found South African SMMEs to be less inventive compared to those in developed countries. The Research note further suggests that “innovation in South Africa is stifled by the failure of small businesses to form strong upward linkages with larger firms” Booyens (2011 cited in SEDA Research Note 2016). Findings according to Chimucheka and Mandipaka (2015) reported that few respondents had an idea of how they can create demand for their products and fight competition from rivals, which is a clear indication of lack of innovative ideas or entrepreneurial orientation. Cited literature affirmed that access to market acts as a significant barrier to the development of SMMEs (Donga *et al.* 2016:61). It can be deduced that the culture of innovation has been perceived as one that contributes to stagnant business growth of the SMMEs due to them not being able to develop new products. Also cited literature affirmed that barriers to market access remains the major contributor to competitive disadvantage.

2.4.2 The incentives and intended outcomes of quality standards on the business performance of SMMEs

2.4.2.1. Global context

Empirical evidence reveals that a positive relationship exists between a formalized quality management system and improved business performance due to benefits gained by certified organizations, which includes but not limited to global competitiveness. According to Valmohammadi and Roshanzanir (2015 cited in Eniola *et al.* 2019), survey results of a case study conducted in Nigerian firms affirmed that firms adopting TQM practices accomplish a better competitive gain than those that do not adopt such practices. Furthermore, Eniola *et al.* (2019:2) confirmed that TQM is perceived as a strategy since it is at the enterprise level where competitive advantage happens. A case

study conducted in Makassar city revealed that better application of TQM practices will increase the competitiveness of the company and the consumers' satisfaction. According to Haar and Spell (2008 cited in Sweis *et al.* 2019), evidence from the airlines companies in the United Arab Emirates (UAE) confirmed that the successful implementation of TQM leads to an increase in market share and customer retention. It is further affirmed in another study that better business performance can be accomplished through the effective implementation of the marketing strategy that focuses on quality, cost, and speed. (Ramlawati and Putra 2018:68).

In another study conducted by Whalen (1994 cited in Cătălin *et al.* 2014:1235), he argued that the philosophy of Feigenbaum, namely Total Quality Control, shows that obtaining quality performance has the effect of increasing competitiveness instantaneously or in a short time. This study supports the positive correlation between good quality performance and a sustainable competitive advantage which ultimately results in an improved business performance. In concurring with the assertions mentioned above, due to global competitiveness as a result of evolving technology, organizations with similar product or service offerings are expected to remain relevant hence the significance of keeping abreast with the latest technology. To keep up with competitive edge, it is recommended that SMMEs implement a quality management system certified to any applicable quality standard such as ISO 9001, ISO 17025 and ISO 22000. "Such standards assure customers that products and services are safe, reliable and of good quality" (ISO 9000:2015). For those in the manufacturing industry, it is vital that their products get an approval mark to ascertain quality over and above its system certification.

Research findings reported in Dubai according to Kim (2016 cited in Sadik 2018:33) a close relationship exists between quality management and strategic tools such as employee engagement, customer satisfaction and continuous improvement. "Therefore, the core of it is that total quality management has a positive impact on customer satisfaction because quality management will assure the quality that delights customers. This will ultimately lead to satisfied and loyal customers" (Sadik 2018:33). That said, it is affirming that being a customer-oriented organization is key to understanding and

satisfying the requirements of customers. Based on the literature review, it can be deduced that management principles and standards can be combined as an effective managerial tool for continuously improving quality and business processes, enhancing customer satisfaction focus and for preventing non-conformities.

2.4.2.2. Local Context

“Small and medium-sized enterprises account for nearly 90% of all registered enterprises, which constituted most of all the private sector establishments in South Africa” Jeppensen, Kothuis & Tran (2012:9 cited in Mathu, 2019). It is apparent that SMMEs play a vital role in poverty alleviation, job creation and contribute immensely to the gross domestic product (GDP). Cited literature confirmed that the application of quality standards relate positively to business performance. Findings of a study conducted in Nigeria and South African firms affirmed that “compliance with standards increases export varieties of textile products of the South Africans” (Olubiyi *et al.* 2019:18). The researcher is in agreement with Olubiyi *et al.* as compliance would ultimately lead to the exportation of textile products of South African SMMEs.

2.4.3 The barriers and challenges contributing to the stagnant business growth of SMMEs

2.4.3.1. Global Context

It is apparent that SMMEs play a vital role in the global economy. They can be key drivers of job creation, economic growth and innovation. A scholar argued that “an increase in globalisation usually has a negative impact for small open economies” (Scott 2017). This puts added pressure on local businesses and budding entrepreneurs, as a result of increased competition. According to Kon *et al.*, Kubasáková *et al.*, Ližbetin *et al.*, Vetráková *et al.*, Bergman *et al.*, Malá *et al.*, Stachová *et al.*, Yang *et al.* (2012; 2014; 2016; 2016; 2017; 2017; 2017; 2017 cited in Hitka *et al.* 2018:2759) due to ever-growing globalization, businesses need to create an effective strategy to help them succeed in a highly competitive environment. In support of the assertions by the scholars mentioned above, the researcher concluded that there was a critical need for effective strategic

interventions to combat the obstacles hindering the growth of SMMEs and their ability to compete globally.

These barriers include, lack of managerial capabilities, low productivity, limited global sourcing and difficulty in accessing advanced management. “The Deloitte Kenya Economic Outlook 2016 notes Kenyan SMEs are hindered by inadequate capital, limited market access, poor infrastructure, inadequate knowledge and skills and rapid changes in technology” (Adeyeye 2016). From the foregoing literature, it is conclusive that these barriers are contributory factors to the stagnant business growth of SMMEs.

2.4.3.2. Local Context

SMMEs under the auspices of the South African government have been researched by policy makers as being the driving force towards but not limited to improved job creation, play a vital role in other technical skills and innovations, they allow for more competitive market and usually use local resources. Consequently, SMMEs are found to be the driving force behind economic growth whether informal or formal.

From the foregoing, SMMEs are generally considered to be the impetus in South Africa for social and economic stability. Studies have shown that the country is currently experiencing an increase in the middle-income bracket with an attendant increase in the purchasing power of this bracket. As such the current infrastructure such as security systems, supply of electricity, health care facilities, clean water supply and recycling are under enormous pressure hence offering SMMEs an opportunity to penetrate a wider market. In addition, internet growth offers more prospects for small enterprises to explore e-commerce technology and renders geographical boundaries more permeable for business. “The government policy such as that of Broad-Based Black Economic Empowerment, particularly its Enterprise or Supplier Development pillars, can facilitate the realization of increased economic growth coupled with appropriate tax policy to result in SMMEs making a considerable and important difference to the South African economy. The small business sector in South Africa does already make a significant contribution to the gross domestic product” (Anon 2017).

a) Major factors that hamper business growth

The International Leadership Development Programme report ILDP (2014:17) revealed that constraints to the SMME sector in South Africa included limited access to finance and credit; inadequate business infrastructure and service provision; inadequacies in the content and delivery of training; distortions produced by urban land markets and the fragmentation of apartheid cities; the strict separation of land use and racial groups; competition from existing formal enterprise; restricted market access; historical underdevelopment of business procurement and subcontracting linkages between large enterprises and the SMME sector. Other literature cited major barriers affecting development of SMMEs within the South African small business sector “including lack of finance, poor infrastructure, lack of training, access to the market, as well as outdated equipment and technology” (Donga *et al.* 2016:61). Table 1 below depicts the results found by Donga *et al.* (2016) in their study.

Table 1: Barriers affecting development of SMMEs

Description	Agree	Disagree
Financing for work in progress and capital from financial and non-financial institutions is a problem for SMMEs.	85%	15%
SMMEs access to market is limited due to stiffer competition from established businesses.	65%	35%
Access to appropriate technology still remains a challenge for some entrepreneurs.	60%	40%
Entrepreneurs don't receive some training on starting a business or general business management prior to establishment.	70%	30%
The infrastructure currently available is in bad condition.	55%	45%

In another study according to Anon (2017) the major factors that hamper business growth in general are as follows:

- Burdensome regulations (40%)
- Lack of skills (between 35%-40%)
- Local economic conditions (just above 35%)

- Cost of labor (35%)
- Lack of finance (25%)
- Municipal cost & services (just below 25%)
- Increased competition (between 20% and 25%)

The TPCPS percentages cited above are graphically illustrated in Figure 4 below.

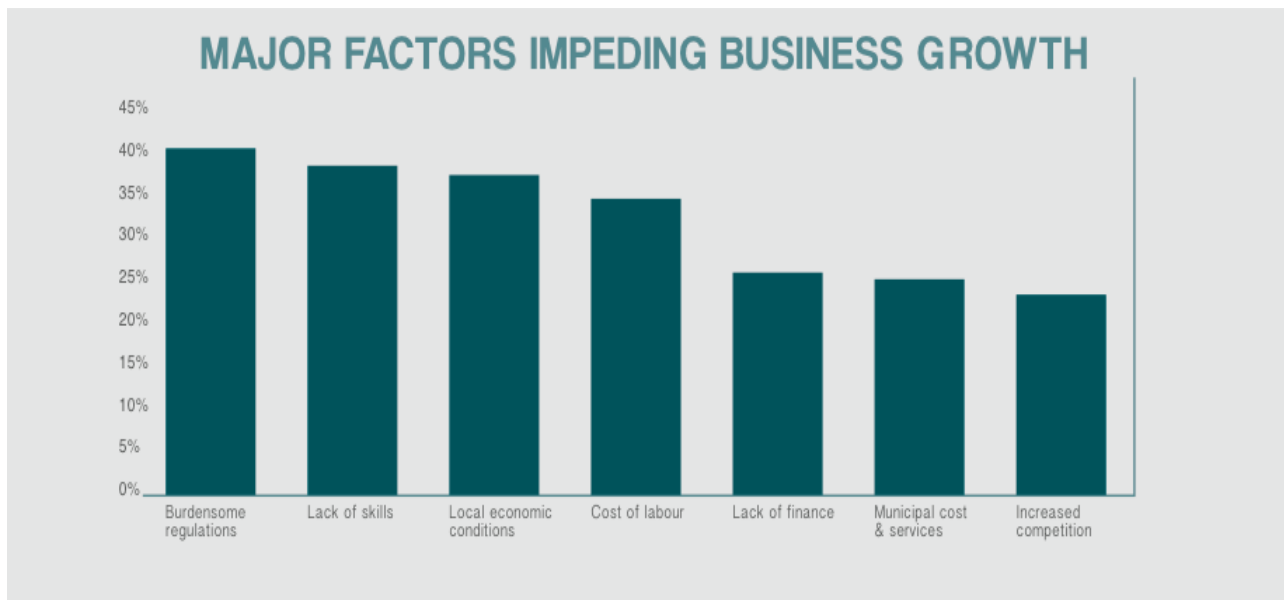


Figure 4: Statistics on the major factors hampering business growth

Source: Top performing companies and public sector (TPCPS) article, May 12, 2017

However, in order to meet the objectives of this study, the only hindering factors to be focused on as affirmed by ILDP (2014); Donga *et al.* (2016) and Anon (2017) will be burdensome regulations, lack of skills, and increased competition.

b) Burdensome regulations (40%)

Mandatory requirements and costs associated with participation in the formal economy are seen as a great challenge facing SMMEs. For example, the process of getting products to comply with relevant quality standards, including legal and regulatory requirements which should be embedded in the entire quality management system may become burdensome. However once a quality management system has been put in

place, the adoption of the ideals and principles of quality may have a positive impact on operational and strategic business performance.

Since some products are regulated as such, compliance to relevant quality standards becomes critical in order to provide assurance to customers that those products follow good manufacturing practice and detailed quality control processes. Further, when organizations venture into the import market, they will be compelled to comply with quality standards so that their products can be competitive in markets outside South Africa. Other challenges facing SMMEs in South Africa are associated with “difficulty accessing markets due, in part, to products and services that do not meet the required industry regulations and standards and a lack of access to funding and equipment to improve product quality and make products more competitive in the market; both of which result in an inability to access core supply chains” (SEDA annual report 2017/18).

There are also rigorous by-laws which promote the quality of trading to ensure health and safety environment of the area where trading takes place, an example of such by-law is under section 4 of the EThekweni Street Trading By-law, namely cleanliness of place of business and protection of public health. The municipality by-laws also force food industries to maintain a certificate of acceptability. This is a requirement as stipulated under R638/2018 which defines Regulations Governing General Hygiene Requirements for Food Premises, the Transport of Food and Related Matters. Food industries which do not comply with R638/2018 do not meet quality standards in terms of the new Public Health Act. This certificate also serves as a minimum requirement for compliance to a Hazard Analysis Critical Control Point (HACCP) food safety quality standard.

The Department of Trade and Industry (**dti**) is mandated by statutory regulation to be responsible for the interpretation, implementation and overall administration of the B-BBEE Act. This mandate authorizes the Minister for Trade and Industry to formulate guidelines under this Act. It further empowers the Minister to set up an Advisory Council which advises the **dti** on the implementation of the Act. To validate the accreditation of B-BBEE, verification agencies, the **dti** works with the South African National Accreditation

System (SANAS). As part of government's drive to create opportunities for SMMEs in the supply chain of large companies, the **dti** released revised B-BBEE Codes of Good Practice in October 2013 which focus on supplier development for SMMEs.

c) Lack of skills (between 35%-40 %)

As an intervention in capacity building, government offers training programmes to entrepreneurs. The Black Business Supplier Development Programme (BBSDP) is one such government programme. In terms of this DTI initiative, black owned businesses are eligible for grant funding up to R200 000. This grant is for training in areas such as the use of modern technology, marketing, productivity and management in general. Small enterprises are required to fulfil certain government criteria in order to qualify for this funding. To be eligible for this funding, the annual turnover of a business should be between R250 000 and R35 million. In line with its initiative, BBSDP contributes 80% of the training cost, while entrepreneurs are required to contribute the remaining 20%.

There are also government programmes for small enterprises for the acquisition of technical skills in certain industries. However, the application process for accessing funding for training for SMMEs remains to be simplified. Limited education and training opportunities remain a real challenge amongst SMMEs. Hence government intervention focuses more on capacity building and skills development such as entrepreneurial mentorship. This mentorship programme includes development of skills in marketing, business, financial acumen and accreditation acquisition. Without these skills SMMEs face the challenge of being unable to sustain and grow their businesses. The lack of business and financial acumen for example, leads to poor pricing of their goods and services.

d) Increased competition (between 20% and 25%)

Restricted market access is considered as one of the main restrictions to the SMME sector in South Africa.

2.4.4 The factors influencing sub-standard performance by non-certified quality management system SMMEs in the globally

2.4.4.1. Global Context

Due to sub-standard performance by non-certified organizations, findings have confirmed that “companies on the global market are facing numerous challenges referring to the establishment of competitive advantage. Classical innovativeness does not only qualifies competitiveness, however the price component and standardized product quality remain the contributing factors in today’s competitiveness as well The product is expected to be of standard quality and to have a globally acceptable price” (Đorđević *et al.* 2018:21).

In a study conducted in Russian organizations, it is argued that “ISO 9001 (2015) aims to create a management system, therefore, the QMS may improve competitiveness in the global market” (Lukichev and Romanovich 2016:1718). In another cited literature, Mervoet (2018) makes mention of the benefits realized by certified organizations which have proven to have had a positive impact on the success of their businesses. These benefits are analyzed in detail in chapter 3. Based on Mervoet’s stance and the assertions made by Lukichev and Romanovich, it can be concluded that hypothesis that a direct correlation between sub-standard business performance of SMMEs and the use of non-certified quality management systems can be accepted.

2.4.4.2. Local Context

It has been observed that most SMMEs still operate in the informal economy. As a consequence, administrative red tape barriers associated with non-accreditation of their products and services for quality and safety standards seem to be the main inhibiting factor that renders them less competitive and therefore affecting their ability to penetrate a wider market. Among other challenges faced by SMMEs in South Africa, include “difficulty in accessing markets, due in part, to products and services that do not meet the required industry regulations and standards and a lack of access to funding and equipment to improve product quality and make products more competitive in the market” (SEDA annual report 2017/2018). This is among many of the general hindrances and obstacles to entry faced by SMMEs as identified by respondents, Small Enterprise

Development Agency (SEDA) Business Advisors and institutional stakeholders. Over and above other factors including lack of skills, burdensome regulations are partly responsible for the sub-standard performance by SMMEs which are not certified to any relevant quality standards. Most of the causative factors have been covered in detail under the section on the barriers affecting the business growth of SMMEs. Based on the SEDA report, the researcher deduced that these factors would continue to impact negatively on the business growth of SMMEs.

2.5 The economic benefits of Standardization

A lot of research has been conducted on the challenges facing SMMEs in South Africa. One of the challenges encountered by SMMEs is the cumbersome process related to obtaining industry specific accreditation such as SANS 9001 or a product mark certification. According to Chimucheka and Mandipaka (2015) the levels of managerial and skill competences can also be improved by encouraging SMMEs to make use of programmes offered by government agencies such as SEDA. The final report (SEDA 2017/18) suggests bureaucracy associated with acquiring accreditation specific to industries as one among other challenges encountered by SMMEs.

It is imperative to note that Standardization plays vitality role in the business environment and society in general to ensure consistency and conformity. Where consistency and conformity are maintained, competition is fair and justifiable. It is important to note further that one of the emphatic requirements of the ISO/SANS 9001:2015 standards for a quality management system is that an organization shall determine the necessary competence, provide training and awareness to personnel performing work affecting conformity to product and service requirements. In this regard, SEDA, as a government agency, has partnered with the South African Bureau of Standards (SABS), which is a certification body to assist SMMEs in obtaining a quality management system which meets the relevant quality standards. This targeted assistance is intended to ensure that quality related benefits are realized through such SMME development support programmes.

2.6 Legislative / Policy context

2.6.1 Support for SMME development

SMME development, in this context, refers to support provided to SMMEs to ensure that their services as well as their products and meet the relevant international and national quality standards towards enhancing global competitiveness and continuous improvement. To support SMMEs in South Africa, there are government institutions such as the Industrial Development Corporation (IDC), Department of Trade and Industry (**dti**) and their subsidiaries which play a vital role. These institutions which are established by government legislation are mandated to plug the existing gaps in SMME development. Areas which reinforce the support for SMME development in South Africa can be categorized as political initiative, legislative strategy, policy and government initiative, institutional infrastructure and mechanisms for funding.

SMME development constitutes an important force in the national drive which is intended to create jobs and to improve the standard of living of all South Africans. Since SEDA's inception in 2004, it has played a unique role in the implementation of government's strategy in small businesses development. SEDA has designed and implemented a nationwide service delivery network for SMME development. In addition it has integrated support agencies across all tiers of public sector which are government funded. These outcomes are directly in line with its mandate.

2.6.1.1. Political support for SMME development

It is apparent that the economic restructuring in South Africa is seen as a transformation process that carries a political element in addition. Since 1994, the ruling party's (i.e. ANC) commitment to economic restructuring has been significant. A number of restructuring initiatives have been undertaken as strategic political support for SMMEs and have been cited at numerous conferences organized by the ANC over time. The most remarkable being its 50th National Conference that was held in Mafikeng during 16-20 December 1997 and its 52nd National Conference held in Polokwane in December 2007. At these conferences, the ANC committed to a need to continuously review SMME

strategy towards enhancement of its impact on society. The support for SMMEs by the ANC Youth League's National Youth Development Agency (NYDA) is also remarkable. The South African Government has mandated the Department of Small Business Development (DSBD), to ensure support for SMME development since it is crucial for economic development and job creation. In the State of the Nation Address (SONA) of 2006, the then President of the country, Thabo Mbeki, emphasized then that "the benefits of economic growth would filter down to the lower end of the economy if there was cooperation between large enterprises, government and development partners" (Mbeki 2006).

President, Jacob Zuma, similarly justified the Economic Growth Path strategy as part of the response to the needs of SMMEs in South Africa Zuma (2010) while briefing the media on 25 October 2010. Minister Lindiwe Zulu, during her address on the occasion of delivering the budget vote 31 on Small Business Development in the National Assembly on 12 May 2016, said "we are all aware that SMMEs and Cooperatives can be the main drivers of economic growth, poverty reduction, and job creation". The minister went on to emphasize government's commitments and priorities to assist SMMEs, which included providing a reduction in red tape, provision of access to funding, non-funding support and access to markets. Based on the declarations above, it becomes apparent that there is commitment by the government in pursuit of SMME development in South Africa.

2.6.1.2. Legislative, policy and government strategy for SMME development

In South Africa, there are various pieces of legislation which create an enabling environment for both the formal and informal economies. These demonstrate how government is committed to providing an environment which supports inclusive economic growth. A number of legislative prescripts supporting government's commitment to create an enabling environment within which SMMEs can thrive exist. "Amongst these include the Constitution of the Republic of South Africa: 1996, the White Paper on National Strategy for the Development and Promotion of Small Business in South Africa (1995); the National Small Business Act (102 of 1996); the Joint Initiative on Priority Skills Acquisition (JIPSA), which is an initiative aimed at developing priority skills identified in

the Accelerated and Shared Growth Initiative for South Africa (AsgiSA) and benefiting priority SMME sectors; the Local Government Municipal Systems Act of 2000, which calls for the integration of developmental initiatives to reduce spatial inequalities Geyer (2006:2) between towns and townships; as well as policies and strategies such as the much criticized Growth, Employment and Redistribution (GEAR) strategy of 1996” (Williams 2000:178).

“Among the noteworthy recently adopted strategies are the Economic Growth Path strategy which aims to create 5 million jobs and reduce inequality, poverty and unemployment from 25% to 15% by 2020 and Local Government Turnaround Strategy (LGTAS) published in November of 2009” (Chabane 2010). “The 2010 briefing further mentioned that “within the provincial sphere of government, the provincial Growth and Development Strategies (GDS) and provincial Spatial Development Frameworks (SDF), as well as provincial SMME desks that serve as information centers to SMMEs in each of the nine provinces, demonstrate the commitment of South African provincial government’s support for SMMEs. Within the local sphere of government, the need to restructure structural local economic inequalities between towns and townships has led to the development of the Integrated Development Planning (IDP) approach through which municipalities are expected to give attention to the impact of their decisions on the economic welfare of residents” (Chibane 2010).

2.6.1.3. Institutional infrastructure support for SMME development

“Government support for SMME development is manifested by proclamations which mandate the public sector to deliver on this objective. The Expanded Public Works Programme (EPWP) mandates of some sector specific departments have been accordingly reviewed to align with government’s SMME development objective. Examples are:

- Departments of Public Works (DPW),
- Economic, Environmental Affairs and Tourism (DEAT);
- Provincial and Local Government (DPLG) and;
- Roads, Transport and Agriculture (RTA)” (Maia 2006:16).

2.6.1.4. Funding and non-financial support for SMME development

According to Agupusi. (2007:6 cited in Malefane 2013:677) government has committed to funding and non-financial support for SMME development like Khula which provides non-financial support through mentorship and advisory services relating to enterprise bookkeeping, human resources, legal matters and other aspects of managing a business. Government has established other agencies that render various aspects of business support to SMMEs. Another government agency which provides a range of non-financial support programmes is Ntsika

In her 2016 budget and commitments speech, Minister Lindiwe Zulu made the following pronouncement: Over R500 billion is spent on goods and services in the public sector. This spend includes construction works. This information is contained in the 2015 Public Sector Review Supply Chain Management. The Ministry for small businesses is therefore committed to capitalizing on this huge public spend in order to increase the market share of SMMEs and co-operatives for their goods and services. In accordance with this objective, the ministry has entered into agreements with various government departments as well as the Manufacturing, Engineering and Related Service SETA (MERSETA) and the Agricultural SETA. The agreements with the SETAs are intended to assist micro-businesses to improve their performance in the manufacturing and agricultural sectors.

The Minister further disclosed that the department had an undertaking to augment government's funding for small businesses. The Small Enterprise Finance Agency (SEFA)'s approval has increased to R3.6 billion since it was established with more than 200 small businesses receiving over R3.2 billion disbursement from SEFA. Through its various loan distribution channels, SEFA approved a total of R1.18 billion to 45 263 SMMEs and cooperatives in the 2015/16 financial year alone. R17.9 million has funded 61 youth-owned enterprises through the Cooperative Incentive Scheme. An amount of R35.9 million has funded 117 women enterprises. Through the Black Business Support Development Programme, R45.2 million has been used to fund 325 women-owned enterprises. She concluded by saying that these initiatives will be appropriately monitored.

A month long formal SETA accredited training programme was given to 249 women from all nine provinces in the 2015/2016 financial year through the Bavumile Skills Development Programme. This programme is specifically designed to augment the expertise of participants in production processes relating to 'create and craft' markets. The Memorandum of Understanding (MoU) has as a key area, the provision of technical assistance in the development of cooperative models that will enhance efficiencies in general and economic viability within Cooperatives.

2.6.2 EThekwini Municipality Enterprise Development

One of the strategic focus areas for EThekwini Municipality is enterprise development. According to the EThekwini Integrated Development Plan (IDP) 2017/2018, SMMEs remain crucial to the economic vitality and in addition offer a range of opportunities for economic development. Important attributes for small businesses include the ability to boost productivity and innovation, employment creation and the revitalization of communities. Through the IDP, the municipality has effectively created a platform for small businesses to thrive. Another platform exists for targeted areas such as arts and crafts, tourism development, construction and the ICT sectors. Exhibitions, Fairs and Business Linkages Programme facilitate access to markets. More opportunities are awaited through preferential procurement practices. The municipality places a high premium on research and development of policies and strategies as they are vital to the growth of small businesses. In furtherance of government's strategy of partnerships, strategic partnerships involving the private sector are also pursued, thereby utilizing the resources and expertise of the private sector in SMMEs development.

2.6.2.1. Business Support and Markets Unit Improvement of SMME access to Finance Strategy

The EThekwini Municipality IDP 2017/2018 reports the eThekwini Municipality SMME Strategy intent, which is to "promote SMME policies and regulations which have been established at national, provincial as well as local levels, by developing strategic interventions that will create an enabling environment and provide support to SMMEs".

The advancement strategy for SMMEs is supported by the improvement of SMME Access to Finance Strategy. The rationale behind this strategy is to provide an environment and a platform, for all key industry to address specific issues relating to accessibility to finance. It further provides the required tools and mechanisms for improving access to finance by SMMEs.

2.6.3 Durban Informal Economy Policy

Durban's Informal Economy Policy (DIEP 2001), reported that the informal economy makes an important contribution to the economic and social development of Durban. Durban has committed itself to promoting economic development, but has had no comprehensive, written policy to guide the management and support of workers in the informal economy. To upgrade the skills and working environment of street traders, Durban City Health has had for five years, an active health education. Traders are accredited and registered through a system of incentives. These incentives are also used to encourage traders to attend the programme.

In an effort to sustain public health, a policy has been developed that enforces traders who are trading in food products to have a certificate of acceptability that is issued by the Department of Health. According to the new Health Act, City Health is mandated to issue a certificate of acceptability for food premises, the R9918 for persons trading in foodstuffs. This certificate serves as a prerequisite towards the implementation of SANS 10049 (*Food safety management system – Requirements for prerequisite programs (PRPs)*) which lays the foundation for Hazard Analysis and Critical Control Points (HACCP). "HACCP is a systematic preventative approach to food safety from biological, chemical, and physical hazards in production processes that can cause the finished product to be unsafe, and designs measurements to reduce these risks to an acceptable level" (ISO 22000:2018).

2.6.4 EThekweni Municipality street traders

Street traders who fall under the category of SMMEs, contribute enormously to the informal economy of the city. According to the EThekweni Municipality Edge article of

September 2016, street traders are by and large the face of the informal economy in the city, but relatively few statistics are published on their profile and their value-add to the economy. Statistics prepared by the EThekwini municipality's business support, tourism and markets unit, shed some light on the sector. The statistics from this research are cited as follows:

- 42,700 is the number of registered (or legal) informal traders in the city.
- R450 to R950 earned per week: this is an estimated R1.43 billion per annum in income, generated by (legal) informal traders in the city.
- R1.43 billion per annum, in disposable income, spent by and large in the local economy.
- 1 to 4 people employed on average by street traders.
- 12 Hours of work a day is the average work time of a street trader.
- 60% Traders are women, and 40% are men.
- 90% Traders reside in Durban – and 10% from surrounding areas.
- No new permits – the city has currently placed a moratorium on trading permits for the next 3 years as a recent study has revealed that EThekwini is currently 'overtraded'.
- EThekwini Municipality informal economy forum is working together to discourage illegal trading, by, ensuring that vendors are allowed in demarcated areas, only if they have permits.

In order for traders to be acknowledged they need to possess trading permits of which compliance to the city's trading by-laws remains critical.

2.6.4.1. EThekwini Street trading by-laws

All street traders are compelled to adhere to trading by-laws in order to be acknowledged as legal traders. Such by-laws promote better quality of trading and ensure the health and safety environment of the area where trading takes place. For example, under section 4 of the EThekwini street trading by-law, cleanliness of place of business and protection of public health is addressed. The by-law strongly enforces the protection of public health by street traders to ensure that they carry on their business in a manner that does not

infringe the safety and health of the public they serve (Street Trading Bylaws, M.N. 97/95 Section J.6).

It is widely acknowledged that government's support for SMMEs is a noteworthy national strategy aimed at reforming the economy and alleviating poverty. This acknowledgement is manifested by government's overall commitment through legislative prescripts which support the viability of SMME development. At the local government level, SMME development constitutes a vital component of the Local Economic Development (LED) strategy. It is conclusive that the reformation of the economic-base of local municipalities is contingent on SMME development.

CHAPTER 3

RESEARCH DESIGN AND METHODOLOGY

3.1 Introduction

This chapter provides a high level research process that defines the research design and strategy, techniques for data collection, presentation and analysis for this study. In terms of the output, this study will analyze the impact of quality standards on the organizational performance of SMMEs. According to the EThekweni Integrated Development Plan, 2017/2018, small organizations are vital contributors to the health of the economy and offer a diversity of opportunity in our society.

The sources of reliable data to be used in this chapter will cover mainly selected SMMEs who are certified and those who are not certified in the Durban Metropolitan Area and have been operating between two years and ten years. To meet the objectives of this study, the research methods and instrument will be utilized such that they provide data for analysis and empirical evidence in assessing the objectives of the study, which are as follows:

- The current state of SMMEs' perceptions on a quality management system.
- The incentives and intended outcomes of quality standards on the organizational performance of SMMEs.
- The barriers and challenges contributing to the stagnant growth of business performance of SMMEs.
- The factors influencing sub-standard performance by non-certified quality management system SMMEs.

Lastly, the study will formulate interventions and recommendations to facilitate strategies to improve the current state of certification for Durban SMMEs such that they achieve higher operating efficiency.

This chapter concludes by conducting analyses of the data collected from the sources identified above in order to establish the validity of the hypotheses established as part of the main motivation of the research proposal.

3.2 Research design and methodology

Exploratory research design was employed for this study which is defined according to Saunders et al. (2016:174) as a valuable means to ask open questions to discover what is happening and to gain acumens about a subject matter. Since the study is aimed at assessing the impact of quality standards on the business performance of SMMEs, the research design will explore the correlation between two variables, namely business excellence and the impact of quality standards. This allows for a “correlation research design which describes how a change in one variable brings about changes in another” (Sekaran and Bougie 2016:44).

3.2.1 Research approach

“Mixed methods research aims to answer research questions that cannot be answered by “qualitative” or “quantitative” approaches alone” (Sekaran and Bougie 2016:106). “Mixed methods research focuses on collecting, analyzing and mixing both quantitative and qualitative data in a single study or series of studies” (Sekaran and Bougie 2016:106). In order to meet the objectives of this study, the research will adopt a mixed method approach. However the quantitative approach will dominate since data will be collected using completed questionnaires which can be quantified. As part of the qualitative research approach, semi-structured interviews will also be used as an instrument to provide data for analysis and empirical evidence in assessing the objectives of the study.

Mixing or blending of data provides a stronger understanding of the problem or questions than either by itself (Creswell 2014:215). This allows you to use numbers as well as words to describe your research findings. For the purpose of evaluating the effects of quality standards on organizational performance, this study will adopt both the qualitative and quantitative paradigms. As part of the qualitative approach, structured interviews will also be employed so that the content on the questionnaire is well understood by the

participants to validate the reliability of the data provided. At data analysis and interpretation stage, the correlational research design will provide results that will conclude whether a positive or negative correlation exists between the phenomenon of quality standards and organizational performance.

3.2.2 Research logic

This study will follow a deductive logic because it is associated with quantitative research and has an element of testing. “Deductive research is more aimed towards testing a hypothesis and therefore is an approach more suited to working with quantitative data” (Gabriel 2013). Deductive logic links theory with observation, so as to supplement the pool of statistical information that was analyzed. The researcher has also relied on experience as a Quality Professional for SMME Development and observations arising from interactions with SMMEs for several years. The researcher has also drawn conclusions from the interactive experience with different industries in the DMA that have been assisted by the SABS SMME Business Unit in implementing a quality management system. From the foregoing, the hypothesis or theory that correlates quality standards and optimal organizational performance can either be proven or disproven by this study. This correlational research design will attempt to determine relationships between the quality standards and organizational performance.

3.3 Methods of data collection

3.3.1 Research methodology

The research methodology adopted for this study covers mainly analysis of existing literature, performance data from a selection of SMMEs representing a sample of the study population, and responses to questionnaires distributed through random sampling of areas within the DMA. A purposive sample of twenty SMMEs consisting of ten organizations which were certified to relevant quality standards and ten organizations without QMS certification was used. Ten suburbs and townships within the DMA were randomly selected. They are as follows:

- Durban Central
- Kloof

- KwaMashu
- Umlazi
- Queensburg
- Pinetown
- Westville
- Glenwood
- Bluff
- Mt Edgecombe

3.3.2 Data collection

In conformity with the objective of this research, the questionnaire has been designed to gather as much relevant information as possible for analysis and interpretation in support of the hypotheses. It is imperative that the information gathered from the participants through the questionnaire provides useful informative data for a comprehensive analysis to evaluate the impact of the quality standards towards organizational performance. In this regard, the questionnaire is designed to make the participant provide appropriate information with regard to their operational, financial, and sustainability status.

“A questionnaire design is used to measure characteristics of the population with statistical precision” (Sukamolson 2011:3). Based on this theory, the questionnaire had an introductory page that informed the participant of the objective of the research and the significance of the study. The questionnaire is sub-divided into sections that are literally designed to establish responses relevant to the sub-problems and the hypotheses of the research. “The content of the questionnaire has been developed such that it contributes to testing one or more hypothesis \ research question established in the research design” (Abawi 2013). The questionnaire will have structured questions and telephone interviews will be scheduled between the researcher and the participants. “The structured interview will be scheduled to ensure each participant receives exactly the same interview stimulus as any other” (Bryman 2001, p.107). Following Bryman’s theory, participants will fill out questionnaires themselves during the telephonic interview sessions and any clarity needed on the questionnaires will be explained accordingly.

Details of the questionnaire are summarized below:

1. Years of operation or establishment.
2. Description of the type of organization, whether service or manufacturing.
3. Challenges to effective operations and growth experienced by SMMEs.
4. Information on staff complement.
5. Past annual revenue and projected revenue.
6. Details of the specific quality standard to which the organization is certified.
7. Perceptions of both certified and non-certified SMMEs on the implementation of a QMS.
8. Knowledge of relevant industry statutory and regulatory requirements.

3.3.3 The research target population and sample size

As previously stated, the research focused on SMMEs that were based in the DMA in the KwaZulu Natal Province. In view of the large number of entrepreneurs falling in the category of SMMEs, this study was only restricted to a targeted population. The target population is “the group of elements to which the researcher wants to make inference, at least theoretically, the population is finite and can be counted. On the other hand, the survey population is a subset of the target population, often resulting from practical survey considerations” (Fricker n.d.). “Study population are people who meet the operational definition of the target population and a research sample are the members of the study population from whom researchers collect their data” (Vonk 2015).

The sample size was therefore restricted to twenty SMMEs within the DMA, comprising of ten non-certified SMMEs and ten certified SMMEs. The criteria for selection was based on the delimitations of this study as follows:

- The study will only focus on the selected groups who will be interviewed as such the information gathered will not represent the opinions of all SMMEs in Durban.
- The study will not consider SMMEs with a turnover under R300K per annum.
- The study will only focus on SMMEs that have been operating for a minimum of two years.

- The study will only consider SMMEs in good standing and have the appropriate SARS documentation.
- The study will be limited to SMMEs operating in the industrial sector.

3.4 Sampling method

A probability sampling method was used in which sample members from a larger population were selected according to a random starting point and a fixed periodic interval. Out of the ten main suburbs listed in 3.3.1, two SMMEs were randomly selected from each suburb hence making a total of twenty SMMEs for this study.

3.4.1 Method employed to achieve the research objectives

Two questionnaires were distributed in this survey. One questionnaire specifically targeted certified organizations in order to determine their level of agreement on the benefits of having an effectively implemented QMS. Similarly, a different questionnaire targeted non-certified organizations in order to determine their opinions on quality standards. The four tables below (a) to (d) contain the questionnaires used to collect the necessary data as previously explained.

3.4.1.1. To determine the current state of SMMEs' perceptions on a quality management system.

Table 2: Questions generated to gather data in relation to the above-mentioned objective

Questionnaire B1 of the Annexure	Questionnaire B2 of the Annexure
State the company background information	State the company background information
Perceptions of certified companies on the implementation of a QMS	Perceptions of non-certified companies on the implementation of a QMS

3.4.1.2. To determine the incentives and intended outcomes of quality standards on the business performance of SMMEs.

Table 3: Questions generated to gather data in relation to the above-mentioned objective

Questionnaire B1 of the Annexure	Questionnaire B2 of the Annexure
State the company's current certification status.	State the company's current certification status.

3.4.1.3. To identify the barriers and challenges contributing to the stagnant business growth of SMMEs.

Table 4: Questions generated to gather data in relation to the above-mentioned objective

Questionnaire B1 of the Annexure	Questionnaire B2 of the Annexure
What are the challenges contributing to the stagnant business growth of SMME?	What are the challenges contributing to the stagnant business growth of SMMEs?

3.4.1.4. To determine the factors influencing sub-standard performance by non-certified quality management system SMMEs.

Table 5: Questions generated to gather data in relation to the above-mentioned objective

Questionnaire B1 of the Annexure	Questionnaire B2 of the Annexure
State the knowledge of relevant industry statutory and regulatory requirements.	State the knowledge of relevant industry statutory and regulatory requirements.

3.5 Synopsis of the pilot study

“A pilot study is a mini-version of a full-scale study or a trial run done in preparation of the complete study. It can also be a specific pre-testing of research instruments, including questionnaires or interview schedules” (Anon 2010). Anon argues further that before

implementing the study, the measurement procedures and instrument need to be pre-tested to ensure reliability and validity of data. To test the relevance of the questionnaire and to predict the kinds of responses to be expected, two emerging companies with a minimum of ten years' experience in different industries were selected for the pilot study. Out of the two selected for the pilot study, only one was ISO certified. The views from the preliminary responses assisted the researcher in finalizing the design of the questionnaire in order to meet the objectives of the research. On the same score, two quality auditors were also selected for interviews as a pilot study to precede the actual structured interviews. The selected professionals were auditors with more than five years' experience in auditing different industries, ranging from big corporate bodies to SMMEs and therefore have a good insight into their background and performance.

3.6 Ethical considerations

"The goal of ethics in research is to ensure that no one is harmed or suffers adverse consequences from research activities" (Cooper and Schindler 2013:28). It is crucial that the researcher safeguard the rights of the participant regardless of the method of data gathering. "In general, research must be designed so that a participant does not suffer physical harm, discomfort, pain, embarrassment, or loss of privacy" (Cooper and Schindler 2013:28). The ethical research process followed involved:

- Firstly, a gate pass letter that was cleared by Durban University of Technology.
- Secondly a letter that was signed by the employer's representative to allow the researcher to participate on the research study since it involves participants who are also clients to the researcher's employer.
- Thirdly, a letter was sent with the survey participation request explaining the purpose of the study and invitation to participate in the data collection survey. The letter stressed that participation was voluntary and information attained would be treated with the utmost confidentiality.
- Lastly, a letter was sent to the EThekweni Municipality Manager requesting for approval to conduct a study within a sample selection.

3.7 Validity and Reliability

“In the research study a combination of questionnaire and interviews have been used as research instruments for data collection to enhance the validity and trustworthiness of the data” as argued by Zohrabi (2013). To ascertain that the questionnaire is not misinterpreted and that the validity and trustworthiness of the data gathered is enhanced, guided interviews through telephone and face to face interactions will also form part of the data collection.

“Reliability refers to the consistency of a measure. A questionnaire or test is considered reliable if the same result is obtained repeatedly when the questionnaire is re-administered, tested or repeated. Validity refers to the extent to which a questionnaire / or test measures what it purports to measure” (Muller 2011). “Both Quantitative and Qualitative research designs seek to achieve reliable and valid results; for example, quantitative reliability data that are consistent or stable as indicated by the researcher's ability to replicate the findings. Qualitative: validity of findings is paramount so that data are representative of a true and full picture of constructs under investigation” (Anon 2014).

Following Muller and Anon theories, the questionnaire has been designed to deliver a consistent measure regardless of the sampling areas selected for a study of this nature.

3.8 Analysis of Data

In data analysis, the researcher will make use of statistical techniques to interpret the final results and present them in the form of graphs, tables, statistics and percentages. The researcher's remarks and interpretations emanating from analysis of data will also be presented. “Statistical analysis will be conducted to reduce and organize data, determine significant relationships and identify differences and / or similarities within and between different categories of data. Data will finally be presented using graphs, tables and charts to illustrate the results. Emphasis will be on numerical data, descriptive statistics and measurable variables” (Anon 2014).

A comprehensive analysis and interpretation of the data collected from the participants is presented in the chapter that follows.

CHAPTER 4

RESULTS AND DISCUSSION

4.1 Introduction

The questionnaires for this study were distributed to respondents with an introductory letter. The purpose of the letter was to serve as a disclaimer by the researcher and to provide respondents with the assurance that participation in the survey was voluntary and would be treated with strict confidentiality.

According to Sekaran and Bougie (2016:118) if researchers can convince respondents that the outcomes of the survey may be beneficial to them, they are likely to offer honest and truthful answers. In consonance with this assertion, the researcher had telephone discussions with the respondents who were reluctant to give written feedback in addition to the introductory letter for the written survey. The purpose of the telephone interviews was to explain to them the significance of their responses to the relevant authorities or bodies for targeted interventions.

As previously mentioned in the chapter on research methodology, a probability sampling method was adopted. This involved the selection of sample members from a larger population, according to a random starting point and a fixed periodic interval. According to Sekaran and Bougie (2016:242) random sampling is a process in which every element of the population has non-zero chance of being selected. Out of the ten main suburbs within the DMA, two SMMEs were randomly selected from each suburb making a total of twenty SMMEs for this study. The selected twenty SMMEs comprised of ten non-certified SMMEs and ten certified SMMEs. Prior to utilizing the data received from the respondents, the certification status of all the targeted SMMEs was verified by the researcher on the websites of their respective certification bodies.

For this study, the researcher used the Likert scale methodology to determine the level of agreement from the respondents in relation to the questionnaires. "The Likert scale is

a scale designed to examine how strongly respondents agree with a statement” (Sekaran and Bougie 2016:207).

4.1.1 The reason for two types of questionnaires

Since the targeted group involves both certified and non-certified organizations, it was imperative that two types of questionnaires be designed to ensure relevance to the targeted group. Further, the two separate questionnaires were designed in order to address separately the impact of quality standards experienced by two different groups of SMMEs. Ten responses were received from the sample size of respondents from non-certified organizations whilst the other ten responses were received from the certified organizations.

4.1.2 Data classification, analysis and interpretation

Data classification, analysis and interpretation have been done separately for each questionnaire.

4.2 Analysis and interpretation of data (certified SMMEs)

4.2.1 Company background information on certified respondents

4.2.1.1. For how long has your business been operating?

< 2 years	2 to 3 years	4 to 5 years	6 to 7 years	Over 7 years
10%	20%	20%	50%	0

- **Analysis and interpretation of responses to question 4.2.1.1**

The majority of respondents have been in business for 6 to 7 years. The highest percentage of 50% respondents have been in the business for 6 to 7 years. No respondents have been in business for over 7 years. Both ranges for 2 to 3 years as well as for 4 to 5 years show a percentage of 20% respectively whilst a percentage of 10% has been in the business for less than 2 years. These results indicate that all the respondents in the targeted group have been in business for 7 years or less and none has operated for more than 7 years.

4.2.2 What kind of business are you operating?

Sixty percent (60%) of the SMMEs interviewed were operating as service providers and forty percent (40%) were in the manufacturing sector as indicated in the table below:

Kind of business	Acceptable quality standard	Frequency (10 responses)
Bricks manufacturers	SANS 1215: 2008, <i>Concrete masonry units</i>	20%
Sanitary towels manufacturers	SANS 1043:2010, <i>The manufacture of sanitary towels</i>	10%
Bakery	SANS 10049:2019, <i>Food safety management: Requirements for prerequisite programmes (PRPs)</i>	10%
Skills and development service providers	ISO 9001:2015, <i>Quality management systems - Requirements</i>	30%
Welding specialist	ISO 14554-1:2013, <i>Quality requirements for welding: Resistance</i>	10%
Consulting engineers	ISO 9001:2015, <i>Quality management systems - Requirements</i>	10%
Supplier of chemicals – repackaging and rebranding	ISO 9001:2015, <i>Quality management systems - Requirements</i>	10%

- **Analysis and interpretation of responses to question 4.2.2**

The result shows that 60% of the respondents confirmed that their core business is either providing consulting and training services or supplying goods and other components to their customers. The remaining 40% of the respondents are in the manufacturing industry and are all certified to relevant quality standards. The researcher confirmed their certification status as listed on the website of their certification bodies.

4.2.3 What is your company's staff complement?

No of employees	Frequency (10 responses)
1. 1 employee (owner)	10%
2. 2 to 9 employees	20%
3. 10 to 20 employees	60%
4. over 20 employees	10%

- **Analysis and interpretation of responses to question 4.2.3**

It can be discerned that 60% of respondents have a staff complement ranging between 10 to 20 employees, which is a reasonable number for the implementation of an effective QMS. Twenty percent (20%) confirmed that they have between 2 to 9 employees and 10% confirmed that the owner is the only employee in the business. The remaining 10% of respondents confirmed that they have a staff complement of over 20 employees.

4.2.4 Indicate your revenue for the financial years as shown below:

Annual Revenue	Revenue range	Frequency (10 responses)	
		Yes	No
2015/2016 financial year	R300K to R600K	80%	20%
2016/2017 financial year	R610K to R900K	60%	40%
2017/2018 financial year	R910K to R1.2M	90%	10%
2018/2019 financial year end projected	More than R1.2M	100%	0%

- **Analysis and interpretation of responses to question 4.2.4**

From the majority of responses to the question in this section, it is conclusive that current revenue shows good business performance and growth as compared to the three previous financial year ends. This outcome confirms the assertion by Marivoet (2018) that a certified SANS 9001 QMS increases the quality of one's services and raises the awareness of staff.

4.3 Challenges to effective operations and expansion experienced by SMMEs

Questions	Frequency (10 responses)	
	Yes	No
Challenges that relate to Skills and Opportunities		
4.3.1 Lack of business strategic planning and capacity.	0%	100%
4.3.2 Lack of experience and competency of owners and managers in the industry.	0%	100%
4.3.3 Skills shortages relating to technical and business management.	20%	80%
4.3.4 Lack of innovation and creativity.	70%	30%
4.3.5 Insufficient opportunities for training staff.	20%	80%
Challenges that relate to marketing and competitiveness		
4.3.6 Lack of capacity to undertake market research, resulting in a lack of understanding of market needs and characteristics.	30%	70%
4.3.7 Difficulty in accessing markets although compliance to quality management system is evident.	30%	70%
4.3.8 Difficulty in accessing target markets and linking into supply chains of retailers.	40%	60%
4.3.9 Competition from large enterprises.	40%	60%
Challenges that relate to finances		
4.3.10 Inconsistent cash flow.	40%	60%
4.3.11 Difficulty in accessing finance.	30%	70%
Challenges that relate to proper infrastructure		
4.3.12 Poor quality of supporting infrastructure (e.g. equipment, transport, office infrastructure).	30%	70%
4.3.13 Lack of access to suitable technology and equipment.	40%	60%

- **Analysis and interpretation of answers to questions from 4.3.1 to 4.3.5**

Challenges that relate to Skills and Opportunities

All ten respondents confirmed that their businesses do not lack strategic planning and capacity. Based on these findings, it is conclusive that most respondents are not affected

by skills shortage and opportunities in their businesses. The only business challenge which most of the respondents experienced is the lack of innovation and creativity. According to Subramanian *et al.* (2019:184) who cited (Chen *et al.* 2014) they argued that “innovation and new product development have been widely accepted as key competitive advantages”. Empirical evidence in a study conducted in Vietnamese SMEs revealed that the “larger positive and significant effect of standards found for innovators leads to an argument that some unobservable factors associated with technological innovation may reinforce the positive effect of standard on productivity” (Calza *et al.* 2018:39). The research findings of the same paper further suggested “that, even controlling for their skills and human capital, innovative firms benefit more from the managerial and operational improvements required by standard adherence, thus obtaining more advantages in terms of efficiency gains than non-innovating certified firms” (Calza *et al.* 2018:39).

Similarly, Cascio and Aguinis (2008, 2019 cited in Kremer *et al.* 2019:65) stated that “the radical transformation of 21st century organizations is nothing less than a modern-day industrial revolution wherein innovation now plays a critical role in determining organizational success”. According to Chesbrough and Rosenbloom, Cohen and Sauerman, Tidd and Bessant (2002, 2007, 2009 cited in Muringani 2015:104) once small firms achieved their primary goal of creating new products and services through innovation, the focus is shifted to other areas such as sales and market share expansion, new business models and improvements in general. In concurring with the scholars cited above, it is conclusive that innovation intervention is the missing aspect as it promotes new product development, which in turn leads to business expansion.

Overall, the respondents were of the opinion that good business strategic planning is critical for efficiency and effectiveness. According to Bryson (2017:16) “strategic planning can make effective use of deliberation to produce enhanced organizational responsiveness, performance and accountability”. “A number of research studies showed that strategic planning, when properly installed and accepted by management, did produce superior improvements in performance” (Ansoff *et al.* 2019:52). The researcher

concur with the assertions as mentioned above since proper strategic planning promotes opportunities for organizations to consistently monitor their objectives and targets. When objectives are routinely or consistently monitored, identified gaps can be prioritized for improvement, thereby enhancing resource provision and utilization.

All ten respondents confirmed that their businesses were established on the basis of relevant experience and competency of leadership in the industry. Based on the above responses, the researcher concluded that investment in human capital in organizations promote effective operations and improved business performance. It is also apparent that organizational knowledge is imperative for the management of effective operations thus ensuring industry and market relevance and customer confidence in the products or services rendered. According to ISO 9001 (2015:7) standard under organizational knowledge, clause 7.1.6 states that the organization shall determine the knowledge necessary for the operation of its processes and to achieve conformity of products and services.

Eighty percent (80%) of the respondents confirmed that they have not experienced skills shortages pertinent to technical and business management. Similarly, the same number of respondents confirmed that opportunities for training staff are sufficient in their respective businesses. “Research outcomes indicate that empowered teams display noteworthy characteristics which are beneficial to the team and organizations. These include an increase in productivity, better customer service and high levels of job satisfaction” (Giles 2016). Similarly, ISO infers that organizations shall ensure that “employees doing work that affects the performance and effectiveness of the business are competent on the basis of appropriate education, training, or experience” (ISO 9001 2015:8). The outcomes of the survey concur with the above assertions, and therefore the inference made is that training and skills development form an integral part of any organization that strives for continual improvement.

- **Analysis and interpretation of answers to questions from 4.3.6 to 4.3.9**

The majority of the respondents confirmed that they have an advantage when bidding for tenders advertised by both public and private sectors due to the fact that their businesses currently operate a QMS. It is therefore conclusive that the institution of a QMS in an organization puts them at a more competitive advantage.

Furthermore, the majority of respondents are of the opinion that the penetration of a larger market is good for the business. As a consequence, marketing strategies designed to ensure customer retention and to attract new customers form an integral part of their business processes.

- **Analysis and interpretation of answers to questions from 4.3.10 to 4.3.11**

The majority of the respondents confirmed that their businesses are stable since they are not experiencing inconsistent cash flows and access to any financial assistance. One of the benefits of meeting quality assurance includes costs reduction, less wastage, reworking of faulty products and the adoption of a quality culture of doing things right the first time. Implementation of quality planning principles guide organizations to undertake inspections at every stage of product realization, namely inspection during receiving of raw material, in process inspection, and final inspection.

All the benefits mentioned above can assist the organization in gaining more marketing advantages, as a result of its consistent level of quality and thereby improving customer satisfaction and retention as well as expansion in a new customer base. When an organization's financial statement demonstrates sustainability, it is easy for investors to invest in the organization's business should a need for assistance arise in areas such as business expansion, access to new and advanced technology and capacity building. According to BER (2016:10) "the inability for SMMEs to access markets has been identified as one of the factors threatening their longevity". The outcomes of the survey concur with the above assertion and it is conclusive that in order for organizations to access more markets, they should implement an effective QMS. Certified organizations are more competitive and have the capacity to penetrate larger markets.

- **Analysis and interpretation of answers to questions from 4.3.12 to 4.3.13**

The majority of the respondents confirmed the importance of investing in good infrastructure such as offices, transport facilities and equipment in order to improve and sustain efficiency. It is therefore imperative that the tools of trade be made available for the organization’s efficiency and effectiveness. “The organization shall determine, provide and maintain the infrastructure necessary for the operation of its processes and to achieve conformity of products and services” (ISO 9001:2015). The researcher concluded that the respondents support the SANS requirement of quality on infrastructure investment. Good quality infrastructure and the use of appropriate technology drive and support the efficiency and effectiveness of an organization.

4.4 Company’s current certification status (certified SMMEs)

4.4.1 How long has the company been certified?

Years of Certification	Frequency (10 respondents)	
	Yes	No
less than a year	-	0%
more than a year	-	0%
between 2 and 3 years	30%	-
between 4 and 5 years	30%	-
more than 5 years	40%	-

- **Analysis and interpretation of answers to question 4.4.1**

All 10 respondents confirmed that their certification has been obtained and maintained between 2 and 5 years. This affirmation in the majority indicated that no respondents have had certification for less than 2 years. The 2 to 5 years period under reference presents a useful platform for analysis and monitoring of the value add from certification. Based on the responses received, the researcher concluded that the respondents are aware of the value of an effectively implemented QMS hence the continuous implementation over 2 to 5 years as evidenced by their responses.

4.4.2 There is value in a formalized quality management system.

Question	Frequency (10 respondents of certified SMMEs)				
	Strongly disagree	Disagree	Don't know	Agree	Strongly agree
4.4.2	0	0	0	40%	60%

- **Analysis and interpretation of answer to question 4.4.2**

Most respondents strongly agreed that a formalized QMS adds value to effective operations and thus improved business performance. According to the article by Marivoet (2018), with a certified QMS in place, an organization can vouch the high premium it places on quality and regular evaluation by an independent body. This commitment increases confidence in the organization. Based on the strong agreement from the respondents which confirmed one of the benefits by Marivoet's assertion, the researcher concluded that a correlation exists between an effectively implemented quality management system and effective operations which ultimately enhance business performance.

4.4.3 If you have only obtained system certification, do you see a need for product certification?

Question	Frequency (10 respondents)		
	Yes	Don't know	No
4.4.3	30%	10%	60%

- **Analysis and interpretation of answers to question 4.4.3**

All 60% of the respondents who confirmed that the system certification is sufficient were in the service industry only and therefore do not manufacture any products. The researcher concurs with the responses received since service industries are not directly involved in manufacturing processes and operations in order to realize their final outputs and therefore product certification is irrelevant to them. Thirty percent (30%) confirmed that product certification remains critical for their business as it is required for quality assurance compliance for their final products. The remaining 10% of the respondents

indicated that they did not know whether there was a need for a product certification in addition to a system certification. The researcher's conclusion is in concurrence with the research findings as the 60% who don't see the need for product certification are coming from the service sector as such don't need to be the product mark bearers. Similarly 30% are coming from the 40% SMMEs who are producing products and therefore in need of product certification. The remaining 10% was found to be in need of product certification awareness

4.5 Perceptions of certified SMMEs on the implementation of a QMS

Statements	Frequency (10 certified SMMEs)				
	Strongly disagree	Disagree	Don't know	Agree	Strongly agree
4.5.1 Having obtained a quality management system in accordance to a relevant quality standard enhances business performance.	0	0	0	30%	70%
4.5.2 Improved business processes, procedures, policies and best practices promote effective operations.	0	0	0	20%	80%
4.5.3 Doing things right first time is always recommendable.	0%	0%	0%	70%	30%
4.5.4 Preventative actions are better than Corrective actions.	0%	0%	10%	0%	90%
4.5.5 Higher service / product quality will make customer experience more pleasant.	0%	0%	0%	0%	100%
4.5.6 An effective implemented quality management system promotes a continuous improvement culture, better process integration, and evidence to decision making.	0%	0%	10%	70%	20%
4.5.7 Products tested at the credible testing facility increases level of confidence that they are of good quality.	0%	0%	0%	0%	100%
4.5.8 Government's interventions in SMME development is appropriate in meeting the compliance gaps among small businesses.	10%	20%	10%	60%	0%
4.5.9 SMMEs does not always embrace government development programs or are not always aware of their existence.	0%	30%	10%	60%	0%
4.5.10 The evidence of compliance to quality standard/s of manufactured products should form part of the criteria when awarding government tenders.	0%	0%	0%	30%	70%

- **Analysis and interpretation of answers to questions 4.5.1 to 4.5.10**

The majority of respondents were strongly in agreement with the perception that the effective implementation of a QMS enhances business performance and promotes effective operations. The outcomes of the survey are in agreement with existing literature as inferred in an article by Kim (2016 cited in Sadik 2018:33) which reported that organizations which are deemed to be most successful adopt the fundamental principles of total quality hence achieving an effective management practice. This linkage continues to be the best approach for business excellence. The outcomes of the survey and above assertion supports the conclusion that a correlation exists between the effective implementation of relevant quality standards and improved business performance.

All the respondents (100%) strongly agreed that quality control processes through testing of the final products increased customers' level of confidence in their products. The researcher concurs with the majority response as quality control is imperative for building customer confidence and assures customers that the quality specifications of specific products have been met by the service or product provider. An article by Gartenstein (2019) asserts that customer retention, safety and consistency would be assured through the application of proper quality-control processes. The assertion above concur with the outcomes of the survey and the conclusions made by the researcher.

With regards to government's intervention in SMMEs development, the majority of respondents agreed that the government's mandate is appropriate for the needs of the SMMEs. By disagreeing, the minority indicated that government support is sufficient. According to Anon (2017) the major factors that hamper business growth in general include burdensome regulations which contribute 40% of the hindrance. Hence the need for government intervention which focuses more on capacity building and skills development such as entrepreneurial mentorship, which includes accreditation acquisition.

4.6 Knowledge of relevant industry statutory and regulatory requirements

Statements	Frequency (10 respondents of certified SMMEs)				
	Strongly disagree	Disagree	Don't know	Agree	Strongly agree
4.6.1 I am familiar with relevant industry statutory and regulatory requirements.	0%	0%	0%	10%	90%
4.6.2 Red tape associated with non-compliance to quality standards and regulatory requirements are among barriers that contribute towards failures in penetrating more market.	10%	20%	0%	10%	60%

- **Analysis and interpretation of answers to questions 4.6.1 to 4.6.2**

The majority of respondents strongly agreed that knowledge of relevant industry statutory and regulatory requirements form part of quality assurance compliance and is critical to any industry that strives for efficiency and effectiveness. Existing literature supports the assertion that “both statutory requirements and regulatory requirements are mandated by law. These requirements are non-negotiable and must be complied with” (Seshadri 2015). The researcher is in concurrence with the assertion that knowledge of the relevant statutory and regulatory requirements that govern specific industry remains critical. Red tape associated with compliance requirements may not be a challenge when organizations are aware of the industry relevant regulatory requirements.

4.7 Analysis and interpretation of data (non-certified SMMEs)

4.7.1 Company background information:

4.7.1.1. For how long has your business been operating?

< 2 years	2 to 3 years	4 to 5 years	6 to 7 years
3	5	1	1

- **Analysis and interpretation of responses to question 4.7.1.1**

Fifty percent (50%) of respondents confirmed that they have been in the business for 2 to 3 years. Thirty percent (30%) have been operating for less than 2 years whilst 10% have been in business for 4 to 5 years and for 6 to 7 years respectively. These results demonstrate that most businesses have been operating for less than 4 years.

4.7.2 What kind of business are you operating?

Eighty percent (80%) of the SMMEs interviewed were operating as service providers and twenty percent (20%) were in the manufacturing sector as indicated in the table below:

Kind of business	Acceptable quality standard	Frequency (10 responses)
Bricks manufacturers	SANS 1215: 2008, <i>Concrete masonry units</i>	20%
Skills and development service providers	ISO 9001:2015, <i>Quality management systems - Requirements</i>	30%
Catering services	ISO 9001:2015, <i>Quality management systems – Requirements</i>	20%
Carpentry work and furniture repairs to municipalities	ISO 9001:2015, <i>Quality management systems – Requirements</i>	10%
Plumbing services	ISO 9001:2015, <i>Quality management systems – Requirements</i>	20%

- **Analysis and interpretation of responses to question 4.7.2**

All 80% of the respondents confirmed that their core business is in rendering of services, with some providing services such as catering, plumbing and carpentry to municipalities. Whilst the remaining 20% confirmed to be in the bricks manufacturing business, not all of them are certified to any relevant quality standards.

4.7.3 What is your company's staff complement?

No of employees	Frequency (10 responses)
1. 1 employee (owner)	50%
2. 2 to 9 employees	30%
3. 10 to 20 employees	20%
4. over 20 employees	0%

- **Analysis and interpretation of responses to question 4.7.3**

It can be discerned that 50% of respondents confirmed that the owner is the only employee in the business. Thirty percent (30%) confirmed that they have between 2 and 9 employees, whilst the remaining 20% confirmed that they have a staff complement ranging between 10 and 20 employees. The researcher concluded that none of the respondents have a staff complement of over 20 employees.

4.7.4 Indicate your revenue for the financial years as shown below:

Annual Revenue	Revenue range	Frequency (10 respondents)	
		Yes	No
2015/2016 financial year	R250K to R350K	2	8
2016/2017 financial year	R350K to R450K	1	9
2017/2018 financial year	R450K to R500M	2	8
2018/2019 financial year end projected	More than R500	2	8

- **Analysis and interpretation of responses to question 4.7.4**

From the majority of responses to the question in this section, it is conclusive that current revenue shows poor business performance and growth. This outcome is confirmation of a need for adoption of quality precepts to business processes and a quality paradigm shift throughout the organization, which is essential for the development of a business turnaround strategy. This existential gap demonstrates a serious need for business processes to be in tandem with quality management skills. Some literature reports that “managers are capable of redesigning their business strategies in time in order to meet

the changes and needs dictated by industry and customers” (Xu et al. 2018:141). In another study Sadik (2018:31) argued that “in this competitive world a firm wants to go for something that will help in sustaining them in the competitive market”. Sadik further argued that it’s every organization’s main objective to achieve the best and companies place a high premium on customer satisfaction. In concurring with the outcomes of the survey and assertion above, it is conclusive that adoption of quality precepts which put emphasis on customer focus can be a strategic tool towards market gain. Consequently it offers a better competitive advantage and ultimately business sustainability and expansion.

4.8 Challenges to effective operations and expansion experienced by SMMEs

Statements	Frequency (10 respondents of non-certified SMME)	
	Yes	No
4.8.1 Lack of business strategic planning and capacity.	80%	20%
4.8.2 Lack of experience and competency of owners and managers in the industry.	40%	60%
4.8.3 Skills shortages relating to technical and business management.	70%	30%
4.8.4 Lack of innovation and creativity.	70%	30%
4.8.5 Insufficient opportunities for training staff.	60%	40%
Challenges that relate to marketing and competitiveness		
4.8.6 Lack of capacity to undertake market research, resulting in a lack of understanding of market needs and characteristics.	80%	20%
4.8.7 Difficulty in accessing markets although compliance to quality management system is evident.	90%	10%
4.8.8 Difficulty in accessing target markets and linking into supply chains of retailers.	80%	20%
4.8.9 Competition from large enterprises.	70%	30%
Challenges that relate to proper infrastructure		
4.8.10 Inconsistent cash flow.	80%	20%
4.8.11 Difficulty in accessing finance.	90%	10%
4.8.12 Poor quality of supporting infrastructure (e.g. equipment, transport, office infrastructure).	60%	40%
4.8.13 Lack of access to appropriate equipment and technology.	80%	20%

- **Analysis and interpretation of answers to questions from 4.8.1 o 4.8.5**

The majority of responses to the questions in this section indicated a negative impact on the business due to skills shortage and opportunities. Sixty percent (60%) of the

respondents confirmed that as owners, their businesses were established on the basis of relevant experience and competency of leadership in the industry. However, to sustain and grow the business requires the acquisition of additional skills in finance and business acumen in general.

Eighty percent (80%) of respondents confirmed that their businesses lacked strategic planning and capacity to undertake market research. This poor response indicated a serious need for the adoption of quality assurance tools which are quality planning, quality control and quality improvement. The above assertion by the researcher concurs with the article by Sadik (2018:31) who argued that in order “to gain a competitive advantage, a firm has to adopt quality management”. Sadik further argued that quality planning presupposes that the target market has been recognized by the organization. The researcher supports the above assertion as planning sessions are critical for identifying strengths and weaknesses as well as threats and opportunities for growth. This is followed by the development of strategies for the implementation of remedies and controls for penetrating a larger market.

Seventy percent (70%) of respondents confirmed that there is lack of innovation and creativity in their businesses. Another 60% of respondents confirmed that there are insufficient opportunities for training staff. These percentages are worrisome as innovation and creativity constitute another strategy for doing things differently. Existing literature supports the role innovation plays in businesses towards solving problems, including doing things differently. In an article on innovation by Kappel (n.d), an entrepreneur who reported that innovation and creativity help to find new ways to improve business, the author mentioned four benefits of innovation to a business, namely, solving impossible problems, increasing workplace productivity, showcasing unique qualities and beating out tough competitors. As an inference from this article, organizations should create environments where employees are allowed to come up with suggestions of different approaches to executing tasks or products. Such platforms should be conducive to a degree that employees’ inputs and contributions to the innovation process for solving operational problems are well thought out. The researcher supports the existing literature

which argues that “ensuring concerns about when to speak up or if employees will find it worthwhile to speak up at all should be of concern to leaders interested in promoting a psychologically safe environment ripe for creative thinking” (Aguinis et al. 2016).

Another significant issue that inhibits creative thinking is discussed at length in existing literature. “Standards promote innovation and provide solutions to address global challenges” (Gerundino 2014:3). In concurring with the above, it is conclusive that organizations which adopt relevant standards become well equipped to tackle global challenges in relation to the same industry. It is acknowledged from the results of previous research that the main challenges that constrain innovation in small firms is lack of business skills, formal and strategic planning tools. Research has also revealed that small firms are aware of the need and support for training in business skills. “Small firm owner-managers acknowledge that they need support for business skills training” (Muringani 2015:92). In concurring with the above assertion the researcher is of the opinion that skills training should include quality and operations management for business owners and all employees of organizations to ensure continual improvement.

- **Analysis and interpretation of answers to questions from 4.8.6 to 4.8.9**

“Standards create significant opportunities for spreading knowledge and developing new products, services and markets” (Montelius 2014:84). The researcher is in agreement with Montelius’ assertion. SMMEs should invest intensively in the implementation of relevant quality standards. This in turn promotes the engagement of all employees in the implemented QMS thus allowing for innovation and creativity. Standards build customer confidence in the quality of products or services thereby increasing opportunities for new products, services, and market development.

According to Sadik (2018:31), to gain competitive advantage, a firm has to adopt quality management in their firm. The researcher concurs with Sadik that without quality standards, it becomes more difficult to enter global markets in view of the level of competitiveness required.

Furthermore, having a formalized QMS puts an organization at a more competitive advantage. For example, most sectors often require only certified organizations to participate in their tendering processes. According to an article by (Gerundino 2016) who supports that standards have also been essential to get recognition from demanding regional and global retailers. In concurring with Gerundino's assertion, it can be deduced that a service provider can only participate on a competitive basis and become the most preferable supplier or service provider if the service provider's products are certified to relevant SANS quality standards or QMS certification.

- **Analysis and interpretation of answers to questions from 4.8.10 to 4.8.11**

The majority of the respondents confirmed that their businesses are unstable due to inconsistent cash flows and difficulties in accessing financial assistance. According to the Global Entrepreneurial Monitor (GEM) South Africa (2014 cited in BER 2016:7) the primary cause of business discontinuance in South Africa is due to lack of finance accessibility and poor profitability. The GEM report further cites poor profitability, as a reason for the sharp increase in discontinuance. Other hindrances facing SMMEs in accessing financial support "include the inability to produce an acceptable business plan according to financial institutions, poor market research and the absence of a viable business idea, as well as lack of access to vibrant markets" (GEM 2014). It makes business sense that no investors would be willing to invest in unstable and unsustainable businesses. All investors have vested interest in prospective ventures hence the evidence on the return on investments should be demonstrable to attract investors. The researcher sets out into detail how to combat the challenges which militate against SMMEs' growth and effective operations under analysis and interpretation of answers to statements from 4.3.10 to 4.3.11.

- **Analysis and interpretation of answers to questions from 4.8.12 to 4.8.13**

The majority of the respondents confirmed that their businesses are affected by challenges relating to proper supporting infrastructure. According to GEM South Africa (2014 cited in BER 2016:7) the lack of access to physical infrastructure is a key to business growth and adds significantly to the cost of doing business. "The organization

shall determine, provide and maintain the infrastructure necessary for the operation of its processes and to achieve conformity of products and services” (ISO 9001 2015:6). The researcher concluded that the use of poor supporting infrastructure and inappropriate technology contributes immensely to poor business performance.

4.9 Company’s current certification status (non-certified SMMEs)

4.9.1 There are plans in place to have a QMS in the short term

Question	Frequency (10 respondents of non-certified SMMEs)				
	1 Strongly disagree	2 Disagree	3 Don’t know	4 Agree	5 Strongly agree
4.9.1	3	6	0	1	0

- **Analysis and interpretation of answers to question 4.9.1**

Sixty percent (60%) of the respondents confirmed that they have no plans for the implementation of QMS. Looking at their responses regarding annual revenue, the researcher concluded that more awareness is required to sensitize the respondents on the benefits of certification and the impact it would have on their profit margins, process improvements and overall operational efficiency. Whilst 30% strongly disagreed to having plans in place for implementing QMS, similarly, the reasons for the strong disagreement may be due to financial constraints. The remaining 10%, which is in the minority, confirmed that there are plans to have a QMS in the short term. The researcher noted that this minority emanated from one respondent who has projected more than R500K in the 2018/2019 financial year.

4.9.2 There is value in a formalized quality management system

Question	Frequency (10 respondents of non-certified SMMEs)				
	1 Strongly disagree	2 Disagree	3 Don't know	4 Agree	5 Strongly agree
4.9.2	4	2	2	1	1

• **Analysis and interpretation of answer to question 4.9.2**

Most respondents strongly disagreed to the assertion that a formalized QMS adds value to effective operations and thus improved business performance. The researcher concluded that the negative perceptions on the impact of effectively implemented QMS are due to lack of awareness around quality standards and their benefits. For the same question, it was noted that the two respondents who confirmed that there is value add are those who have projected more than R500K annual revenue in the 2018/2019 financial year. Thus, it can be concluded that the issue of financial constraints is another contributing factor to the negative perception surrounding QMS implementation.

4.9.3 I am well informed of the relevant quality standard appropriate for my business.

Yes	No
80%	20%

• **Analysis and interpretation of answer to question 4.9.3**

Eighty percent (80%) of the respondents confirmed they are not well informed of the relevant quality standards applicable to their businesses. On the contrary the 20% of respondents who confirmed that they are well informed are in the minority. The researcher concluded that the poor responses demonstrate lack of awareness of QMS and its benefits. It is critical for businesses to be made aware of relevant quality standards and their impact in businesses as affirmed by ISO. According to ISO 9001 (2015:8) the organization shall ensure that persons doing work under the organization's control are aware of their contribution to the effectiveness of the quality management system, including the benefits of improved performance.

4.9.4 If you have only obtained system certification, do you see a need for product certification?

Question	Frequency (10 respondents)		
	Yes	Don't know	No
4.9.4	20%	60%	20%

- **Analysis and interpretation of answer to question 4.9.4**

Sixty percent (60%) of the respondents confirmed that they don't know the difference between system and product certifications, whilst 20% confirmed that they saw the need for product certification. As a consequence, the researcher concluded that this 20% may emanate from those respondents who are manufacturing products. The remaining 20% respondents confirmed that system certification may be sufficient. Similarly, those in the service industry may not require product certification.

4.10 Perceptions of non-certified SMMEs on the implementation of a QMS

Statements	Frequency (10 respondents)				
	Strongly disagree	Disagree	Don't know	Agree	Strongly agree
4.10.1 My level of awareness on relevant industry quality standards and regulatory requirements is minimal.	0%	20%	0%	10%	70%
4.10.2 If more awareness on the quality standards is promoted within my business, efforts would be in place to obtain certification.	0%	40%	10%	50%	0%
4.10.3 Knowledge on the benefits of a quality management system would increase my level of confidence in obtaining the required certification.	0%	20%	0%	10%	70%
4.10.4 The monitoring of customers' level of confidence in my products / services is very consistent.	20%	60%	0%	0%	20%
4.10.5 Every customer complaint requires a thorough root cause analysis.	10%	20%	10%	10%	50%
4.10.6 Government is doing enough to assist SMMEs in ensuring compliance with relevant quality standards.	50%	20%	10%	0%	20%
4.10.7 Allocation of government tenders should only consider administration requirements as opposed to technical requirements that can be outsourced.	20%	0%	0%	10%	70%
4.10.8 Government SMME development programs should focus also on monitoring and evaluation after implementation.	0%	0%	0%	20%	80%
4.10.9 Standardization throughout same industries should be made compulsory.	20%	50%	0%	0%	30%
4.10.10 For all manufacturers, evidence of compliance to relevant quality standards or testing reports should be made compulsory.	50%	20%	0%	10%	20%

- **Analysis and interpretation of answers to questions 4.10.1 to 4.10.10**

Seventy percent (70%) of the respondents have minimum awareness of relevant industry quality standards and regulatory requirements. The researcher concluded that more quality awareness sessions should be conducted as part of the drive to instill the need for service providers to obtain certification. The results also indicated the lack of awareness of the importance of monitoring the level of customer confidence in the respondent's products. This lack of awareness is unacceptable in view of the fact that customer survey results provide enterprises with knowledge about their customer service. However 50% of the respondents confirmed that every customer complaint requires a thorough root cause analysis. Although the responses confirmed inconsistent monitoring of customer feedback, the researcher concluded that the responses are more reactive than proactive, as root cause analyses are only initiated when complaints are received. This reactionary approach is insufficient. Service providers are not aware of the fact that the non-existence of customer complaints does not necessarily imply absolute customer satisfaction. Fifty percent (50%) of the respondents confirmed that a gap exists with respect to government assistance in SMME development which would ensure compliance with relevant quality standards.

The majority of the respondents strongly disagreed that the allocation of government tenders should only consider administration requirements as opposed to technical requirements that can be outsourced. The researcher is not in agreement with this majority response because without a bidder's ability to demonstrate the capacity to meet the technical requirements of a tender there is obviously no guarantee that the capacity exists to monitor outsourced services.

The majority of the respondents confirmed that Government SMME development programmes do not focus on monitoring and evaluation after implementation. This is one of the challenges where commitment is not demonstrated by those assisted by government. One of the reasons is that no accountability to deliver is imposed on them after being assisted with the implementation of QMS.

The majority of respondent's perceived QMS implementation as cumbersome with little value add to business performance. This perception may be due to lack of information on the part of the respondents with regards to quality standards and their benefits.

Fifty percent (50%) disagreed that standardization throughout same industries should be made compulsory. Also 50% disagreed that evidence of compliance to relevant quality standards or testing reports should be made compulsory. Judging from these responses, the researcher concluded that the benefits of these standards are generally unknown to the respondents hence their objection to the imposition of such a compulsory requirement. Compliance and quality assurance interventions are critical for increasing the level of awareness in relation to the significance of quality standards. Consequently, the imposition of quality standards on industries as a compulsory requirement. Additionally, compliance enhances public confidence in industrial products. According to Gerundino (2016:8) "Baron Food's products are currently certified against the internationally recognised V3 FSSC 22000 food safety standard. This standard offers a global solution in harmonizing requirements towards safety management systems of a food supply chain with its advantage being its overall makeup of the ISO 22000, HACCP and ISO/TS 22002-1 standards".

Gerundino further affirmed that "the company also practices World Class Manufacturing which has engaged the gears of production to increase efficiency and improve productivity". Baron Foods Limited is an international premier manufacturer of fine food products and within the region. The company is export oriented and currently serves markets in the USA, Canada, Europe, Guyana and the entire English, French and Dutch speaking islands of the Caribbean. This large market is primarily due to its reputable practices fueled by effective implementation of food safety management systems and compliance to the requirements of the Food and Drug Administration (FDA). "The FDA is responsible for protecting public health by assuring that foods (except for meat from livestock, poultry and some egg products which are regulated by the United States Department of Agriculture) are safe, wholesome, sanitary and properly labeled; ensuring

that human and veterinary drugs, and vaccines and other biological products and medical devices intended for human use are safe and effective” (U.S. FDA 2018).

The outcomes of the survey confirmed that respondents have less awareness on the impact of compliance and quality assurance in ensuring public health. Gerundino’s assertions above set out the importance of compliance and quality assurance not only for better competitive edge but also for the protection of public health.

4.11 Knowledge of relevant industry statutory and regulatory requirements

Statements	Frequency (10 respondents)				
	Strongly disagree	Disagree	Don’t know	Agree	Strongly agree
4.11.1 I am familiar with relevant industry statutory and regulatory requirements.	60%	0%	0%	10%	30%
4.11.2 Red tape associated with non-compliance to quality standards and regulatory requirements are among barriers that contribute towards failures in penetrating more market.	10%	0%	0%	10%	80%

- **Analysis and interpretation of answers to questions 4.11.1 to 4.11.2**

The majority of respondents are strongly unfamiliar with relevant industry statutory and regulatory requirements. As a rule, this is not a commendable stance for enterprises in the service and manufacturing industry. For organizations that strive for continuous improvement, it is critical for them to keep abreast of statutory and regulatory requirements impacting on their businesses. By being continuously informed of statutory and regulatory requirements, they would be better positioned to assess and mitigate risks associated with their businesses.

Eighty percent (80%) of the respondents strongly agreed that red tape associated with compliance requirements is one of the barriers that contribute towards failures in penetrating a wider market. Despite this realization, they choose to remain non-certified. The lack of awareness of the benefits and value add of QMS may also be the reason why enterprises do not demonstrate any commitment to implement QMS. The researcher also concluded that, some of the reasons for the current status of certification may be due to lack of funding to implement QMS. Therefore, government intervention remains a critical support for SMMEs for the acquisition of accreditation as the implementation and maintenance processes are very costly.

4.12 Summary of data analysis and interpretation

4.12.1 Graphical representation of data

Objective 1: To determine the current state of SMMEs' perceptions on Quality Management System.

As previously stated, two questionnaires were distributed in this survey. One questionnaire specifically targeted certified organizations in order to determine their level of agreement on the benefits of having an effectively implemented QMS. Similarly a different questionnaire targeted non-certified organizations in order to determine their perspectives on quality standards. The two questionnaires were designed to address separately the impact of quality standards experienced by two different groups of SMMEs. Different perceptions were solicited and summarized as represented in figures 5 and 6 below. This approach facilitated comparisons between the two groups based on the responses received.

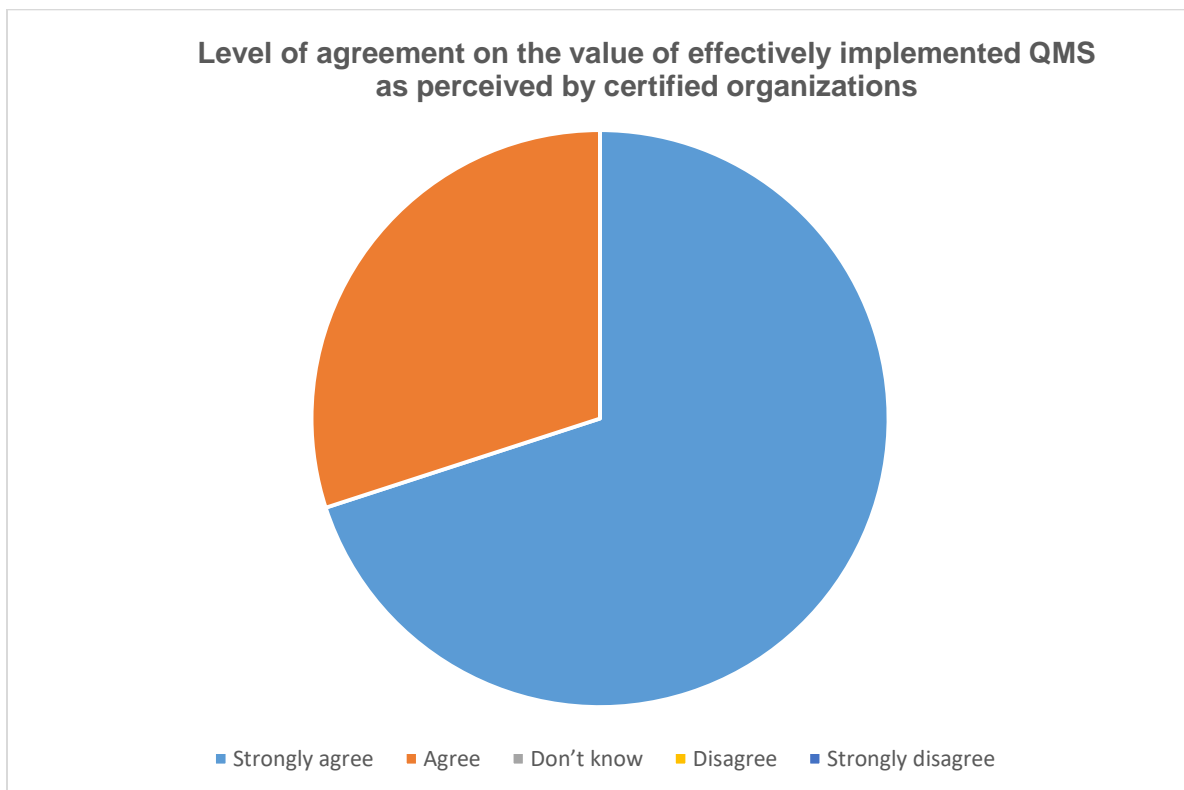


Figure 5 representing the perceptions by certified organizations on the value of an effective implementation of QMS

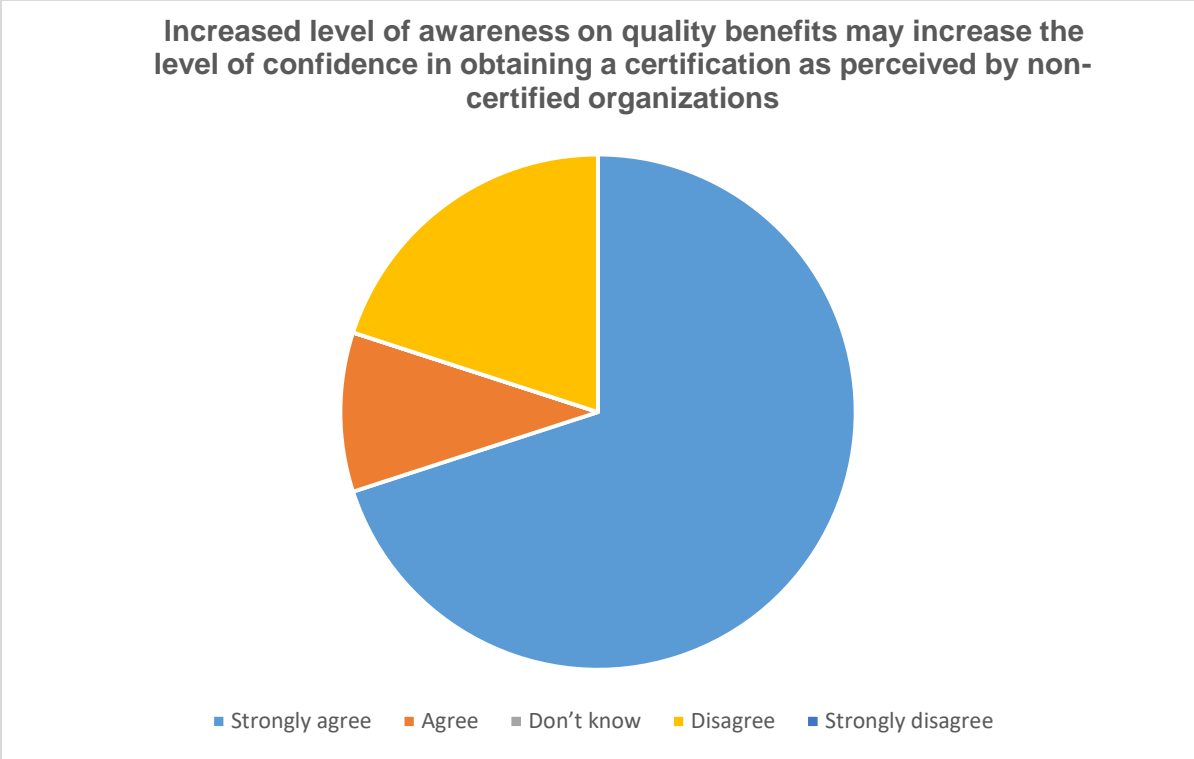


Figure 6 representing the perceptions by non-certified organizations on the value of an effective implementation of QMS

Figures 5 and 6 are a graphic representation of the responses by both certified and non-certified organizations respectively. Most responses from certified organizations strongly agreed that a formalised QMS adds value to operations, thus improving business performance. Similarly, most responses from non-certified organizations strongly agreed that more awareness of the benefits of the effective implementation of QMS may increase confidence in obtaining certification thereby altering their negative perceptions. The two hypotheses mentioned above have been tested through the survey and have been subsequently affirmed by the responses received. In addition, the hypotheses confirmed the assertion by Sweis *et al.* (2016 cited in Sweis *et al.* 2019) that states “that TQM practices correlate positively with organisational performance, with a significant positive value for continuous improvement practice”. Therefore, it can be concluded that the research hypothesis that an application of quality standards is positively related to business performance of SMMEs is true.

4.12.2 Graphical representation of data

Objective 2: To determine the incentives and intended outcomes of quality standards on the business performance of SMMEs.

From the survey, the responses on the annual revenue of the past financial year end confirmed growth and sustainability amongst certified organizations, as represented by figure 7 below. Looking at the annual revenue results of both organizations, it can be concluded that the application of quality standards to business processes and practices results in a positive impact on business, financial and operational performance.

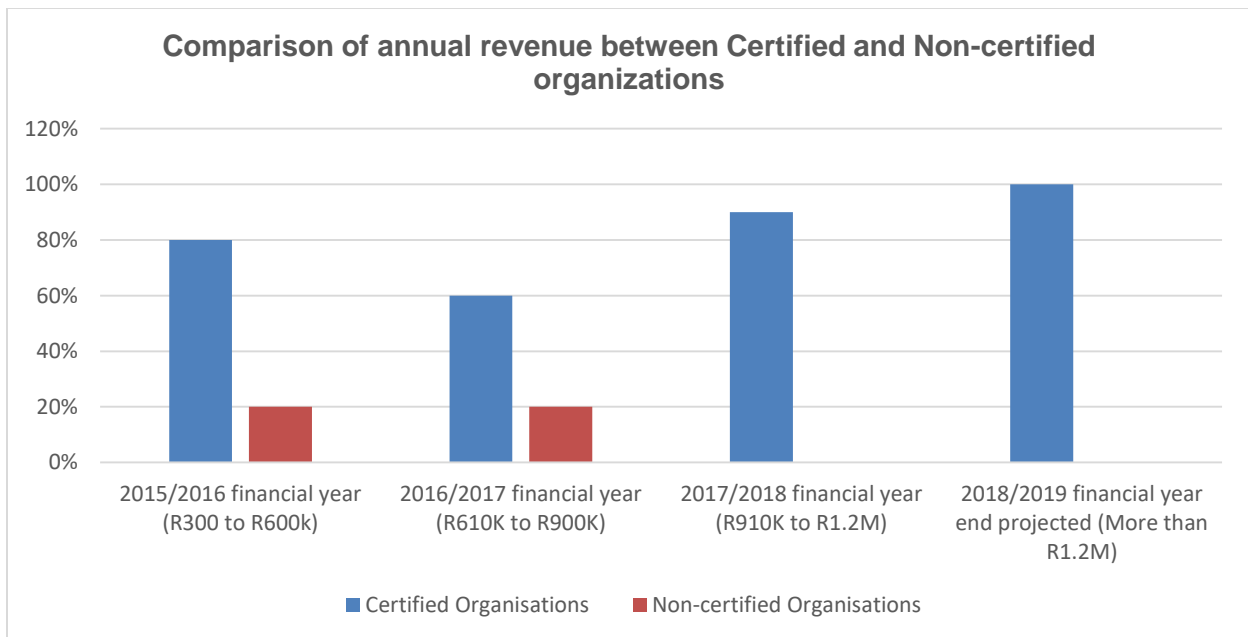


Figure 7 representing the annual revenue between certified and non-certified organizations

The survey results in figure 7 confirmed a positive impact of quality standards to business performance. The certified organizations' annual revenue figures for 3 years respectively as well as the projected revenue for 2018/2019 demonstrated growth and sustainability as compared to the revenue of their counterparts. Similarly, the annual revenue of non-certified organizations is also an indication of the need for funding and non-funding support from the DSE and other related governmental agencies who are mandated to

implement programmes that promote SMME development. As such the survey results are conclusive that there are positive incentives and outcomes of quality standards on business performance. Government authorities and compliance regulators should therefore collaborate with certification bodies such as SABS to prioritize the implementation of QMS by all businesses. Planning for SMME development should include, as the key priority area, assistance for obtaining certification to relevant quality standards. Therefore, it can be concluded that the research hypothesis that the incentives and intended outcomes of quality standards are positively related to business performance of SMMEs is true.

4.12.3 Graphical representation of data

Objective 3: To identify the barriers and challenges contributing to the stagnant business growth of SMMEs.

Figure 8 below depicts a summary of the challenges relating to business growth and effective operations experienced by SMMEs. These challenges contribute immensely towards the inability of organizations to meet the requirements of a QMS which ultimately lead to failure in certification acquisition.

These identified challenges fall into four categories namely challenges relating to skills and opportunities, marketing and competitiveness, finances and proper infrastructure. According to the graph below, certified organizations are not affected by these challenges in comparison with non-certified organizations. On the other hand, non-certified organizations have been severely affected.

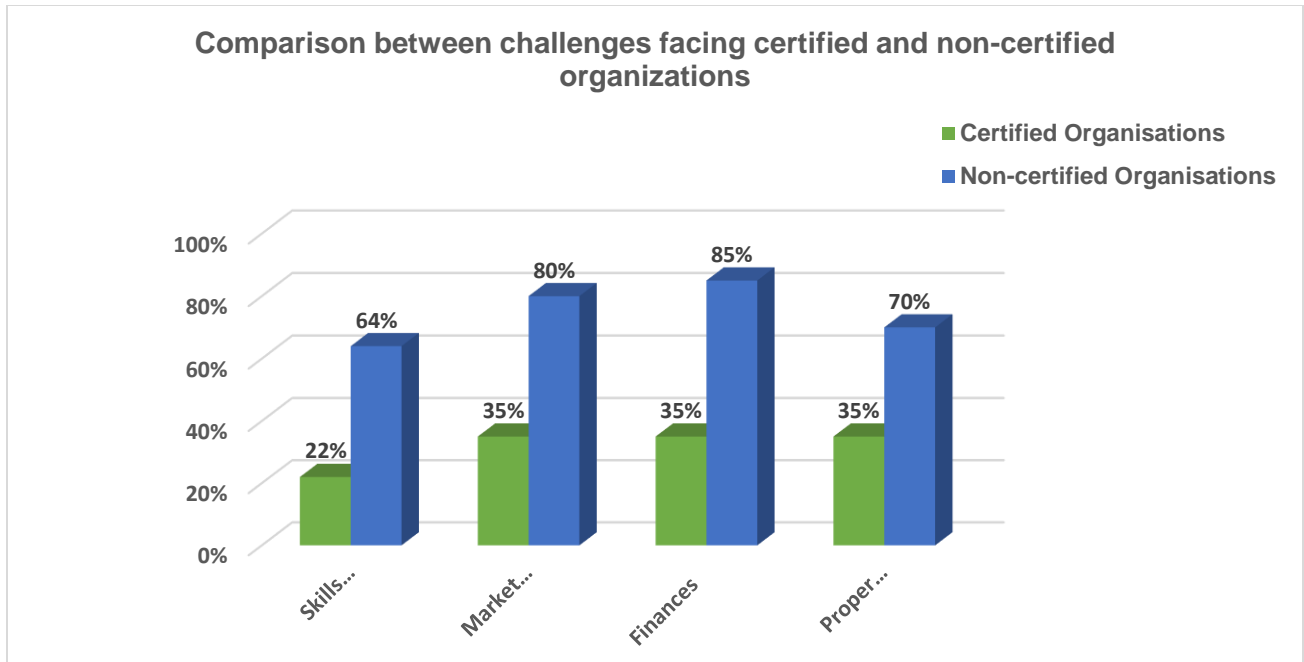


Figure 8 representing comparison between challenges facing certified and non-certified organizations

The challenges to effective operations and growth faced by SMMEs as indicated in figure 4 contribute immensely towards the inability for them to grow their businesses. The most critical challenges are in relation to skills and opportunities, marketing and competitiveness, finance as well as proper infrastructure. These critical challenges should be met by organizations in pursuit of accreditation acquisition. Strategies should therefore be put in place to turn the current state of non-certified organizations around as they are mostly affected by these challenges. It is apparent that most SMMEs have not reached a level of meeting these requirements due to financial and operational constraints. Obtaining certification of compliance to quality standards is remote to SMMEs since the process is perceived to be very cumbersome and costly. The process of acquiring certification therefore requires government intervention and support.

Global competitiveness is one of the benefits appreciated by certified organizations as a result of their consistent level of quality and their ability to penetrate larger markets, which is essential for business expansion and sustainability. From the responses, it is conclusive that the effective implementation of QMS has a positive impact on effective

operations and growth of the business. Obtaining a QMS in accordance with relevant quality standards reaffirms how organizations mitigate risks that hinder the potential for their growth and effective operations.

4.12.4 Graphical representation of data

Objective 4: To determine the factors influencing sub-standard performance by non-certified SMMEs.

Figure 9 below depicts the respondents' results of both certified and non-certified respondents in relation to the knowledge of relevant regulatory and statutory requirements which govern their industries.

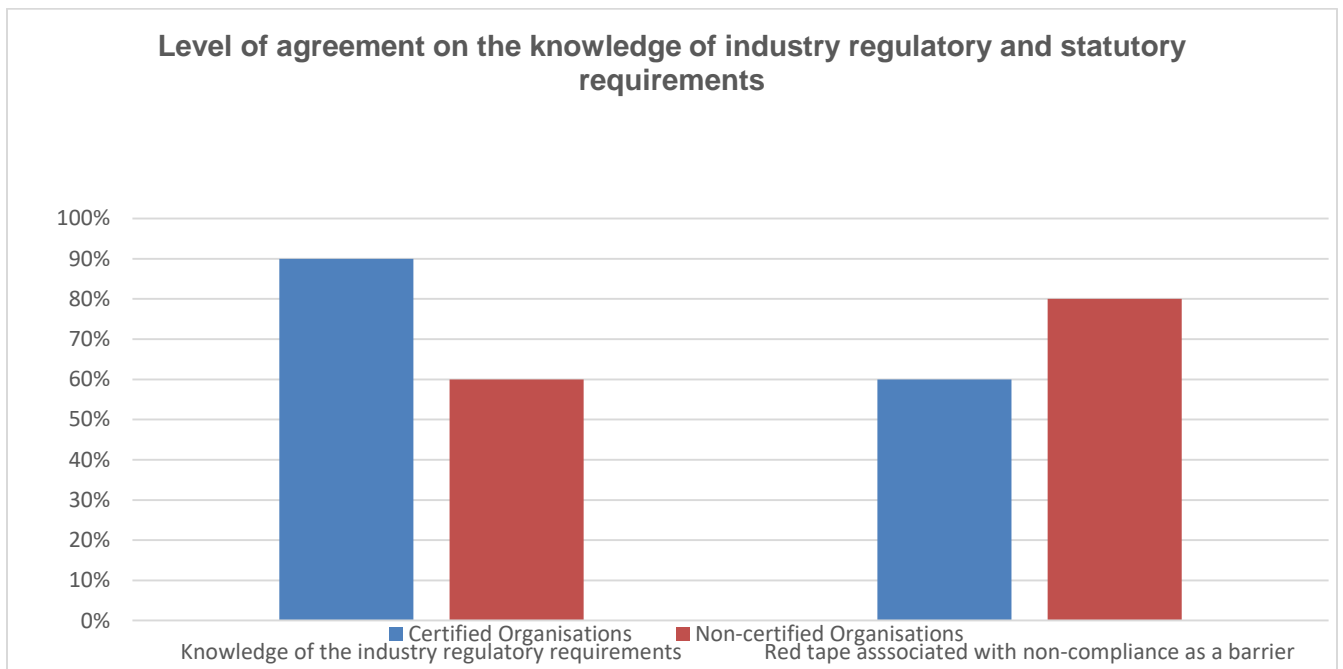


Figure 9 representing the level of agreement on the knowledge of relevant industry regulatory and statutory requirements

Sub-standard performance is primarily due to the fact that they have not adopted relevant standards which can be applied to their business processes and practices. These standards, if properly applied lead to the production and rendering of good quality products and services, thereby generating more customer confidence. Standards

enhance innovation and creativity. As asserted by Gerundino (2014:2), many researchers and decision makers are aware that standards actually support innovation. The challenges experienced by non-certified organizations as indicated in chapter 4 are among factors influencing their sub-standard performance. Without the adoption of quality standards, non-certified organizations are at a competitive disadvantage as compared to their counterparts who operate with an embedded QMS. This is supported by Ramlawati and Putra (2018:68) who state that better application of TQM practices will increase the competitiveness of the company and the consumers' satisfaction.

It is crucial for organizations to be aware of the requirements of relevant industry regulatory and statutory requirements and red tape associated with non-compliance as they form an essential component of QMS. From the responses, it is conclusive that certified organizations have better knowledge of relevant industry regulatory and statutory requirements than their counterparts who are non-certified. Overall, certified organizations are less affected by the red tape associated with non-compliance as compared to non-certified organizations. These findings can be concluded as evidence supporting the research hypothesis which states that sub-standard performance by non-certified SMMEs impacts negatively on business performance. The analyses of responses by non-certified organizations however confirmed that the hypothesis which states that without the intervention of and support by government, SMMEs lack the capacity to overcome the barriers and challenges facing them in obtaining certified quality management systems is true.

CHAPTER 5

RECOMMENDATIONS AND CONCLUSIONS

5.1 Introduction

The previous chapter analyses the research results emanating from the questionnaires distributed and forms the basis of the summary, conclusions and recommendations reached in this chapter. As specified in the first chapter, this study focuses on the assessment of the impact of quality standards on the business performance of SMMEs.

The recommendations are made for further research into specific areas of interest addressed in this research that will generate further knowledge on the impact of quality standards.

To conclude this chapter, the summary and conclusions as set out below are based on the analyses and interpretation of the responses to the questions designed around the research problems and hypotheses.

5.2 Recommendations for further research

Finally, in responding to the main research question on the impact of quality standards to business performance for SMMEs, the responses to some of the issues covered in the two questionnaires confirmed that there are other impactful areas that need to be researched. To compliment this study and to generate more in-depth discussions on standardization and economic impact of standards in industries, further research is recommended in the following areas:

5.2.1 The significance of conformity assessment for product certification.

5.2.2 The role of government in regulating quality standards to promote fair competition.

5.2.3 The role of government in prioritizing accreditation acquisition for SMME development in combating challenges and barriers associated with compliance and quality assurance.

5.2.4 Government's role in enhancing monitoring and evaluation strategies after implementation of QMS.

5.2.5 An in-depth audit of the skills development needs for SMMEs in relation to compliance and quality assurance.

5.2.6 A critical evaluation of challenges experienced by SMMEs due to non-acquisition and application of QMS.

5.3 Conclusions

Cited literature and the research findings support the hypotheses of the study. They have confirmed the effectiveness of quality standards to business performance as they render organizations more competitive since customers base their decision to buy on quality and not on price alone. The research findings are in line with the assertions above that suggest that organizations who have effectively implemented QMS are more successful than their counterparts who operate without a QMS.

The quality evolution over the years grounded from the theories of TQM developed by quality experts, namely, Deming (1959), Crosby (1979) and Juran (1998) have confirmed the significance of effectively integrating quality standards in business processes for effective operations and continual improvement. Therefore the theories and assertions confirmed by schools of thought are in alignment with the main research hypothesis that application of quality standards is positively related to improved business performance. Similarly the research findings confirmed as well the sub-hypotheses of the study that the incentives and intended outcomes of quality standards appreciated by certified organizations put them at a competitive advantage than their counterparts.

It has been concluded that without the intervention of and support by government, SMMEs lack the capacity to overcome the barriers and challenges facing them in obtaining certified quality management systems. As the process for accreditation acquisition is very cumbersome, it requires absolute dedication to its implementation, despite the attendant costs associated with the process. Based on the researcher's practical experience in the implementation of QMS by various organizations, it can be

deduced that most SMMEs can't afford the accreditation acquisition process due to a number of reasons including the costs of implementation. Lack of dedication and commitment to the process also constitutes a common challenge facing SMMEs. Despite the visible intervention by government, many failures occur as a result of widespread apathy amongst SMMEs.

From the foregoing discussions, the research findings as detailed in the previous chapter and the existing literature cited in this study it can be concluded that the outcomes of this study support the hypothesis that a correlation exists between quality standards and improved business performance. Similarly, it can be concluded that the quantification of the direct benefits to be derived from the application of a certified QMS will inevitably change the negative perceptions of SMMEs. Therefore the response to the main research question that emerged showed positive outcomes that the adoption of relevant quality standards positively relates to the success of any business.

Below is a table of the summary of conclusions drawn from the research findings to support the hypotheses made.

Table 6: A summary of the hypotheses and the related literature showing positive relationships between TQM practices and performance

Hypothesis	Operational performance	Employee performance	Innovation performance	Customer results	Market and financial performance	Aggregate business performance
H1: application of quality standards is positively related to related to business performance.	Marivoet (2018) Sadik 2018:33 Gerundino (2016:8)	Marivoet (2018) Xu et al. (2018:141).		Gartenstein (2019 (U.S. FDA, 2018). Tarabieh and Ahmadm, 2015:54	Sadik (2018:31) (U.S. FDA, 2018). Donga et al. (2016:61) Eniola (2019:3)	Marivoet (2018); Sadik 2018:33; Gartenstein (2019 Xu et al. (2018:141); Sadik (2018:31); Gerundino (2016:8); (U.S. FDA, 2018); Tarabieh and Ahmadm, (2015:54); (Donga et al. 2016:61); Eniola (2019:3).

<p>H2: the incentives and intended outcomes of quality standards are positively related to business performance of SMMEs.</p>	<p>Marivoet (2018)</p> <p>Ramlawati and Putra (2018:68)</p>	<p>ISO 9001 (2015:8)</p>		<p>Marivoet (2018)</p> <p>Sweis <i>et al.</i> (2019:64);</p> <p>Lukichev & Romanovich, (2016).</p>	<p>Ramlawati and Putra (2018:68);</p> <p>Sweis <i>et al.</i> (2019:65)</p>	<p>Marivoet (2018); Sweis <i>et al.</i> (2019:64-65); ISO9001 (2015:8); Ramlawati and Putra (2018:68); Lukichev & Romanovich (2016).</p>
<p>H3: the government's support and intervention mitigate the barriers and challenges hampering the growth of SMMEs businesses.</p>	<p>Bryson (2017:16);</p> <p>Ansoff <i>.et al.</i> (2019:52);</p> <p>Giles (2016).</p>	<p>ISO 9001 (2015:8);</p> <p>Giles (2016);</p> <p>Aguinis <i>et al.</i> (2016).</p>	<p>Subramanian <i>et al.</i> (2019:184);</p> <p>Calza <i>et al.</i> (2018:39);</p> <p>Kremer <i>et al.</i> (2019:65);</p> <p>Muringani (2015:104);</p> <p>Kappel (n.d);</p>	<p>Giles (2016);</p>	<p>Muringani (2015:104);</p> <p>BER (2016:10);</p> <p>Sadik (2018:31);</p> <p>Montelius (2014:84);</p> <p>Guasch <i>et al.</i> (2007:6)</p>	<p>Subramanian <i>et al.</i> (2019:184);</p> <p>Calza <i>et al.</i> (2018:39);</p> <p>Kremer <i>et al.</i> (2019:65);</p> <p>Muringani (2015:104);</p> <p>Bryson (2017:16);</p> <p>Ansoff <i>.et al.</i> (2019:52);</p> <p>ISO9001 (2015:8);</p>

			Gerundino (2014:3)			BER (2016:10); Giles (2016); Sadik (2018:31); Kappel (n.d); Aguinis <i>et al.</i> (2016). Gerundino (2014:3); Montelius (2014:84); Guasch <i>et al.</i> (2007:6)
H4: a direct correlation between sub-standard business performance of SMMEs and the use of non-certified QMS.	Seshadri (2019).		Gerundino (2014:2), Đorđević <i>et al.</i> (2018:21)		Ramlawati and Putra (2018:68)	Gerundino (2014:2), Ramlawati and Putra (2018:68); Đorđević <i>et al.</i> (2018:21), Seshadri (2019).

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Annexure A – Letter to the employer

Ms P.B. Mkhize
Unit 2 Woodlands Estate
Halfway Gardens, Midrand
1685

The Manager - SMME Business Unit
South African Bureau of Standards (SABS) | Pretoria Head Office
1 Dr Lategan Road, Groenkloof
Pretoria, 0001

Dear Sir

Re: An assessment of the impact of quality standards on the business performance of Small, Medium and Micro-sized Enterprises in KwaZulu-Natal: selected cases in the DMA.

I am currently working as a Material Developer specializing in developing Quality and Environmental Management systems material to relevant standards for SMMEs in KZN, Durban Metropolitan Area. I am pursuing a Master's Degree in Business Administration at the Durban University of Technology (Durban Campus).

In partial fulfilment of the requirements for my master's degree. I am conducting a research study on the influence of quality standards on the SMMEs' business performance.

I hereby request permission to conduct research with SABS clients who have obtained the certification and those who have not such that I do a comparative analysis.

Your approval will ensure the success of my research project.

29/09/2017
Date

Accepted by the Employer's Rep
SABS SMME Division

29/09/2017
Date

Annexure B – Acceptance letter from the City Manager

Office of the City Manager
EThekweni Municipality
PO Box 147
Durban
4000
25 June 2018


Dear Madam

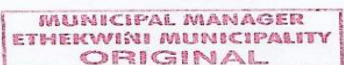
RE: Approval Letter for Ms Phindile Buyile Mkhize to conduct a study

This letter acknowledge receipt of the application letter to conduct research from Ms Phindile Mkhize (Employee No. 21879), currently working as a Specialist – Material Developer within the SMME Business Unit at South African Bureau of Standards (SABS), reporting in Pretoria. The candidate is currently a Master's degree student enrolled at the Durban University of Technology. Her research topic is titled: **An assessment of the impact of quality standards on the business performance of SMMEs in KwaZulu-Natal: selected cases in the Durban Metropolitan Area (DMA).**

I hereby grant her permission to conduct research with DMA SMMEs.

Yours Sincerely


Mr. Siphiso Nkomo
EThekweni Municipality City Manager



Annexure C – Consent form

Faculty of Management Sciences
Entrepreneurial Studies and Management
Date: 11 July 2018

Dear Participant

Invitation to participate in an anonymous survey to assess the impact of quality standards on the organisational performance of Small, Medium and Micro Enterprises (SMMEs). The attached survey questionnaire is part of my master's research work and would appreciate your honest feedback. The survey is anonymous, all information shared will be treated as confidential and you will not be identified in any of the research reports emanating from this study. The results of the study will be used for academic purposes and may be published in an academic journal. The summary of the results will be available upon your request. Your participation is voluntary and very important to me. Answering the questionnaire will be regarded as an indication that you have read and understood the information provided, and that you give your consent to participate in the study on a voluntary basis.

Thank you for participating in the study.

Yours sincerely

Phindile Buyile Mkhize (Researcher)
Master of Management Sciences Student
Email: 19850985@dut4life.ac.za
Contact: 076 423 6977

Dr Ntombenhle Nombela-Mseleku (Supervisor)
Email: ntombenhle@dut.ac.za
Contact: 031 373 2569

Annexure D
RESEARCH QUESTIONNAIRES

QUESTIONNAIRE D1
(SMMEs operating with a certified QMS)

Please indicate by a cross or a tick where appropriate.

1. Company Background Information

1.1 For how long has your business been operating?

< 2 years	3 years	4 years	5 years	6 years	Over 7 years

1.2 What kind of business are you operating?

Service	Product / Manufacturing

1.3 What is your company's staff compliment?

1 employee (yourself)	2 to 9 employees	10 to 20 employees	Over 20 employees

1.4 Indicate your revenue for the financial years as shown below:

2014/2015 financial year	2015/2016 financial year	2016/2017 financial year	2018/2019 financial year end projected

2. Challenges to effective operations and expansion experienced by your business relate to:

Please indicate accordingly:

		YES	NO
2.1	Lack of business strategic planning and capacity.		
2.2	Lack of experience and competency of owners and managers in the Industry.		
2.3	Skills shortages relating to technical skills and business management.		
2.4	Difficulty in accessing markets although compliance to quality management system is evident.		
2.5	Lack of capacity to undertake market research, resulting in a lack of understanding of market needs and characteristics.		
2.6	Inconsistent cash flow		
2.7	Difficulty in accessing finance		
2.8	Lack of innovation and creativity		
2.9	Difficulty in accessing target markets and linking into supply chains of retailers.		
2.10	Competition from large enterprises		
2.11	Poor quality of supporting infrastructure (e.g. equipment, transport, office infrastructure).		
2.12	Insufficient opportunities for training staff.		
2.13	Lack of access to appropriate equipment and technology		
2.14	Others - please specify		

3. Company's current certification status (certified SMMEs)

Tick or cross appropriate option

How long has the company been certified?

1 (less than a year)	2 (more than a year)	3 (between 2 and 3 years)	4 (between 3 and 4 years)	5 (more than 5 years)

3.2 There is value in a formalized quality management system.

1 (Strongly disagree)	2 (Disagree)	3 (Don't know)	4 (Agree)	5 (Strongly agree)

3.3 If you have only obtained system certification. Do you see a need for product certification?

Yes	Indecisive	No

4. Perceptions of certified SMMEs on the implementation of a QMS

4.1 Having obtained a quality management system in accordance to a relevant quality standard enhances business performance.

1 (Strongly disagree)	2 (Disagree)	3 (Don't know)	4 (Agree)	5 (Strongly agree)

4.2 Improved business processes, procedures, policies and best practices promote effective operations.

1 (Strongly disagree)	2 (Disagree)	3 (Don't know)	4 (Agree)	5 (Strongly agree)

4.3 Doing things right the first time is always recommended.

1 (Strongly disagree)	2 (Disagree)	3 (Don't know)	4 (Agree)	5 (Strongly agree)

4.4 Preventative actions are better than Corrective actions.

1 (Strongly disagree)	2 (Disagree)	3 (Don't know)	4 (Agree)	5 (Strongly agree)

4.5 Higher service / product quality will make customer experience more pleasant.

1 (Strongly disagree)	2 (Disagree)	3 (Don't know)	4 (Agree)	5 (Strongly agree)

4.6 An effective implemented quality management system promotes a continuous improvement culture, better process integration, and evidence to decision making.

1.(Strongly disagree)	2 (Disagree)	3 (Don't know)	4 (Agree)	5.(Strongly agree)

4.7 Products tested at the credible testing facility increases level of confidence that they are of good quality.

1 (Strongly disagree)	2 (Disagree)	3 (Don't know)	4 (Agree)	5 (Strongly agree)

4.8 Government's interventions in SMME development is appropriate in meeting the compliance gaps among small businesses.

1 (Strongly disagree)	2 (Disagree)	3 (Don't know)	4 (Agree)	5 (Strongly agree)

4.9 SMMEs do not always embrace government development programs or are not always aware of their existence.

1 (Strongly disagree)	2 (Disagree)	3 (Don't know)	4 (Agree)	5 (Strongly agree)

4.10 The evidence of compliance to quality standard/s of manufactured products should form part of the criteria when awarding government tenders.

1 (Strongly disagree)	2 (Disagree)	3 (Don't know)	4 (Agree)	5 (Strongly agree)

5. Knowledge of relevant industry statutory and regulatory requirements.

5.1 I am thoroughly familiar with relevant industry statutory and regulatory requirements.

1 (Strongly disagree)	2 (Disagree)	3 (Don't know)	4 (Agree)	5 (Strongly agree)

5.2 Red tape associated with non-compliance to quality standards and regulatory requirements are among barriers that contribute towards failures in penetrating more market.

1 (Strongly disagree)	2 (Disagree)	3 (Don't know)	4 (Agree)	5 (Strongly agree)

QUESTIONNAIRE D2
(SMMEs operating without a certified QMS)

Please indicate by a cross or a tick where appropriate.

1. Company Background Information

1.1 For how long has your business been operating?

< 2 years	3 years	4 years	5 years	6 years	Over 7 years

1.2 What kind of business are you operating?

Service	Product / Manufacturing

1.3 What is your company's staff compliment?

1 employee (owner)	2 to 9 employees	10 to 20 employees	Over 20 employees

1.4 Indicate your revenue for the financial years as shown below:

2014/2015 financial year	2015/2016 financial year	2016/2017 financial year	2018/2019 financial year end projected

2. Challenges to effective operations and expansion experienced by your business relate to:

Please indicate accordingly:

		YES	NO
2.1	Lack of business planning capacity.		
2.2	Lack of experience and competency of owners and managers in the Industry.		
2.3	Skills shortages relating to technical skills and business management.		
2.4	Difficulty in accessing markets or meeting industry requirements or standards.		
2.5	Lack of capacity to undertake market research, resulting in a lack of understanding of market needs and characteristics.		
2.6	Inconsistent cash flow		
2.7	Difficulty in accessing finance		
2.8	Lack of innovation and creativity		
2.9	Difficulty in accessing target markets and linking into supply chains of retailers.		
2.10	Competition from large enterprises		
2.11	Poor quality of supporting infrastructure (e.g. equipment, transport, office infrastructure).		
2.12	Insufficient opportunities for training staff.		
2.13	Lack of access to appropriate equipment and technology		
2.14	Others - please specify		

3. Company's current certification status (non-certified SMMEs)

3.1 There are plans in place to have a QMS in the short term.

1 (Strongly disagree)	2 (Disagree)	3 (Don't know)	4 (Agree)	5 (Strongly agree)

3.2 There is value in a formalized quality management system

1 (Strongly disagree)	2 (Disagree)	3 (Don't know)	4 (Agree)	5 (Strongly agree)

3.3 I am well informed of the relevant quality standard appropriate for my business.

Yes	No

4. Perceptions of non-certified SMMEs on the implementation of a QMS

4.1 My level of awareness on relevant industry quality standards and regulatory requirements is minimal.

1 (Strongly disagree)	2 (Disagree)	3 (Don't know)	4 (Agree)	5 (Strongly agree)

4.2 If more awareness on the quality standards is promoted within my business, efforts would be in place to obtain certification.

1 (Strongly disagree)	2 (Disagree)	3 (Don't know)	4 (Agree)	5 (Strongly agree)

4.3 Knowledge on the benefits of a quality management system would increase my level of confidence in obtaining the required certification.

1 (Strongly disagree)	2 (Disagree)	3 (Don't know)	4 (Agree)	5 (Strongly agree)

4.4 The monitoring of customers' level of confidence in my products is very consistent.

1 (Strongly disagree)	2 (Disagree)	3 (Don't know)	4 (Agree)	5 (Strongly agree)

4.5 Every customer complaint requires a thorough root cause analysis)

1 (Strongly disagree)	2 (Disagree)	3 (Don't know)	4 (Agree)	5 (Strongly agree)

4.6 Government is doing enough to assist SMMEs in ensuring compliance with relevant quality standards.

1 (Strongly disagree)	2 (Disagree)	3 (Don't know)	4 (Agree)	5 (Strongly agree)

4.7 Allocation of government tenders should only consider administration requirements as opposed to technical requirements that can be outsourced.

1 (Strongly disagree)	2 (Disagree)	3 (Don't know)	4 (Agree)	5 (Strongly agree)

4.8 Government SMME development programs should focus also on monitoring and evaluation after implementation.

1 (Strongly disagree)	2 (Disagree)	3 (Don't know)	4 (Agree)	5 (Strongly agree)

4.9 Standardization throughout same industries should be made compulsory.

1 (Strongly disagree)	2 (Disagree)	3 (Don't know)	4 (Agree)	5 (Strongly agree)

4.10 For all manufacturers, evidence of compliance to relevant quality standards or testing reports should be made compulsory.

1 (Strongly disagree)	2 (Disagree)	3 (Don't know)	4 (Agree)	5 (Strongly agree)

5. Knowledge of relevant industry statutory and regulatory requirements

5.1 I am thoroughly familiar with relevant industry statutory and regulatory requirements.

1 (Strongly disagree)	2 (Disagree)	3 (Don't know)	4 (Agree)	5 (Strongly agree)

5.2 Red tape associated with non-compliance to quality standards and regulatory requirements are among barriers that contribute towards failures in penetrating more market.

1 (Strongly disagree)	2 (Disagree)	3 (Don't know)	4 (Agree)	5 (Strongly agree)